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FORM 485BPOS

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FILER

**FIRST DEFINED PORTFOLIO MANAGEMENT FUND LLC**

CIK: **1076487** | IRS No.: **000000000** | State of Incorporation: **IL** | Fiscal Year End: **1231**  
Type: **485BPOS** | Act: **33** | File No.: **333-72447** | Film No.: **05792036**

Mailing Address  
*C/O NIKE SECURITIES LP  
1001 WARRENVILLE ROAD  
LISLE IL 60532*

Business Address  
*C/O NIKE SECURITIES LP  
1001 WARRENVILLE ROAD  
LISLE IL 60532  
6302418752*

**FIRST DEFINED PORTFOLIO MANAGEMENT FUND LLC**

CIK: **1076487** | IRS No.: **000000000** | State of Incorporation: **IL** | Fiscal Year End: **1231**  
Type: **485BPOS** | Act: **40** | File No.: **811-09235** | Film No.: **05792038**

Mailing Address  
*C/O NIKE SECURITIES LP  
1001 WARRENVILLE ROAD  
LISLE IL 60532*

Business Address  
*C/O NIKE SECURITIES LP  
1001 WARRENVILLE ROAD  
LISLE IL 60532  
6302418752*

1933 Act Registration No. 333-72447  
1940 Act Registration No. 811-09235

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [X]  
Pre-Effective Amendment No. \_\_\_ [ ]  
Post-Effective Amendment No. 9 [X]  
and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [X]  
Amendment No. 11 [X]

FIRST DEFINED PORTFOLIO FUND, LLC  
(Exact name of registrant as specified in charter)

1001 Warrenville Road, Suite 300  
Lisle, Illinois 60532  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (630) 241-4141

W. Scott Jardine, Esq., Secretary  
First Defined Portfolio Fund, LLC  
First Trust Advisors L.P.  
1001 Warrenville Road, Suite 300  
Lisle, Illinois 60532  
(Name and Address of Agent for Service)

Copy to:  
Eric F. Fess, Esq.  
Chapman and Cutler LLP  
111 West Monroe Street  
Chicago, Illinois 60603

It is proposed that this filing will become effective (check appropriate box):

- immediately upon filing pursuant to paragraph (b)  
 on (date) pursuant to paragraph (b)  
 60 days after filing pursuant to paragraph (a) (1)  
 on (date) pursuant to paragraph (a) (1)  
 75 days after filing pursuant to paragraph (a) (2)  
 on (date) pursuant to paragraph (a) (2) of Rule 485.

If appropriate, check the following box:

- this post-effective amendment designates a new effective date for a previously filed post-effective amendment.

FIRST DEFINED PORTFOLIO FUND, LLC

Prospectus

May 2, 2005

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This prospectus is intended for use in connection with variable annuity policies offered by American Skandia Life Assurance Corporation, a Prudential Financial Company. This prospectus provides important information to help you evaluate whether any of the series (each a "Fund" and collectively, the "Funds") of First Defined Portfolio Fund, LLC listed below may be right for you.

Target Managed VIP Portfolio

The Dow(sm) DART 10 Portfolio

The Dow(sm) Target Dividend Portfolio

Global Dividend Target 15 Portfolio

S&P(R) Target 24 Portfolio

NASDAQ(R) Target 15 Portfolio

Value Line(R) Target 25 Portfolio

First Trust 10 Uncommon Values Portfolio

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Front Cover

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TARGET MANAGED VIP PORTFOLIO

FUND OVERVIEW

Investment Objective

The Fund seeks to provide above-average total return.

How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing in common stocks of companies that are identified by a model based on six uniquely specialized strategies:

- o The Dow(sm)\* DART 5 Strategy;
- o The European Target 20 Strategy;
- o The NASDAQ(R)\* Target 15 Strategy;
- o The S&P(R)\* Target 24 Strategy;
- o The Target Small-Cap Strategy; and
- o The Value Line(R)\* Target 25 Strategy

To select the stocks for the Fund, the investment adviser generally selects those stocks identified by a model based on the strategies. Each year, on or about the annual stock selection date December 31, the Fund expects to invest in the securities determined by the model with an approximately equal amount invested in each strategy. The investment adviser, First Trust Advisors, L.P. ("First Trust"), reserves the right to over-weight, under-weight or exclude certain companies from the Fund.

The Fund may also invest in futures, options, warrants, forward

contracts and repurchase agreements.

#### What Are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors.

The Fund's investment in small cap stocks also presents additional risk. Small cap stocks are more vulnerable to market conditions, less liquid and generally experience greater price volatility than larger capitalization companies. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of

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its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests.

The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

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\* "Dow Jones Industrial Average(sm)," "DJIA(sm)," "Dow Jones Select Dividend Index(sm)," "Dow Industrials(sm)," "The Dow(sm)," and "The Dow 10(sm)" are service marks of Dow Jones & Company, Inc. ("Dow Jones") and have been licensed for use for certain purposes by First Trust on behalf of the Fund. None of the Funds, including, and in particular, The Target Managed VIP Portfolio, The Dow(sm) Target Dividend Portfolio and The Dow(sm) DART 10 Portfolio, are endorsed, sold, or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such products.

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THE DOW(SM)\* DART 10 PORTFOLIO

## Investment Objective

The Fund seeks to provide above-average total return.

## How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing in common stocks issued by companies that are expected to provide income and have the potential for capital appreciation. To select the stocks for the Fund, the investment adviser follows a disciplined investment strategy that invests primarily in the common stocks of the ten companies in the Dow Jones Industrial Average ("DJIA") that have the highest combined dividend yields and buyback ratios as of the close of business on or about the applicable stock selection date. Buyback ratio is determined by subtracting one from the ratio of the company's common shares outstanding 12 months prior to the applicable stock selection date divided by the common shares outstanding on or about the applicable stock selection date. The portfolio will be adjusted annually on or about December 31 in accordance with the investment strategy. See "Description of Indices" for a description of the DJIA.

The Fund invests in stocks with relatively high dividend yields and relatively high buyback ratios. Investing in stocks with high dividend yields and buyback ratios may be effective in achieving the Fund's investment objective. This is because regular dividends are common for established companies and have typically accounted for a large portion of the total return on stocks. Historically, companies rewarded shareholders in the form of dividend payments. By selecting the DJIA stocks with the highest dividend yields, the Fund seeks to uncover stocks that may be out of favor or undervalued. More recently, many companies have turned to stock reduction programs as a tax efficient way to bolster their stock prices and reward shareholders. Companies which have reduced their shares through a share buyback program may provide a strong cash flow position and, in turn, high quality earnings.

Each year, on or about the annual stock selection date (December 31), the Fund expects to invest in the securities determined by the strategy in relatively equal amounts. At that time, the percentage relationship among the number of shares of each issuer held by the Fund is established. Through the next one-year period that percentage relationship will be maintained as closely as practicable when the Fund makes subsequent purchases and sales of the securities.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

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## What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests.

The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

\* "Dow Jones Industrial Average(sm)," "DJIA(sm)," "Dow Jones Select Dividend Index(sm)," "Dow Industrials(sm)," "The Dow(sm)," and "The Dow 10(sm)" are service marks of Dow Jones & Company, Inc. ("Dow Jones") and have been licensed for use for certain purposes by First Trust on behalf of the Fund. None of the Funds, including, and in particular, The Target Managed VIP Portfolio, The Dow(sm) Target Dividend Portfolio and The Dow(sm) DART 10 Portfolio, are endorsed, sold, or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such products.

## THE DOW (SM) \* TARGET DIVIDEND PORTFOLIO

## FUND OVERVIEW

## Investment Objective

The Fund seeks to provide above-average total return.

## How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing in common stocks issued by companies that are expected to provide income and have the potential for capital appreciation. To select the stocks for the Fund, the investment adviser follows a disciplined investment strategy that invests primarily in the 20 common stocks from the Dow Jones Select Dividend Index(sm) with the best overall ranking on both the change in return on assets over the last 12 months and price-to-book ratio as of the close of business on or about the applicable stock selection date. Specifically, the Fund's investment strategy consists of the following steps:

STEP 1: The investment adviser ranks all 100 stocks contained in the Dow Jones Select Dividend Index(sm) on or about the applicable stock selection date (best [1] to worst [100]) by: o Greatest change in return on assets over the last 12 months. An increase in return on assets generally

indicates improving business fundamentals.

o Price-to-book. A lower, but positive, price-to-book ratio is generally used as an indication of value.

STEP 2: We then select an equally-weighted portfolio of the 20 stocks with the best overall ranking on the two factors for The Dow(sm) Target Dividend Strategy.

Companies which, as of the applicable stock selection date, Dow Jones has announced will be removed from the Dow Jones Select Dividend Index(sm), are removed from the universe of securities from which the Fund's stocks are selected.

The portfolio will be adjusted annually on or about December 31 in accordance with the investment strategy. See "Description of Indices" for a description of the Dow Jones Select Dividend Index(sm).

Initially and each year, on or about the annual stock selection date (December 31), the Fund expects to invest in the securities determined by the strategy in relatively equal amounts. At that time, the percentage relationship among the number of shares of each issuer held by the Fund is established. Through the next one-year period that percentage relationship will be maintained as closely as practicable when the Fund makes subsequent purchases and sales of the securities.

## Page 7

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

## What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests.

The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

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#### GLOBAL DIVIDEND TARGET 15 PORTFOLIO

##### FUND OVERVIEW

###### Investment Objective

The Fund seeks to provide above-average total return.

###### How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing in common stocks issued by companies that are expected to provide income and have the potential for capital appreciation. To select the stocks for the Fund, the investment adviser follows a disciplined investment strategy that invests primarily in the common stocks of the companies which are components of the DJIA, the Financial Times Industrial Ordinary Share Index ("FT Index") and the Hang Seng Index. The Fund primarily consists of common stocks of the five companies with the lowest per share stock price of the ten companies in each of the DJIA, FT Index and Hang Seng Index, respectively, and that have the highest dividend yields in the respective index as of the close of business on or about the applicable stock selection date. The portfolio will be adjusted annually on or about December 31 in accordance with the investment strategy. See "Description of Indices" for a description of the DJIA, FT Index and Hang Seng Index.

Each year, on or about the annual stock selection date (December 31), the Fund expects to invest in the securities determined by the strategy in relatively equal amounts. At that time, the percentage relationship among the number of shares of each issuer held by the Fund is established. Through the next one-year period, that percentage relationship will be maintained as closely as practicable when the Fund makes subsequent purchases and sales of the securities.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

###### What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's investment in foreign stock presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. The Fund's concentration in securities of United Kingdom and Hong Kong issuers also exposes the Fund to additional risk. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests.

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The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

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#### S&P(R)\* TARGET 24 PORTFOLIO

##### FUND OVERVIEW

## Investment Objective

The Fund seeks to provide above-average total return.

## How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing in common stocks issued by companies that have the potential for capital appreciation. To select the stocks for the Fund, the investment adviser follows a disciplined investment strategy that invests primarily in the common stocks of the 24 companies selected from a subset of the stocks included in the Standard & Poor's 500 Index ("S&P 500 Index") as of the close of business on or about the applicable stock selection date. See "Description of Indices" for a description of the S&P 500 Index.

The Fund primarily consists of a portfolio of 24 common stocks selected each year through the following three-step process from a subset of the stocks listed on the S&P 500 Index as of close of business on or about the applicable stock selection date:

Step 1: All of the economic sectors in the S&P 500 Index are ranked by market capitalization and the eight largest sectors are selected.

Step 2: The stocks in each of those eight sectors are then ranked among their peers based on three distinct factors:

Factor 1: Trailing four quarters' return on assets, which is net income divided by average assets. Those stocks with high return on assets achieve better rankings.

Factor 2: Buyback yield, which measures the percentage decrease in common stock outstanding versus one year earlier. Those stocks with greater percentage decreases receive better rankings.

Factor 3: Bullish interest indicator, which compares the number of shares traded in months in which the stock price rose to the number of shares traded in months in which the stock price declined. Those stocks with a high bullish interest indicator achieve better rankings.

Step 3: The three stocks from each of the eight sectors with the highest combined ranking on these three factors are selected for the Fund. In the event of a tie within a sector, the stock with the higher market capitalization is selected. Each stock receives a weighting equivalent to its relative market value among the three stocks from the individual sector. The combined weight of the three stocks for a sector is equal to the sector's equivalent weighting among the eight sectors

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being selected from. The portfolio will be adjusted annually on or about December 31 in accordance with the investment strategy.

Each year, on or about the annual stock selection date (December 31), the Fund expects to invest in the securities determined by the strategy. At that time, the percentage relationship among the number of shares of each issuer held by the Fund is established. Through the next one-year period that percentage relationship will be maintained as closely as practicable when the Fund makes subsequent purchases and sales of the securities.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

## What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests. The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a

particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

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#### NASDAQ (R)\* TARGET 15 PORTFOLIO

#### FUND OVERVIEW

##### Investment Objective

The Fund seeks to provide above-average total return.

##### How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing in common stocks issued by companies that are expected to have the potential for capital appreciation. To select the stocks for the Fund, the investment adviser follows a disciplined investment strategy that invests primarily in the common stocks of fifteen companies selected from a subset of the stocks included in the NASDAQ-100 Index(R) as of the close of business on or about the applicable stock selection date. See "Description of Indices" for a description of the NASDAQ-100 Index.

The Fund primarily consists of a portfolio of fifteen common stocks selected each year through the following multi-step process from a subset of the stocks listed on the NASDAQ-100 Index as of the close of business on or about the applicable stock selection date. The first step begins by removing from the index all companies that are the subject of an announced business combination which is expected to occur within six months of the applicable stock selection date. The second step ranks each remaining security by price appreciation over the prior twelve-month period. The third step ranks the same securities by price appreciation over the prior six-month period. The combined effect of the second and third step is to select stocks which have shown consistent growth over the past year. The fourth step numerically ranks the stocks by return on assets ratio. The fifth step numerically ranks each security by their ratio of cash flow per share to stock price. This is a common indication of value. After ranking each of the securities in each of the second through fifth criteria, the resulting four rankings are added up for each security. Those fifteen securities with the lowest sums are selected for the portfolio. The portfolio will be adjusted annually on or about December 31 in accordance with the investment strategy.

Each year, on or about the stock selection date (December 31), the Fund expects to invest in the securities determined by the strategy. These securities will be weighted by market capitalization subject to the restriction that no stock will comprise less than 1% or more than 7.5% of the portfolio on or about the stock selection date. The securities will be adjusted on a proportional basis to accommodate this constraint. On the applicable stock selection date, the percentage relationship among the number of shares of each issuer held by the Fund is established. Through the next one-year period that percentage relationship will be maintained as closely as practicable when the Fund makes subsequent purchases and sales of the securities.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

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##### What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. As with any mutual fund investment, loss of money is a risk of

investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests.

The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

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#### VALUE LINE(R) \* TARGET 25 PORTFOLIO

##### FUND OVERVIEW

###### Investment Objective

The Fund seeks to provide above-average capital appreciation.

###### How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing in 25 of the 100 common stocks that Value Line(R) gives a #1 ranking for Timeliness(TM) which have recently exhibited certain positive financial attributes. Value Line(R) ranks 1,700 stocks which represent approximately 94% of the trading volume on all U.S. stock exchanges. Of these 1,700 stocks, only 100 are given its #1 ranking for Timeliness(TM), which measures Value Line's view of their probable price performance during the next six to 12 months relative to the others. Value Line(R) bases its rankings on a long-term trend of earnings, prices, recent earnings, price momentum, and earnings surprise. To select the stocks for the Fund, the investment adviser follows a disciplined investment strategy that invests primarily in the common stocks of 25 companies selected from a subset of the stocks that receive Value Line's #1 ranking for Timeliness as of the close of business on or about the applicable stock selection date.

The Fund primarily consists of a portfolio of 25 common stocks selected each year through the following multi-step process from a subset of the stocks that receive Value Line's #1 ranking for Timeliness as of the close of business on or about the applicable stock selection date:

Step 1: The Fund starts with the 100 stocks which Value Line(R) on or about the stock selection date gives its #1 ranking for Timeliness(TM), and removes the stocks of companies considered to be securities-related issuers and the stocks of companies whose shares are not listed on a U.S. securities exchange.

Step 2: The Fund screens for consistent growth by ranking the remaining stocks based on 12-month and 6-month price appreciation (best [1] to worst [100]).

Step 3: The Fund then screens for profitability by ranking the stocks by their return on assets.

Step 4: Finally, the Fund screens for value by ranking the stocks based on their price to cash flow.

Step 5: We add up the numerical ranks achieved by each company in the above steps and select the 25 stocks with the lowest sums for the Fund.

The portfolio will be adjusted annually on or about December 31 in accordance with the investment strategy.

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Each year, on or about the stock selection date (December 31), the Fund expects to invest in the securities determined by the strategy. These securities will be weighted by market capitalization subject to the restriction that no stock will comprise less than 1% or more than 7.5% of the portfolio on or about the stock selection date. The securities will be adjusted on a proportional basis to accommodate this constraint. On the applicable stock selection date, the percentage relationship among the number of shares of each issuer held by the Fund is established. Through the next one-year period that percentage relationship will be maintained as closely as practicable when the Fund makes subsequent purchases and sales of the securities.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. The Fund's investment in small cap stocks also present additional risk. Small cap stocks are more vulnerable to market conditions, less liquid and generally experience greater price volatility than larger capitalization companies. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests.

The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

\* "Value Line(R)," "The Value Line Investment Survey," and "Value Line Timeliness(TM) Ranking System" are trademarks of Value Line Securities, Inc. or Value Line Publishing, Inc. that have been licensed to First Trust. The Target Managed VIP Portfolio and the Value Line(R) Target 25 Portfolio are not sponsored, recommended, sold or promoted by Value Line Publishing, Inc., Value Line, Inc. or Value Line. Value Line makes no representation regarding the advisability of investing in the Fund.

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#### FIRST TRUST 10 UNCOMMON VALUES PORTFOLIO\*

##### FUND OVERVIEW

###### Investment Objective

The Fund seeks to provide above-average capital appreciation.

###### How the Fund Pursues its Objective

The Fund seeks to achieve its objective by investing primarily in the ten common stocks, listed on a U.S. securities exchange, selected by the Investment Policy Committee of Lehman Brothers Inc. ("Lehman Brothers") with the assistance of the Research Department of Lehman Brothers which, in the opinion of Lehman Brothers, have the greatest potential for capital appreciation (on a percentage basis) during the next year. The portfolio will be adjusted annually on or about July 1 in accordance with the investment strategy.

Each year, on or about the annual stock selection date (July 1), the Fund expects to invest in the securities determined by Lehman Brothers in relatively equal amounts. At that time, the percentage relationship among the numbers of shares of each issuer held by the Fund is established. Through the next one-year period that percentage relationship will be maintained as closely as practicable when the Fund makes subsequent purchases and sales of the securities.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk, including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified Fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests.

The Fund is also exposed to additional market risk due to its policy of investing in accordance with an investment strategy. As a result of this policy, securities held by the Fund will generally not be bought or sold in response to market fluctuations and the securities may be issued by companies concentrated in a particular industry, including technology. The Fund's relative lack of diversity, possible concentration in a particular industry and passive management style of the portfolio may subject investors to greater market risk than other mutual funds.

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\* The Fund is not sponsored or created by Lehman Brothers. Lehman Brothers' only relationship to First Trust is the licensing of certain trademarks and trade names of Lehman Brothers and of the "10 Uncommon Values" which is determined, composed and calculated by Lehman Brothers without regard to First Trust or the Fund.

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#### PERFORMANCE SUMMARY

The bar charts below and on the following pages show each Fund's (other than the Dow(sm) Target Dividend Portfolio) annual total return for the calendar years since each Fund's inception. The tables below and on the following pages show each Fund's (other than The Dow(sm) Target Dividend Portfolio) average annual total return for the past calendar year, five years and since the Fund's inception. (Performance information for The Dow(sm) Target Dividend Portfolio is not provided because the Fund is newly organized and does not have performance information for at least one calendar year.) The bar charts and tables provide an indication of the risks of investing in each Fund by showing changes in the Fund's performance from year-to-year and by showing how the Fund's average annual total returns compare to those of broad measures of market performance. These tables assume reinvestment of dividends and distributions. The performance figures provided below do not reflect the deduction of any charges that are imposed under a variable annuity contract or the effect of taxes. If these amounts were reflected, returns would be less than those shown. As with all mutual funds, past performance is not necessarily an indicator of how a Fund will perform in the future.

#### THE TARGET MANAGED VIP PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| 2000             | 7.2%         |
| 2001             | -5.0%        |
| 2002             | -21.0%       |
| 2003             | 34.9%        |
| 2004             | 12.3%        |

\*The year-to-date return as of March 31, 2005 was -1.94%.

For the years shown in the bar chart:

Best Quarter: Quarter Ended December 31, 2000 25.66%  
 Worst Quarter: Quarter Ended September 30, 2002 -19.78%

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|                                      | 1 YEAR | 5 YEARS | SINCE<br>INCEPTION(1) |
|--------------------------------------|--------|---------|-----------------------|
|                                      | -----  | -----   | -----                 |
| Target Managed VIP Portfolio(2)..... | 12.3%  | 4.0%    | -0.4%                 |
| Dow Jones Industrial Average(3)..... | 5.3%   | 0.7%    | 2.3%                  |
| Russell 3000 Index(4).....           | 12.0%  | -1.2%   | 1.2%                  |

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- 
- Commenced operations on October 6, 1999.
  - Effective April 30, 2002, based upon the determination of the Board of Trustees, the Fund changed its name from The Dow(sm) DART 5 Portfolio to the Target Managed VIP Portfolio. The Fund's primary investment strategy was also changed. Some of the performance figures provided reflect the Fund's performance prior to the name change and the change of the primary investment strategy.
  - The Dow Jones Industrial Average(sm) is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928. (Bloomberg)
  - The Russell 3000 Index is composed of 3,000 large U.S. companies, as determined by market capitalization. This portfolio represents approximately 98% of the investable U.S. equity market. (Bloomberg)

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THE DOW(sm) DART 10 PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| -----            | -----        |
| 2000             | 8.7%         |
| 2001             | -14.8%       |
| 2002             | -18.3%       |
| 2003             | 19.9%        |
| 2004             | 3.8%         |

\*The year-to-date return as of March 31, 2005 was -3.22%.

For the years shown in the bar chart:

Best Quarter: Quarter Ended June 30, 2003 17.82%  
 Worst Quarter: Quarter Ended September 30, 2002 -24.19%

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|                                      | 1 YEAR | 5 YEARS | SINCE<br>INCEPTION(1) |
|--------------------------------------|--------|---------|-----------------------|
|                                      | -----  | -----   | -----                 |
| Dow(sm) DART 10 Portfolio.....       | 3.8%   | -1.2%   | -2.6%                 |
| Dow Jones Industrial Average(2)..... | 5.3%   | 0.7%    | 2.3%                  |

- 
- Commenced operations on October 6, 1999.
  - The Dow Jones Industrial Average(sm) is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928. (Bloomberg)

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GLOBAL DIVIDEND TARGET 15 PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| 2000             | 2.0%         |
| 2001             | -2.4%        |
| 2002             | -14.7%       |
| 2003             | 34.1%        |
| 2004             | 25.4%        |

\*The year-to-date return as of March 31, 2005 was -2.02%.

For the years shown in the bar chart:

|                |                                  |         |
|----------------|----------------------------------|---------|
| Best Quarter:  | Quarter Ended June 30, 2003      | 26.76%  |
| Worst Quarter: | Quarter Ended September 30, 2002 | -17.70% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|  | 1 YEAR | 5 YEARS | SINCE<br>INCEPTION(1) |
|--|--------|---------|-----------------------|
| Global Dividend Target 15 Portfolio.....   | 25.4%  | 7.4%    | 6.4%                  |
| MSCI Developed Markets World Index(2)..... | 14.7%  | -2.4%   | -0.1%                 |

- 1 Commenced operations on October 6, 1999.
- 2 The Morgan Stanley Capital International Developed Markets World Index ("MSCI Developed World Markets Index") is based on the share prices of approximately 1,600 companies listed on stock exchanges in the twenty-two countries that make up the MSCI National Indices. (Bloomberg)

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S&P(R) TARGET 24 PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| 2000             | -19.4%       |
| 2001             | -24.6%       |
| 2002             | -14.6%       |
| 2003             | 24.1%        |
| 2004             | 13.7%        |

\*The year-to-date return as of March 31, 2005 was -4.16%.

For the years shown in the bar chart:

|                |                                  |         |
|----------------|----------------------------------|---------|
| Best Quarter:  | Quarter Ended June 30, 2003      | 11.59%  |
| Worst Quarter: | Quarter Ended September 30, 2002 | -18.86% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|                                    | 1 YEAR | 5 YEARS | SINCE<br>INCEPTION(1) |
|------------------------------------|--------|---------|-----------------------|
| S&P(R) Target 24 Portfolio(2)..... | 13.7%  | -6.0%   | -2.7%                 |
| S&P 500 Index(3).....              | 10.9%  | -2.3%   | -0.2%                 |

- 1 Commenced operations on October 6, 1999.
- 2 Effective April 30, 2002, based upon the determination of the Board of Trustees, the Fund changed its name from the S&P(R) Target 10 Portfolio to the S&P(R) Target 24 Portfolio. The Fund's primary investment strategy was also changed. Some of the performance figures provided reflect the Fund's performance prior to the name change and the change of primary investment strategy.
- 3 The Standard & Poor's 500 Index ("S&P 500 Index") is a

capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. (Bloomberg)

NASDAQ(R) TARGET 15 PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| 2000             | -11.8%       |
| 2001             | -28.2%       |
| 2002             | -26.2%       |
| 2003             | 36.0%        |
| 2004             | -2.7%        |

\*The year-to-date return as of March 31, 2005 was -8.52%.

For the years shown in the bar chart:

|                |                                 |         |
|----------------|---------------------------------|---------|
| Best Quarter:  | Quarter Ended March 31, 2000    | 39.04%  |
| Worst Quarter: | Quarter Ended December 31, 2000 | -39.76% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|                                    | 1 YEAR | 5 YEARS | SINCE INCEPTION(1) |
|------------------------------------|--------|---------|--------------------|
| NASDAQ(R) Target 15 Portfolio..... | -2.7%  | -9.1%   | -1.9%              |
| NASDAQ 100 Index(2).....           | 10.7%  | -15.1%  | -8.0%              |

1 Commenced operations on October 6, 1999.

2 The NASDAQ 100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. (Bloomberg)

VALUE LINE(R) TARGET 25 PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| 2000             | -42.9%       |
| 2001             | -55.5%       |
| 2002             | -42.9%       |
| 2003             | 40.9%        |
| 2004             | 21.6%        |

\*The year-to-date return as of March 31, 2005 was 4.19%.

For the years shown in the bar chart:

|                |                                 |         |
|----------------|---------------------------------|---------|
| Best Quarter:  | Quarter Ended December 31, 2001 | 37.42%  |
| Worst Quarter: | Quarter Ended December 31, 2000 | -44.66% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|   | 1 YEAR | 5 YEARS | SINCE INCEPTION(1) |
|---|--------|---------|--------------------|
| Value Line(R) Target 25 Portfolio(2)..... | 21.6%  | -24.3%  | -15.8%             |
| Russell 3000 Index(3).....                | 12.0%  | -1.2%   | 1.2%               |

1 Commenced operations on October 6, 1999.

- 2 Effective April 30, 2002, based upon the determination of the Board of Trustees, the Fund changed its name from the First Trust Internet Portfolio to the Value Line(R) Target 25 Portfolio. The Fund's primary investment strategy was also changed. Some of the performance figures provided reflect the Fund's performance prior to the name change and the change of the primary investment strategy.
- 3 The Russell 3000 Index is composed of 3,000 large U.S. companies, as determined by market capitalization. This portfolio represents approximately 98% of the investable U.S. equity market. (Bloomberg)

FIRST TRUST 10 UNCOMMON VALUES PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| -----            | -----        |
| 2000             | -26.4%       |
| 2001             | -35.6%       |
| 2002             | -36.9%       |
| 2003             | 37.0%        |
| 2004             | 11.4%        |

\*The year-to-date return as of March 31, 2005 was 0.00%.

For the years shown in the bar chart:

|                |                          |         |
|----------------|--------------------------|---------|
| Best Quarter:  | Quarter Ended June 2003  | 24.62%  |
| Worst Quarter: | Quarter Ended March 2001 | -30.63% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|   | 1 YEAR | 5 YEARS | SINCE INCEPTION(1) |
|---|--------|---------|--------------------|
|   | -----  | -----   | -----              |
| First Trust 10 Uncommon Values Portfolio... | 11.4%  | -14.5%  | -11.7%             |
| S&P 500 Index(2).....                       | 10.9%  | -2.3%   | -0.2%              |

1 Commenced operations on October 6, 1999.

2 The Standard & Poor's 500 Index ("S&P 500 Index") is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. (Bloomberg)

MANAGEMENT FEES AND EXPENSES

This section describes the fees and expenses that you may pay if you buy and hold shares of the Funds. Shareholder fees are costs that are charged directly to you. These fees are not charged on dividend reinvestments or exchanges. Annual fund operating expenses are deducted from each Fund's assets every year, so they are paid indirectly by all investors. The Funds have no sales charge (load). The Total Annual Fund Operating Expenses reflected below do not include contract level fees of the variable annuity policies offered by American Skandia Life Assurance Corporation, a Prudential Financial Company ("American Skandia"). If such fees were included the Total Annual Offering Expenses would be higher.

Fees and Expenses: The tables describe the fees and expenses that you may pay if you buy and hold shares of a Fund.

Shareholder Fees (fees paid directly from your investment)

|   |      |
|---|------|
| Maximum Sales Charges (Load).....         | None |
| Maximum Deferred Sales Charge (Load)..... | None |
| Exchange Fee.....                         | None |

<TABLE>  
<CAPTION>

| FUND NAME                                | MANAGEMENT FEES | 12B-1 SERVICE FEES (1) | OTHER EXPENSES | TOTAL ANNUAL FUND OPERATING EXPENSES (GROSS) | EXPENSE WAIVERS AND REIMBURSEMENTS | TOTAL ANNUAL FUND OPERATING EXPENSES (NET) (2) |
|--|-----------------|------------------------|----------------|--|------------------------------------|--|
| <S>                                      | <C>             | <C>                    | <C>            | <C>  | <C>                                | <C>  |
| Target Managed VIP Portfolio             | 0.60%           | 0.25%                  | 1.25%          | 2.10%  | 0.63%                              | 1.47%  |
| The Dow(sm) DART 10 Portfolio            | 0.60%           | 0.25%                  | 1.53%          | 2.38%  | 0.91%                              | 1.47%  |
| The Dow(sm) Target Dividend Portfolio3   | 0.60%           | 0.25%                  | 1.05%          | 1.90%  | 0.43%                              | 1.47%  |
| Global Dividend Target 15 Portfolio      | 0.60%           | 0.25%                  | 1.85%          | 2.70%  | 1.23%                              | 1.47%  |
| S&P(R) Target 24 Portfolio               | 0.60%           | 0.25%                  | 1.58%          | 2.43%  | 0.96%                              | 1.47%  |
| NASDAQ(R) Target 15 Portfolio            | 0.60%           | 0.25%                  | 1.75%          | 2.60%  | 1.13%                              | 1.47%  |
| Value Line(R) Target 25 Portfolio        | 0.60%           | 0.25%                  | 1.48%          | 2.33%  | 0.86%                              | 1.47%  |
| First Trust 10 Uncommon Values Portfolio | 0.60%           | 0.25%                  | 0.76%          | 1.61%  | 0.24%                              | 1.37%  |

<FN>

- 1 The Board of Trustees reserves the right to suspend payments under the 12b-1 Plan at any time. On May 1, 2003, 12b-1 payments were suspended for all Funds (except for the First Trust 10 Uncommon Values Portfolio) and therefore amounts paid for the fiscal year ended December 31, 2004 were less than 0.25% annually. The Board of Trustees reinstated payments under the 12b-1 Plan for the remaining Funds effective on May 1, 2004. The amounts paid for fiscal year ended December 31, 2004 were as follows: \$96,758 - Target Managed VIP Portfolio; \$13,577 - The Dow(sm) DART 10 Portfolio; \$19,405 - Global Dividend Target 15 Portfolio; \$16,091 - S&P(R) Target 24 Portfolio; \$9,175 - NASDAQ(R) Target 15 Portfolio; \$23,561 - Value Line(R) Target-25 Portfolio, and \$17,103 - First Trust 10 Uncommon Values Portfolio. The amount set forth for each Fund under "Other Expenses," "Total Annual Fund Operating Expenses" and "Expense Waivers and Reimbursements" assumes payment of 12b-1 fees at an annual rate of .25% for a full year.
- 2 First Trust has contractually agreed to waive fees and reimburse expenses of the Funds through December 31, 2007, to limit Total Annual Fund Operating Expenses (excluding brokerage expense and extraordinary expenses) to 1.37% for the 10 Uncommon Values Portfolio and 1.47% for each of the other Funds' average daily net assets. There can be no assurance that First Trust will continue to waive fees and reimburse expenses after December 31, 2007. First Trust may seek restitution from the Funds for fees waived and reimbursed through December 31, 2007; however, such restitution is limited to the extent that it would not cause a Fund to exceed
- 3 The Dow(sm) Target Dividend Portfolio is newly organized. Accordingly, "Other Expenses" are based on estimated expenses for the current fiscal year.

</FN>

</TABLE>

Example: This example is intended to help you compare the cost of investing in a Fund with the cost of investing in other mutual funds. This example assumes that you invest \$10,000 in a Fund for the time periods (whether

you redeemed your interests or not) and assumes that your investment has a 5% return each year and that the operating expenses remain the same. The example does not take into account contract level fees of the variable annuity policies offered by American Skandia. If such fees were included the estimated expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions, your cost would be:

| FUND NAME                             | 1 YEAR | 3 YEARS* | 5 YEARS* | 10 YEARS* |
|---------------------------------------|--------|----------|----------|-----------|
| Target Managed VIP Portfolio          | \$150  | \$533    | \$1,010  | \$2,328   |
| The Dow(sm) DART 10 Portfolio         | \$150  | \$563    | \$1,100  | \$2,572   |
| The Dow(sm) Target Dividend Portfolio | \$150  | \$511    | \$944    | \$2,150   |
| Global Dividend Target 15 Portfolio   | \$150  | \$597    | \$1,203  | \$2,844   |
| S&P(R) Target 24 Portfolio            | \$150  | \$568    | \$1,116  | \$2,615   |
| NASDAQ Target 15 Portfolio            | \$150  | \$586    | \$1,171  | \$2,760   |
| Value Line(R) Target 25 Portfolio     | \$150  | \$558    | \$1,084  | \$2,529   |
| 10 Uncommon Values Portfolio          | \$139  | \$460    | \$830    | \$1,869   |

The above example is for comparison purposes only and is not a representation of each Fund's actual expenses and returns, either past or future.

-----  
 \* The waiver and reimbursement arrangement agreed to by First Trust, if not extended, will terminate on December 31, 2007. Thus, the 3 years, 5 years and 10 years expense amounts reflect the waiver and reimbursement for only the first two years.

#### FUND ORGANIZATION

Each Fund is a series of First Defined Portfolio Fund, LLC ("First Defined"), a non-diversified, open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). Each Fund is treated as a separate mutual fund with its own investment objective and policies. First Defined is organized as a Delaware limited liability company. Its Board of Trustees (the "Board") is responsible for its overall management and direction. The Board elects First Defined's officers and approves all significant agreements, including those with the investment adviser, custodian and fund administrative and accounting agent. Board members are elected by holders of First Defined's membership interests.

Under Delaware law, a limited liability company does not issue shares of stock. Instead, ownership rights are contained in "membership interests." The Funds are not offered directly to the public. Interests of the Funds are sold only to American Skandia Life Assurance Corporation Variable Account B ("Account

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B") to fund the benefits of variable annuity policies issued by American Skandia. Account B is the sole member of First Defined. Variable annuity owners of Account B who have policy values allocated to any of the Funds have indirect rights in such Fund's interests.

The Funds seek their investment objectives by investing their assets primarily in accordance with a particular investment strategy. The Funds' portfolios are generally adjusted annually to reflect the strategies most recent selections. The Target Managed VIP Portfolio generally invests its assets based on an investment strategy but may under-weight, over-weight or exclude certain securities. (See "Fund Overview" for each Fund for a description of the investment strategies).

#### FUND MANAGEMENT

The overall management of the business and affairs of the Funds is the responsibility of the Board of First Defined.

First Trust, 1001 Warrenville Road, Lisle, Illinois, 60532, is the investment adviser to the Funds. In this capacity, First Trust is responsible for the selection and ongoing monitoring of the securities in the Funds' portfolios and certain other services necessary for the management of the portfolios.

First Trust is a limited partnership with one limited partner, Grace Partners of DuPage L.P., and one general partner, The Charger Corporation. Grace

Partners of DuPage L.P. is a limited partnership with one general partner, The Charger Corporation, and a number of limited partners. The Charger Corporation is an Illinois corporation controlled by the Robert Donald Van Kampen family. First Trust discharges its responsibilities subject to the policies of the Board of Trustees of First Defined.

First Trust serves as adviser or subadviser for 20 mutual fund portfolios and 9 closed-end fund portfolios and is also the portfolio supervisor of unit investment trusts sponsored by First Trust Portfolios, L.P. ("FTP"), some of which are substantially similar to the Funds. FTP, 1001 Warrenville Road, Lisle, Illinois 60532, specializes in the underwriting, trading and distribution of unit investment trusts and other securities. FTP is the principal underwriter of the Funds' interests.

There is no one individual primarily responsible for portfolio management decisions for the Funds. Investments are made under the direction of a committee. The Investment Committee consists of Robert W. Bredemeier, Robert F. Carey, Jon C. Erickson, David G. McGarel and Roger F. Testin. Mr. Bredemeier serves as a Managing Director of First Trust and FTP. As Managing Director of First Trust, Mr. Bredemeier is Chairman of the Investment Committee and presides over Investment Committee meetings. Mr. Carey is the Chief Investment Officer and Senior Vice President of First Trust and Senior Vice President of FTP. As First Trust's Chief Investment Officer, Mr. Carey consults with the Investment Committee on market conditions and First Trust's general investment philosophy. Mr. Erickson is a Senior Vice President of First Trust and FTP. As the head of First Trust's Equity Research Group, Mr. Erickson is responsible for determining the securities to be purchased and sold by funds that do not utilize quantitative investment strategies. Mr. McGarel is a Senior Vice President of First Trust and FTP. As the head of First Trust's Strategy Research Group, Mr.

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McGarel is responsible for developing and implementing quantitative investment strategies for those funds that have investment policies that require them to follow such strategies. Since August 2001, Mr. Testin has been a Senior Vice President of First Trust. Prior to joining First Trust, Mr. Testin was an analyst for Dolan Capital Management. As the head of First Trust's Portfolio Management Group, Mr. Testin is responsible for executing the instructions of the Strategy Research Group and Equity Research Group in the funds' portfolios. For additional information concerning First Trust, including a description of the services provided to the Funds, see the Funds' Statement of Additional Information ("SAI"). In addition, the SAI provides additional information about the Investment Committee's compensation, other accounts managed by the Investment Committee and the Investment Committee's ownership of securities in the Fund.

#### Management Fees and Expenses

For providing management services, First Trust is paid an annual fund management fee by the Fund of 0.60% of average daily net assets. For the most recent fiscal year ended December 31, 2004, the Funds paid the following amounts to First Trust: 0.18%-Target Managed VIP Portfolio, 0.001%-The Dow(sm) DART 10 Portfolio, fee waived-Global Dividend Target 15 Portfolio, S&P(R) Target 24 Portfolio and NASDAQ(R) Target 15 Portfolio, 0.02%-Value Line(R) Target-25 Portfolio, and 0.56%-First Trust 10 Uncommon Values Portfolio.

Each Fund pays for its own operating expenses such as custodial, transfer agent, administrative, accounting and legal fees; brokerage commissions; service fees; licensing fees (if applicable); extraordinary expenses; and its portion of First Defined's operating expenses. First Trust has contractually agreed to waive fees and reimburse expenses through December 31, 2007, to prevent a Fund's Total Annual Fund Operating Expenses (excluding brokerage expenses and extraordinary expenses) from exceeding 1.47% of the average daily net asset value of each Fund (other than the 10 Uncommon Values Portfolio whose expense cap is 1.37% of average daily net assets). First Trust may seek restitution from the Funds for fees waived and reimbursed through December 31, 2007; however, the restitution is limited to the extent that it would not cause a Fund to exceed current expense limitations.

Information regarding the Board of Trustees' approval of the Funds' investment advisory contract is currently available in the SAI. However, such information will be included in the Funds' annual report for the fiscal year ending December 31, 2005.

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#### FUND INVESTMENTS

##### Equity Securities

Each Fund invests primarily in equity securities. Eligible equity securities include common stocks; warrants to purchase common stocks; and securities convertible into common stocks, such as convertible bonds and debentures. In addition, the Funds may invest in equity securities of foreign issuers, including depositary receipts that represent foreign common stocks deposited with a custodian.

#### Short-Term Investments

Each Fund may invest in cash equivalents or other short-term investments including U.S. government securities, commercial paper, repurchase agreements, money-market funds or similar fixed-income securities with remaining maturities of one year or less. For more information on short-term investments, see the SAI.

#### Futures and Options

Each Fund may invest in various investment strategies designed to hedge against changes in the values of securities the Fund owns or expects to purchase or to hedge against interest rate or currency exchange rate changes. The securities used to implement these strategies include financial futures contracts, options, forward contracts, options on financial futures and stock index options.

#### Delayed Delivery Securities

Each Fund may buy or sell securities on a when-issued or delayed-delivery basis, paying for or taking delivery of the securities at a later date, normally within 15 to 45 days of the trade. Such transactions involve an element of risk because the value of the securities to be purchased may decline before the settlement date.

#### Disclosure of Portfolio Holdings

A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is included in the Funds' SAI.

#### ADDITIONAL INFORMATION ON THE FUNDS' INVESTMENT STRATEGIES

To select securities for the Funds, other than the Target Managed VIP Portfolio, First Trust primarily follows a disciplined investment strategy that invests in the common stocks determined by the strategy. The portfolio of each Fund is adjusted annually on or about the Funds' annual stock selection date of December 31 (July 1 for the 10 Uncommon Values Portfolio), in accordance with the applicable investment strategy. On or about the annual stock selection date for a Fund, a percentage relationship among the number of shares of each issuer

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in the Fund will be established. When additional assets are deposited into the Fund, additional securities will be purchased in such numbers that reflect as nearly as practicable the percentage relationship of the number of shares of each issuer established on or about the annual stock selection date. First Trust will likewise attempt to replicate the percentage relationship of shares when selling securities for a Fund. The percentage relationship among the number of securities in a Fund should therefore, remain relatively stable. However, given the fact that the market price of such securities will vary throughout the year, the value of the securities of each of the companies as compared to the total assets of a Fund will fluctuate during the year, above and below the proportion established on the annual stock selection date. On or about the annual stock selection date for a Fund, new securities will be selected and a new percentage relationship will be established among the number of securities for the Fund.

To select securities for the Target Managed VIP Portfolio, First Trust utilizes a model based on six specialized strategies. It will not necessarily maintain a particular percentage relationship among those securities.

It is generally not possible for First Trust to purchase round lots (usually 100 shares) of stocks in amounts that will precisely duplicate the prescribed mix of securities. Also, it is usually impossible for a Fund to be 100% invested in the prescribed mix of securities at any given time. To the extent that a Fund is not fully invested, the interests of variable annuity policy owners may be diluted and total return may not directly track the investment results of the prescribed mix of securities. To minimize this effect, First Trust will generally try, as much as practicable, to maintain a minimum cash position at all times. Normally, the only cash items held by a Fund are amounts expected to be deducted as expenses, amounts too small to purchase additional round lots of the securities and amounts held during the settlement of portfolio transactions.

#### Investment Limitations

The Funds have adopted certain investment limitations (based on total assets) that cannot be changed without interest holder approval and are designed to limit your investment risk. Such limitations are described in the SAI.

Although the Funds have no present intentions to vary from their investment strategies under any circumstances, the Funds may invest up to 100% of their assets in cash equivalents and short-term investments as a temporary defensive measure in response to adverse market conditions, or to keep cash on hand fully invested. During these periods, a Fund may not be able to achieve its investment objective.

First Trust may also use various investment strategies designed to hedge against changes in the value of securities a Fund owns or expects to purchase or to hedge against interest rate changes and to hedge against currency fluctuations during the settlement of portfolio transactions. These hedging strategies include using financial futures contracts, options, options on financial futures, foreign currency forward contracts or stock index options. The ability of a Fund to benefit from options and futures is largely dependent

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on First Trust's ability to use such strategies successfully. A Fund could lose money on futures transactions or an option could expire worthless.

Each Fund's investment objective may not be changed without interest holder approval. The above investment policies may be changed by the Board of Trustees without interest holder approval unless otherwise noted in this prospectus or the SAI.

#### Portfolio Turnover

A Fund buys and sells portfolio securities in the normal course of its investment activities. The proportion of the Fund's investment portfolio that is sold and replaced with new securities during a year is known as the Fund's portfolio turnover rate. A turnover rate of 100%, for example, would occur if a Fund sold and replaced securities valued at 100% of its net assets within a one-year period. The Funds anticipate that their annual portfolio turnover rates will generally be less than 100%. Each Fund's portfolio turnover rates are provided in the "Financial Highlights." Active trading (portfolio turnover rates greater than 100%) would result in the payment by the Fund of increased brokerage costs and expenses.

#### TARGET MANAGED VIP PORTFOLIO STRATEGIES

The Target Managed VIP Portfolio invests in the common stocks of certain companies which are identified by applying a model based on six uniquely specialized strategies: the European Target 20 Strategy, the Target Small-Cap Strategy, The Dow(sm) DART 5 Strategy, The NASDAQ(R) Target 15 Strategy, the S&P(R) Target 24 Strategy and the Value Line(R) Target 25 Strategy.

#### European Target 20 Strategy.

The European Target 20 Strategy is determined as follows:

Step 1: The investment adviser ranks the 120 largest companies based on market capitalization which are headquartered in Austria, Belgium, Denmark, Finland, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom by dividend yield.

Step 2: The investment adviser selects the 20 highest dividend-yielding stocks.

#### Target Small-Cap Strategy.

The Target Small-Cap Strategy is determined as follows:

Step 1: The investment adviser selects the stocks of all U.S. corporations which trade on the New York Stock Exchange ("NYSE"), the American Stock Exchange ("AMEX") or the NASDAQ Stock Market ("NASDAQ") (excluding limited partnerships, American Depositary Receipts and mineral and oil royalty trusts).

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Step 2: The investment adviser then selects companies which have a market capitalization of between \$150 million and \$1 billion and whose stock has an average daily dollar trading volume of at least \$500,000. For purposes of applying the Target Small-Cap Strategy, market capitalization and average trading volume are based on 1996 dollars which are periodically adjusted for inflation.

Step 3: The investment adviser next selects stocks with positive three-year sales growth.

Step 4: From there the investment adviser selects those stocks whose most recent annual earnings are positive.

Step 5: The investment adviser eliminates any stock whose price has appreciated by more than 75% in the last 12 months.

Step 6: The investment adviser then selects the 40 stocks with the greatest price appreciation in the last 12 months on a relative market capitalization basis (highest to lowest).

All steps are applied monthly and rolling quarterly data is used instead of annual figures where possible.

The Dow(sm) DART 5 Strategy.

The Dow(sm) DART 5 Strategy stocks are determined as follows:

Step 1: The investment adviser ranks all 30 stocks contained in the DJIA by the sum of their dividend yield and buyback ratio.

Step 2: The investment adviser then selects the ten stocks with the highest combined dividend yields and buyback ratios.

Step 3: From the ten stocks selected in Step 2, the investment adviser selects the five stocks with the greatest increase in the percentage change in return on assets in the most recent year as compared to the previous year.

The NASDAQ(R) Target 15 Strategy.

The NASDAQ(R) Target 15 Strategy stocks are determined as follows:

Step 1: The investment adviser selects the stocks which are components of the NASDAQ-100 Index(R) and numerically rank them by 12-month price appreciation (best (1) to worst (100)).

Step 2: The investment adviser then numerically ranks the stocks by six-month price appreciation.

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Step 3: The stocks are then numerically ranked by return on assets ratio.

Step 4: The investment adviser then numerically ranks the stocks by the ratio of cash flow per share to stock price.

Step 5: The investment adviser adds up the numerical ranks achieved by each company in the above steps and selects the 15 stocks with the lowest sums.

The stocks which comprise the NASDAQ(R) Target 15 Strategy are weighted by market capitalization subject to the restriction that only whole shares are purchased and that no stock will comprise approximately less than 1% or 25% or more of the NASDAQ(R) Target 15 Strategy portion of the portfolio on or about the stock selection date. The securities will be adjusted on a proportionate basis to accommodate this constraint.

The S&P(R) Target 24 Strategy.

The S&P(R) Target 24 Strategy stocks are determined as follows:

Step 1: All of the economic sectors in the S&P 500 Index are ranked by market capitalization and the eight largest sectors are selected.

Step 2: The stocks in each of those eight sectors are then ranked among their peers based on three distinct factors:

Factor 1: Trailing four quarters' return on assets, which is net income divided by average assets. Those stocks with high return on assets achieve better rankings.

Factor 2: Buyback yield, which measures the percentage decrease in common stock outstanding versus one year earlier. Those stocks with greater percentage decreases receive better rankings.

Factor 3: Bullish interest indicator, which compares the number of shares traded in months in which the stock price rose to the number of shares traded in months in which the stock price declined. Those stocks with a high bullish interest indicator achieve better rankings.

Step 3: The three stocks from each of the eight sectors with the highest combined ranking on these three factors are selected for the Fund. In the event of a tie within a sector, the stock with the higher market capitalization is selected. Each stock receives a weighting equivalent to its relative market value among the three stocks from the individual sector. The combined weight of the three stocks for a sector is equal to the sector's equivalent weighting among the eight sectors being selected from.

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Value Line(R) Target 25 Strategy.

The Value Line(R) Target 25 Strategy is determined as follows:

Step 1: The investment adviser starts with the 100 stocks which Value Line(R) gives its #1 ranking for Timeliness(TM), removes the stocks of companies considered to be securities related-issuers and the stocks of companies whose shares are not listed on a U.S. securities exchange, and applies the following screens.

Step 2: The investment adviser screens for consistent growth by ranking those remaining stocks based on 12-month and 6-month price appreciation (best [1] to worst [100]).

Step 3: The investment adviser then screens for profitability by ranking the stocks by their return on assets.

Step 4: Finally, the investment adviser screens for value by ranking the stocks based on their price to cash flow.

Step 5: The investment adviser adds up the numerical ranks achieved by each company in the above steps and selects the 25 stocks with the lowest sums.

The stocks which comprise the Value Line(R) Target 25 Strategy are weighted by market capitalization subject to the restriction that no stock will comprise approximately less than 1% or 25% or more of the Value Line(R) Target 25 Strategy portion of the portfolio on the stock selection date. The securities will be adjusted on a proportionate basis to accommodate this constraint.

#### DESCRIPTION OF INDICES

The portfolios of certain of the Funds consist of the common stocks of companies included on various indices. A description of certain of the indices is provided below.

The Dow Jones Industrial Average(sm) (DJIA)

The stocks included in the DJIA are chosen by the editors of The Wall Street Journal as representative of the broad market and of American industry. The companies are major factors in their industries and their stocks are widely held by individuals and institutional investors.

Dow Jones Select Dividend Index(sm)

The Dow Jones Select Dividend Index(sm) is comprised of 100 of the highest dividend yielding securities (excluding REITs) in the Dow Jones U.S. Total Market Index, a broad-based index representative of the total market for U.S. equity securities.

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The Financial Times Industrial Ordinary Share Index (FT Index)

The FT Index is comprised of 30 common stocks chosen by the editors of The Financial Times as representative of British industry and commerce. This index is an unweighted average of the share prices of selected companies. These companies are highly capitalized and major factors in their industries. In addition, their stocks are widely held by individuals and institutional investors.

The Hang Seng Index

The Hang Seng Index presently consists of [33] stocks currently listed on the Stock Exchange of Hong Kong Ltd. (the "Hong Kong Stock Exchange"), and it includes companies intended to represent four major market sectors: commerce and industry, finance, properties and utilities. The Hang Seng Index is a recognized indicator of stock market performance in Hong Kong. It is computed on an arithmetic basis, weighted by market capitalization, and is therefore strongly influenced by stocks with large market capitalizations.

The NASDAQ-100 Index(R)

The NASDAQ-100 Index(R) represents the largest non-financial domestic and international issues listed on the NASDAQ Stock Market(R). The index is calculated based on a modified capitalization weighted methodology. The NASDAQ Stock Market(R) lists approximately 5,000 companies and trades more shares per day than any other major U.S. market.

The Standard & Poor's 500 Index (S&P 500 Index)

Widely regarded as the standard for measuring large-cap U.S. stock market performance, the S&P 500 Index includes a representative sample of leading U.S. companies in leading industries. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market-value weighted index with each stocks' weight in the index proportionate to its market value.

Except as described in the prospectus or SAI, the publishers of the indices have not granted the Funds or First Trust a license to use their respective index. The Funds are not designed so that prices will parallel or correlate with the movements in any particular index or a combination of indices and it is expected that their prices will not parallel or correlate with such movements. The publishers of the indices have not participated in any way in the creation of the Funds or in the selection of stocks in the Funds.

#### ADDITIONAL RISKS OF INVESTING IN THE FUNDS

Risk is inherent in all investing. Investing in the Funds involves risk, including the risk that you may lose all or part of your investment. There can be no assurance that a Fund will meet its stated objective. Before you invest, you should consider the following risks.

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**Market risk:** Market risk is the risk that a particular stock, an industry, a mutual fund or stocks in general may fall in value.

**Small-cap company risk:** Certain funds may invest in small capitalization companies. Such companies may be more vulnerable to adverse general market or economic developments, may be less liquid, and may experience greater price volatility than larger capitalization companies as a result of several factors, including limited trading volumes, products or financial resources, management inexperience and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger capitalization companies.

**Inflation risk:** Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Funds' assets can decline as can the value of the Funds' distributions. Common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

**Foreign investment risk:** Certain Funds may invest in foreign securities. Securities issued by foreign companies or governments present risks beyond those of securities of U.S. issuers. Risks of investing in foreign securities include higher brokerage costs; different accounting standards; expropriation, nationalization or other adverse political or economic developments; currency devaluation, blockages or transfer restrictions; changes in foreign currency exchange rates; taxes; restrictions on foreign investments and exchange of securities; inadequate financial information; lack of liquidity of certain foreign markets; and less government supervision and regulation of exchanges, brokers, and issuers in foreign countries. Prices of foreign securities also may be more volatile.

**Concentration risk:** Each Fund is classified as "non-diversified." As a result, each Fund is only limited as to the percentage of its assets which may be invested in the securities of any one issuer by its own investment restrictions and by the diversification requirements imposed by the Internal Revenue Code of 1986, as amended. Since each Fund may invest a relatively high percentage of its assets in a limited number of issuers, each Fund may be more susceptible to any single economic, political or regulatory occurrence and to the financial conditions of the issuers in which it invests.

In addition, the Funds may be concentrated in the securities of a given industry if the applicable investment strategy selects such securities. A concentration makes a Fund more susceptible to any single occurrence affecting the industry or sector and may subject the Fund to greater market risk than more diversified funds.

**Technology Sector:** Companies involved in the technology industry must contend with the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards, and frequent new product introductions. Technology

companies may be smaller and less experienced companies, with limited product lines, markets or financial resources and fewer experienced management or marketing personnel. Technology company stocks, particularly those involved with the Internet, have experienced extreme price and volume fluctuations that often

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have been unrelated to their operating performance. Also, the stocks of many technology companies have exceptionally high price-to-earning ratios with little or no earnings histories.

The Global Dividend Target 15 Portfolio is considered to be concentrated in the securities of United Kingdom and Hong Kong issuers. Particular risk factors follow:

United Kingdom: The United Kingdom is one of 25 members of the European Union ("EU"), which was formed by the Maastricht Treaty on European Union. The Treaty has had the effect of eliminating most of the remaining trade barriers between the member nations and has made Europe one of the largest common markets in the world. However, the continued implementation of the Treaty provisions and recent rapid political and social change throughout Europe make the extent and nature of future economic development in the United Kingdom and Europe and their effect on securities issued by United Kingdom issuers impossible to predict.

Unlike a majority of EU members, the United Kingdom did not convert its currency to the common European currency, the euro, on January 1, 1999. All companies with significant markets or operations in Europe face strategic challenges as these entities continue to adapt to a single currency. The ongoing euro conversion process, with or without the inclusion of the United Kingdom, may materially impact revenues, expenses or income; increase competition; affect issuers' currency exchange rate risk and derivatives exposure; cause issuers to increase spending on information technology updates; and result in potentially adverse tax consequences.

Hong Kong: Hong Kong issuers are subject to risks related to Hong Kong's political and economic environment, the volatility of the Hong Kong stock market, and the concentration of real estate companies listed on the Hong Kong Stock Exchange. Hong Kong reverted to Chinese control on July 1, 1997 and any increase in uncertainty as to the future economic and political status of Hong Kong, or a deterioration of the relationship between China and the United States, could have negative implications on stocks listed on the Hong Kong Stock Exchange. Securities prices on the Hong Kong Stock Exchange can be highly volatile and are sensitive to developments in Hong Kong and China, as well as other world markets.

Investment strategy risk: The Funds are exposed to additional market risk due to their policy of investing in accordance with an investment strategy. As a result of this policy, securities held by a Fund will generally not be bought or sold in response to market fluctuations. This policy may subject investors to greater market risk than other mutual funds.

#### INVESTMENT IN FUND INTERESTS

Interests of the Funds are sold only to Account B to fund the benefits of the variable annuity policies issued by American Skandia. Account B purchases interests of the Funds in accordance with variable account allocation instructions received from owners of the policies. First Trust then uses the proceeds to buy securities for the Funds. Account B, as an interest holder, has an ownership interest in the Funds' investments.

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The Funds do not issue interest certificates. Individual investors may not purchase or redeem interests in the Funds directly; interests may be purchased or redeemed only through the policies. There are no minimum investment requirements. All investments in a Fund are credited to the interest holder's account in the form of full and fractional interests of the designated Fund (rounded to the nearest 1/1000 of a share). For a discussion of how policy owners may purchase Fund interests, please refer to the prospectus for Account B. Owners of the policies may direct purchase or redemption instructions to American Skandia at 1 Corporate Drive, Shelton, CT 06484-0883 or by calling (800) 752-6342.

The price received for purchase requests will depend on when the order is received. Orders received before the close of trading on a business day will receive that day's closing price, otherwise the next business day's price will be received. A business day is any day the New York Stock Exchange is open for business and normally ends at 4:00 p.m., Eastern time. See "Net Asset Value" for a discussion of how interests are priced.

#### REDEMPTION OF FUND INTERESTS

Each Fund offers to buy back (redeem) interests of the Fund from Account B at any time at net asset value. Account B will redeem interests to make benefit or surrender payments under the terms of the variable annuity policies or to effect transfers among investment options. Redemptions are processed on any day on which the Funds are open for business and are effected at the net asset value next determined after the redemption order, in proper form, is received. Orders received before the close of trading on a business day will receive that day's closing price, otherwise the next business day's price will be used. For a discussion of how policy owners may redeem interests, please refer to the prospectus for Account B.

A Fund may suspend the right of redemption only under the following unusual circumstances: o when the New York Stock Exchange is closed (other than weekends and holidays) or trading is restricted; o when trading in the markets utilized is restricted, or when an emergency exists so that disposal of the

Fund's investments or determination of its net assets is not reasonably practicable; or o during any period when the SEC may permit.

#### DISTRIBUTIONS AND TAXES

##### Automatic Reinvestment

All dividends payable by a Fund will be reinvested in the Fund.

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##### Taxes and Tax Reporting

First Defined is a limited liability company with all of its interests owned by a single entity (Account B). Accordingly, First Defined is part of the operations of American Skandia and is not taxed separately. First Defined does not intend to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code. For a discussion of the tax status of the variable annuity policy, please refer to the prospectus for Account B.

##### Internal Revenue Service Diversification Requirements

The Funds intend to comply with the diversification requirements currently imposed by the Internal Revenue Service on separate accounts of insurance companies as a condition of maintaining the status of the variable annuity policies issued by Account B under Section 817 of the Internal Revenue Code. First Trust reserves the right to depart from the investment strategy of a Fund in order to meet these diversification requirements. See the SAI for more specific information.

##### RULE 12b-1 PLAN

FTP serves as the selling agent and distributor of the Funds' interests. In this capacity, FTP manages the offering of the Funds' interests and is responsible for all sales and promotional activities. In order to compensate FTP for its costs in connection with these activities, each Fund has adopted a service plan under Rule 12b-1 of the 1940 Act. Each Fund may spend up to 0.25% per year of its average daily net assets as a service fee. FTP uses the service fee to compensate American Skandia for providing account services to policy owners. These services include establishing and maintaining policy owners' accounts, supplying information to policy owners, delivering Fund materials to policy owners, answering inquiries, and providing other personal services to policy owners. Because these fees are paid out of the Fund's assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. In addition, the plan allows First Trust to use a portion of its advisory fee to compensate FTP for other expenses, including printing and distributing prospectuses to persons other than interest holders or policy owners, and the expenses of compensating its sales force and preparing, printing and distributing advertising, sales literature and reports to interest holders and policy owners used in connection with the sale of interests. The Board of Trustees reserves the right to suspend payments under the 12b-1 Plan at any time.

On May 1, 2003, payments under the Plan were suspended for all of the Funds (other than the 10 Uncommon Values Portfolio) and the payments were reinstated for the remaining Funds effective May 1, 2004. For the fiscal year ended December 31, 2004, all 12b-1 fees paid during the period were paid to American Skandia for providing account services. Please see "Rule 12b-1 Plan" in the SAI for further details.

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##### NET ASSET VALUE

The price of Fund interests is based on a Fund's net asset value ("NAV") per interest which is determined as of the close of trading (normally 4:00 p.m., Eastern time) on each day the New York Stock Exchange is open for business. Net asset value is calculated for each Fund by taking the market price of the Fund's total assets, including interest or dividends accrued but not yet collected, less all liabilities, and dividing by the total number of interests outstanding. The result, rounded to the nearest cent, is the net asset value per interest. All valuations are subject to review by the Board of Trustees or its delegate.

In determining net asset value, expenses are accrued and applied daily and securities and other assets are generally valued as set forth below. Common stocks and other equity securities listed on any national or foreign exchange will be valued at the closing sale price on the exchange in which they are principally traded on the valuation date. If there are no transactions on the valuation date, securities traded principally on a national or foreign exchange will be valued at the mean between the most recent bid and ask prices. Common stocks and other equity securities primarily traded on the NASDAQ National Market will be valued at NASDAQ's official close price. Equity securities traded in the over-the-counter market are valued at their closing bid prices. Fixed income securities with a remaining maturity of 60 days or more will be valued by the Fund accounting agent using a pricing service. When price quotes are not available, fair market value is based on prices of comparable securities. Fixed income securities maturing within 60 days are valued by the fund accounting agent on an amortized cost basis. Foreign securities, currencies and other assets denominated in foreign currencies are translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar as provided by a pricing service. All assets denominated in foreign currencies will be converted into U.S. dollars at the exchange rates in effect at the time of valuation. The value of any portfolio security held by a Fund for which reliable market quotations are not readily available or if a valuation is deemed inappropriate will be determined by the Board of Trustees or its designee in a manner that most fairly reflects fair market value of the security on the valuation date.

Certain securities may not be able to be priced by pre-established pricing methods. Such securities may be valued by the Board of Trustees or its delegate at fair value. These securities generally include but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of fund NAV (as may be the case in foreign markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, does not reflect the security's "fair value." As a general principal, the current "fair value" of an issue of securities would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. The use of fair value prices by a Fund generally results in the prices used by the Fund differing from the closing sale prices on the applicable exchange and fair value prices may not reflect the

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actual value of a security. A variety of factors may be considered in determining the fair value of such securities. See the SAI for details.

For Funds that hold securities that trade primarily on foreign exchanges, the NAV of a Fund's interests may change on days when interest holders will not be able to purchase or redeem the Fund's interests.

#### FUND SERVICE PROVIDERS

The Funds' transfer and dividend paying agent and shareholder services, fund accounting and administrative agent is PFPC Inc., 4400 Computer Drive, Westborough, Massachusetts 01581 ("PFPC"). PFPC performs bookkeeping, data processing, accounting and administrative services for the operation of the Funds and the maintenance of shareholder accounts. The custodian of the assets of the Funds is PFPC Trust Company, 8800 Tinicum Boulevard, 3rd Floor, Suite 200, Philadelphia, PA 19153.

American Skandia performs certain administrative services for the Funds, Account B and the variable annuity policies. The Funds pay an administrative fee of 0.30% of average daily net assets to cover expenses incurred by American Skandia in connection with these services and First Trust pays an additional fee of 0.10% of average daily net assets to American Skandia for administrative services performed for the Funds. For more information on the Funds' expenses, see the SAI.

SHAREHOLDER INQUIRIES

All inquiries regarding the Funds should be directed to the applicable Fund at 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532 or by calling (800) 621-1675.

FREQUENT TRADING

The Funds are intended for long-term investment and discourage frequent trading. Due to the fact that all shares of each Fund are issued to, and redeemed from, American Skandia Variable Account B, the Fund itself cannot generally monitor trading by a particular investor. Therefore, the Funds will rely nearly exclusively on American Skandia to adopt policies and procedures with respect to transfers into or from Account B. The Funds have reviewed the market timing policies and procedures of American Skandia and have determined that such policies are reasonably designed to prevent or detect market timing activity.

Excessive trading in the Funds' shares can disrupt portfolio management, lead to higher operating costs, and cause other operating inefficiencies for the Funds. However, the Funds are also mindful that shareholders may have valid reasons for periodically purchasing and redeeming fund shares.

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Accordingly, the Funds have adopted a Market Timing Policy that seeks to balance the Funds' need to prevent excessive trading in Fund shares while offering investors the flexibility in managing their financial affairs to make periodic purchases and redemptions of Fund shares.

FINANCIAL HIGHLIGHTS

The following financial highlights tables are intended to help you understand each Fund's financial performance for the periods shown, and certain information reflects financial results for a single Fund share. The total returns in each table represent the rate that an investor would have earned or lost each period on an investment in a Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, independent registered public accounting firm, whose report, along with First Defined's financial statements, is incorporated by reference in the SAI and annual report, which is available, without charge, upon request.

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FINANCIAL HIGHLIGHTS

Target Managed VIP Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|  | Year Ended<br>12/31/04 | Year Ended<br>12/31/03 | Year Ended<br>12/31/02 (a) | Year Ended<br>12/31/01 | Year Ended<br>12/31/00 |
|--|------------------------|------------------------|----------------------------|------------------------|------------------------|
| <S>  | <C>                    | <C>                    | <C>                        | <C>                    | <C>                    |
| Net asset value, beginning of year.....                        | \$8.73                 | \$6.47                 | \$8.19                     | \$8.62                 | \$8.04                 |
| Income from investment operations:                             |                        |                        |                            |                        |                        |
| Net investment income/(loss).....                              | 0.01+                  | 0.02                   | 0.00++#                    | 0.18++                 | 0.06                   |
| Net realized and unrealized gain/(loss) on<br>investments..... | 1.06                   | 2.24                   | (1.72)                     | (0.61)                 | 0.52                   |
| Total from investment operations.....                          | 1.07                   | 2.26                   | (1.72)                     | (0.43)                 | 0.58                   |
| Net asset value, end of year.....                              | \$9.80                 | \$8.73                 | \$6.47                     | \$8.19                 | \$8.62                 |
| Total return+.....   | 12.26%                 | 34.93%                 | (21.00)%                   | (4.99)%                | 7.21%                  |

Ratios to average net assets/supplemental data:

|  |           |          |          |         |        |
|--|-----------|----------|----------|---------|--------|
| Net assets, end of year (in 000's).....  | \$108,473 | \$20,488 | \$12,056 | \$2,126 | \$262  |
| Ratio of operating expenses to average net assets.....   | 1.47%     | 1.47%    | 1.47%    | 1.47%   | 1.47%  |
| Ratio of net investment income to average net assets.....  | 0.14%     | 0.41%    | 0.06%    | 2.20%   | 2.45%  |
| Portfolio turnover rate.....   | 42.60%    | 72.28%   | 78.53%   | 47.95%  | 54.04% |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 2.07%     | 1.69%    | 2.73%    | 12.69%  | 74.48% |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and the administrator.

++ Per share values have been calculated using the average share method.

# Amount represents less than \$0.01 per share.

(a) Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from The Dow(sm) Target 5 Portfolio to the Target Managed VIP Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided include the Fund's performance prior to the name change and the change of the primary investment strategy.

</FN>

</TABLE>

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FINANCIAL HIGHLIGHTS

The Dow(sm) DART 10 Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|   | Year Ended<br>12/31/04 | Year Ended<br>12/31/03 | Year Ended<br>12/31/02 | Year Ended<br>12/31/01 | Year Ended<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year.....                     | \$8.37                 | \$6.98                 | \$8.54                 | \$10.02                | \$9.22                 |
| Income from investment operations:                          |                        |                        |                        |                        |                        |
| Net investment income.....                                  | 0.15++                 | 0.22                   | 0.12++                 | 0.14++                 | 0.05                   |
| Net realized and unrealized gain/(loss) on investments..... | 0.17                   | 1.17                   | (1.68)                 | (1.62)                 | 0.75                   |
| Total from investment operations.....                       | 0.32                   | 1.39                   | (1.56)                 | (1.48)                 | 0.80                   |
| Net asset value, end of year.....                           | \$8.69                 | \$8.37                 | \$6.98                 | \$8.54                 | \$10.02                |
| Total return+.....  | 3.82%                  | 19.91%                 | (18.27)%               | (14.77)%               | 8.68%                  |

Ratios to average net assets/supplemental

data:

|  |          |         |         |         |         |
|--|----------|---------|---------|---------|---------|
| Net assets, end of year (in 000's).....  | \$12,749 | \$4,268 | \$4,219 | \$4,064 | \$1,110 |
| Ratio of operating expenses to average net assets.....   | 1.47%    | 1.47%   | 1.47%   | 1.47%   | 1.47%   |
| Ratio of net investment income to average net assets.....  | 1.84%    | 2.37%   | 1.52%   | 1.53%   | 1.19%   |
| Portfolio turnover rate.....   | 56.97%   | 78.12%  | 76.19%  | 38.16%  | 35.59%  |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 2.33%    | 3.27%   | 3.13%   | 5.59%   | 14.84%  |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and the administrator.

++ Per share values have been calculated using the average share method.

</FN>  
</TABLE>

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FINANCIAL HIGHLIGHTS

Global Dividend Target 15 Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|  | Year Ended<br>12/31/04 | Year Ended<br>12/31/03 | Year Ended<br>12/31/02 | Year Ended<br>12/31/01 | Year Ended<br>12/31/00 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>  | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year.....                        | \$11.05                | \$8.24                 | \$9.66                 | \$9.90                 | \$9.71                 |
| Income from investment operations:                             |                        |                        |                        |                        |                        |
| Net investment income.....                                     | 0.27++                 | 0.33                   | 0.25++                 | 0.26++                 | 0.15                   |
| Net realized and unrealized gain/(loss)<br>on investments..... | 2.52                   | 2.48                   | (1.67)                 | (0.50)                 | 0.04                   |
| Total from investment operations.....                          | 2.81                   | 2.81                   | (1.42)                 | (0.24)                 | 0.19                   |
| Net asset value, end of year.....                              | \$13.86                | \$11.05                | \$8.24                 | \$9.66                 | \$9.90                 |
| Total return+.....   | 25.43%                 | 34.10%                 | (14.70)%               | (2.42)%                | 1.96%                  |

Ratios to average net  
assets/supplemental data:

|  |          |         |         |         |         |
|--|----------|---------|---------|---------|---------|
| Net assets, end of year (in 000's).....  | \$22,618 | \$3,050 | \$2,341 | \$2,291 | \$1,853 |
| Ratio of operating expenses to average<br>net assets.....  | 1.47%    | 1.47%   | 1.47%   | 1.47%   | 1.47%   |
| Ratio of net investment income to average<br>net assets.....   | 2.18%    | 3.36%   | 2.73%   | 2.77%   | 5.93%   |
| Portfolio turnover rate.....   | 48.66%   | 65.57%  | 56.92%  | 105.85% | 20.39%  |
| Ratio of operating expenses to average<br>net assets without fee waivers and<br>expenses reimbursed..... | 2.67%    | 4.51%   | 4.50%   | 6.73%   | 14.89%  |

-----  
<FN>  
+ The total return would have been lower if certain fees had not been waived  
and expenses reimbursed by the investment advisor and the administrator.

++ Per share values have been calculated using the average share method.

</FN>  
</TABLE>

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FINANCIAL HIGHLIGHTS

S&P(R) Target 24 Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|  | Year Ended<br>12/31/04 | Year Ended<br>12/31/03 | Year Ended<br>12/31/02 (a) | Year Ended<br>12/31/01 | Year Ended<br>12/31/00 |
|--|------------------------|------------------------|----------------------------|------------------------|------------------------|
| <S>  | <C>                    | <C>                    | <C>                        | <C>                    | <C>                    |
| Net asset value, beginning of year.....                        | \$7.62                 | \$6.14                 | \$7.19                     | \$9.54                 | \$11.83                |
| Income from investment operations:                             |                        |                        |                            |                        |                        |
| Net investment income/(loss).....                              | (0.03)                 | 0.03                   | (0.01)                     | (0.01)++               | (0.03)                 |
| Net realized and unrealized gain/(loss)<br>on investments..... | 1.07                   | 1.45                   | (1.04)                     | (2.34)                 | (2.26)                 |

|  |          |         |          |          |          |
|--|----------|---------|----------|----------|----------|
| Total from investment operations.....  | 1.04     | 1.48    | (1.05)   | (2.35)   | (2.29)   |
|  | -----    | -----   | -----    | -----    | -----    |
| Net asset value, end of year.....  | \$8.66   | \$7.62  | \$6.14   | \$7.19   | \$9.54   |
|  | =====    | =====   | =====    | =====    | =====    |
| Total return+.....   | 13.65%   | 24.10%  | (14.60)% | (24.63)% | (19.36)% |
|  | =====    | =====   | =====    | =====    | =====    |
| Ratios to average net assets/supplemental data:  |          |         |          |          |          |
| Net assets, end of year (in 000's).....  | \$14,158 | \$5,554 | \$4,767  | \$3,461  | \$1,501  |
| Ratio of operating expenses to average net assets.....   | 1.47%    | 1.47%   | 1.47%    | 1.47%    | 1.47%    |
| Ratio of net investment income/(loss) to average net assets.....                                   | (0.51)%  | 0.46%   | (0.10)%  | (0.07)%  | (0.71)%  |
| Portfolio turnover rate.....   | 103.63%  | 84.37%  | 199.84%  | 95.30%   | 64.22%   |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 2.37%    | 2.89%   | 2.96%    | 5.67%    | 10.85%   |

<FN>

+ Total return is not annualized for periods less than one year. The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and the administrator.

++ Per share values have been calculated using the average share method.

(a) Effective April 30, 2002, based upon the determination of the Board of Trustees, the Fund changed its name from the S&P(R) Target 10 Portfolio to the S&P(R) Target 24 Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided include the Fund's performance prior to the name change and the change of the primary investment strategy.

</FN>

</TABLE>

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#### FINANCIAL HIGHLIGHTS

NASDAQ(R) Target 15 Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|   | Year Ended<br>12/31/04 | Year Ended<br>12/31/03 | Year Ended<br>12/31/02 | Year Ended<br>12/31/01 | Year Ended<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | -----                  | -----                  | -----                  | -----                  | -----                  |
| <S>   | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year.....                     | \$9.29                 | \$6.83                 | \$9.25                 | \$12.88                | \$14.60                |
|   | -----                  | -----                  | -----                  | -----                  | -----                  |
| Income from investment operations:                          |                        |                        |                        |                        |                        |
| Net investment loss.....                                    | (0.10)++               | (0.14)                 | (0.08)                 | (0.13)++               | (0.16)                 |
| Net realized and unrealized gain/(loss) on investments..... | (0.15)                 | 2.60                   | (2.34)                 | (3.50)                 | (1.56)                 |
|   | -----                  | -----                  | -----                  | -----                  | -----                  |
| Total from investment operations.....                       | (0.25)                 | 2.46                   | (2.42)                 | (3.63)                 | (1.72)                 |
|   | -----                  | -----                  | -----                  | -----                  | -----                  |
| Net asset value, end of year.....                           | \$9.04                 | \$9.29                 | \$6.83                 | \$9.25                 | \$12.88                |
|   | =====                  | =====                  | =====                  | =====                  | =====                  |
| Total return+.....  | (2.69)%                | 36.02%                 | (26.16)%               | (28.18)%               | (11.78)%               |
|   | =====                  | =====                  | =====                  | =====                  | =====                  |

Ratios to average net assets/supplemental data:

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Net assets, end of year (in 000's).....  | \$7,028 | \$5,073 | \$4,105 | \$4,793 | \$2,688 |
| Ratio of operating expenses to average net assets.....   | 1.47%   | 1.47%   | 1.47%   | 1.47%   | 1.47%   |
| Ratio of net investment loss to average net assets.....  | (1.20)% | (1.34)% | (1.25)% | (1.31)% | (1.46)% |
| Portfolio turnover rate.....   | 116.88% | 83.41%  | 97.68%  | 63.71%  | 72.40%  |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 2.52%   | 2.96%   | 3.03%   | 4.32%   | 5.47%   |

-----  
 <FN>  
 + The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and the administrator.  
 ++ Per share values have been calculated using the average share method.  
 </FN>  
 </TABLE>

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FINANCIAL HIGHLIGHTS

Value Line(R) Target 25 Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|   | Year Ended<br>12/31/04 | Year Ended<br>12/31/03 | Year Ended<br>12/31/02 (a) | Year Ended<br>12/31/01 | Year Ended<br>12/31/00 |
|---|------------------------|------------------------|----------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                        | <C>                    | <C>                    |
| Net asset value, beginning of year.....                     | \$13.34                | \$2.37                 | \$4.15                     | \$9.32                 | \$16.33                |
| Income from investment operations:                          |                        |                        |                            |                        |                        |
| Net investment loss.....                                    | (0.04)+                | (0.02)                 | (0.03)++                   | (0.06)                 | (0.03)                 |
| Net realized and unrealized gain/(loss) on investments..... | 0.76                   | 0.99                   | (1.75)                     | (5.11)                 | (6.98)                 |
| Total from investment operations.....                       | 0.72                   | 0.97                   | (1.78)                     | (5.17)                 | (7.01)                 |
| Net asset value, end of year.....                           | \$4.06                 | \$3.34                 | \$2.37                     | \$4.15                 | \$9.32                 |
| Total return+.....  | 21.56%                 | 40.93%                 | (42.89)%                   | (55.47)%               | (42.93)%               |

Ratios to average net assets/supplemental data:

|  |          |         |         |         |         |
|--|----------|---------|---------|---------|---------|
| Net assets, end of year (in 000's).....  | \$21,765 | \$4,936 | \$2,976 | \$499   | \$1,131 |
| Ratio of operating expenses to average net assets.....   | 1.47%    | 1.47%   | 1.47%   | 1.47%   | 1.47%   |
| Ratio of net investment loss to average net assets.....  | (1.13)%  | (0.92)% | (1.22)% | (1.42)% | (1.40)% |
| Portfolio turnover rate.....   | 86.74%   | 74.04%  | 48.99%  | 209.84% | 71.51%  |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 2.28%    | 3.36%   | 6.72%   | 19.43%  | 16.73%  |

-----  
 <FN>  
 + The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and the administrator.  
 ++ Per share values have been calculated using the average share method.  
 (a) Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from the First Trust Internet Portfolio to the Value Line(R) Target 25 Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided include the Fund's performance prior to the name change and the change of the primary investment strategy.  
 </FN>  
 </TABLE>

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FINANCIAL HIGHLIGHTS

First Trust 10 Uncommon Values Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|  | Year Ended<br>12/31/04<br>----- | Year Ended<br>12/31/03<br>----- | Year Ended<br>12/31/02<br>----- | Year Ended<br>12/31/01<br>----- | Year Ended<br>12/31/00<br>----- |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <S>  | <C>                             | <C>                             | <C>                             | <C>                             | <C>                             |
| Net asset value, beginning of year.....  | \$4.67                          | \$3.41                          | \$5.40                          | \$8.39                          | \$11.40                         |
| Income from investment operations:   |                                 |                                 |                                 |                                 |                                 |
| Net investment loss.....   | (0.02)                          | (0.01)                          | (0.03) ++                       | (0.07)                          | (0.02)                          |
| Net realized and unrealized gain/(loss)<br>on investments.....   | 0.55                            | 1.27                            | (1.96)                          | (2.92)                          | (2.99)                          |
| Total from investment operations.....  | 0.53                            | 1.26                            | (1.99)                          | (2.99)                          | (3.01)                          |
| Net asset value, end of year.....  | \$5.20                          | \$4.67                          | \$3.41                          | \$5.40                          | \$8.39                          |
| Total return+.....   | 11.35%                          | 36.95%                          | (36.85)%                        | (35.64)%                        | (26.40)%                        |
| Ratios to average net assets/supplemental<br>data:   |                                 |                                 |                                 |                                 |                                 |
| Net assets, end of year (in 000's).....  | \$9,803                         | \$9,487                         | \$6,752                         | \$13,270                        | \$22,123                        |
| Ratio of operating expenses to average<br>net assets.....  | 1.37%                           | 1.37%                           | 1.37%                           | 1.37%                           | 1.37%                           |
| Ratio of net investment loss to average<br>net assets.....   | (0.11)%                         | (0.29)%                         | (0.78)%                         | (1.00)%                         | (1.15)%                         |
| Portfolio turnover rate.....   | 123.18%                         | 117.04%                         | 105.51%                         | 149.77%                         | 98.80%                          |
| Ratio of operating expenses to average<br>net assets without fee waivers and<br>expenses reimbursed..... | 1.61%                           | 2.36%                           | 2.29%                           | 2.28%                           | 2.47%                           |

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<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and the administrator.

++ Per share values have been calculated using the average share method.

</FN>

</TABLE>

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FIRST DEFINED PORTFOLIO FUND, LLC

Target Managed VIP Portfolio

The Dow(sm) DART 10 Portfolio

The Dow(sm) Target Dividend Portfolio

Global Dividend Target 15 Portfolio

S&P(R) Target 24 Portfolio

NASDAQ(R) Target 15 Portfolio

Value Line(R) Target 25 Portfolio

First Trust 10 Uncommon Values Portfolio

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Several additional sources of information are available to you. Additional information about the Funds' investments is available in the Funds' annual and semi-annual reports to shareholders. In the Funds' annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during the last fiscal year. Also, the SAI, incorporated by reference into this prospectus, contains detailed information on the Funds' policies and operation. The SAI and the prospectus are intended for use in connection with variable annuity policies offered by American Skandia Life Assurance Corporation. Call the Funds at (800) 621-1675 for shareholder inquiries or to request a free copy of the SAI, the annual and semi-annual reports or for other Fund information. The Funds' SAI and their annual and semi-annual reports are also available on the Funds' website at <http://www.ftportfolios.com>.

You may obtain this and other Fund information, including the Code of Ethics adopted by First Trust, FTP and the Funds, directly from the SEC.

Information on the SEC's website is free of charge. Visit the SEC's on-line EDGAR database at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, DC, or call the SEC at (202) 942-8090 for information on the Public Reference Room. You may also request Fund information by writing to the SEC's Public Reference Section, Washington, DC 20549-0102 or by sending an electronic request, along with a duplication fee to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

-----  
First Defined Portfolio Fund, LLC  
1001 Warrenville Road, Suite 300  
Lisle, Illinois 60532  
(800) 621-1675  
[www.ftportfolios.com](http://www.ftportfolios.com)

SEC file #: 811-09235

Back Cover

FIRST DEFINED PORTFOLIO FUND, LLC

PROSPECTUS

MAY 2, 2005

This prospectus is intended for use in connection with variable annuity policies offered by American Skandia Life Assurance Corporation, a Prudential Financial Company. This prospectus provides important information to help you evaluate whether any of the series (each a "Fund" and collectively, the "Funds") of First Defined Portfolio Fund, LLC listed below may be right for you.

FIRST TRUST ENERGY PORTFOLIO

FIRST TRUST FINANCIAL SERVICES PORTFOLIO

FIRST TRUST PHARMACEUTICAL PORTFOLIO

FIRST TRUST TECHNOLOGY PORTFOLIO

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Front Cover

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## FIRST TRUST ENERGY PORTFOLIO

### FUND OVERVIEW

#### Investment Objective

The Fund seeks to provide above-average capital appreciation.

#### How the Fund Pursues Its Objective

The Fund seeks to achieve its objective by investing primarily in common stocks issued by domestic and foreign companies involved in the energy industry. The Fund may hold securities of issuers in many energy sectors including, among others, integrated oil, oil field services and equipment, oil and gas production, and natural gas. The companies selected for the Fund are researched and evaluated using database screening techniques, fundamental analysis and the judgment of the investment adviser's research analysts. The investment adviser seeks companies that it believes have above-average growth prospects.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

#### What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests. The Fund is also exposed to additional market risk due to its policy of concentrating in securities of companies in the energy industry. The Fund's relative lack of diversity may subject investors to greater market risk than other mutual funds.

Page 1

## FIRST TRUST FINANCIAL SERVICES PORTFOLIO

### FUND OVERVIEW

#### Investment Objective

The Fund seeks to provide above-average capital appreciation.

#### How the Fund Pursues Its Objective

The Fund seeks to achieve its objective by investing primarily in common stocks issued by domestic and foreign companies involved in the financial services industry, including, among others, money center banks, major regional banks, financial and investment service providers and insurance companies. The companies selected for the Fund are researched and evaluated using database screening techniques, fundamental analysis and the judgment of the investment adviser's research analysts. The investment adviser seeks companies that it believes have above-average growth prospects.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

#### What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests. The Fund is also exposed to additional market risk due to its policy of concentrating in securities of companies in the financial services industry. The Fund's relative lack of diversity may subject investors to greater market risk than other mutual funds.

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#### FIRST TRUST PHARMACEUTICAL PORTFOLIO

##### FUND OVERVIEW

###### Investment Objective

The Fund seeks to provide above-average capital appreciation.

###### How the Fund Pursues Its Objective

The Fund seeks to achieve its objective by investing primarily in common stocks issued by domestic and foreign companies involved in the pharmaceutical industry. The Fund may hold securities of issuers in many pharmaceutical sectors including, among others, medical supplies, drugs and biotech. The companies selected for the Fund are researched and evaluated using database screening techniques, fundamental analysis, and the judgment of the investment adviser's research analysts. The investment adviser seeks companies that it believes have above-average growth prospects.

The Fund may also invest in futures, options, warrants, forward contracts and repurchase agreements.

###### What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests. The Fund is also exposed to additional market risk due to its policy of concentrating in securities of companies in the pharmaceutical industry. The Fund's relative lack of diversity may subject investors to greater market risk than other mutual funds.

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#### FIRST TRUST TECHNOLOGY PORTFOLIO

##### FUND OVERVIEW

###### Investment Objective

The Fund seeks to provide above-average capital appreciation.

###### How the Fund Pursues Its Objective

The Fund seeks to achieve its objective by investing primarily in common stocks issued by domestic and foreign companies involved in the technology industry including, among others, companies that offer computers, computer networking, software, semiconductor equipment and semiconductors. The companies selected for the Fund are researched and evaluated using database screening techniques, fundamental analysis, and the judgment of the investment adviser's research analysts. The investment adviser seeks companies that it considers to have above-average growth prospects.

The Fund may also invest in futures, options, warrants, forward

contracts and repurchase agreements.

What are the Risks of Investing in the Fund?

The principal risk of investing in the Fund is market risk. Market risk is the risk that a particular stock in the Fund, the Fund itself or stocks in general may fall in value. The Fund's potential investment in foreign stocks presents additional risk including currency risk. Foreign companies may be affected by adverse political, diplomatic and economic developments, changes in foreign currency exchange rates, taxes, less publicly available information and other factors. As with any mutual fund investment, loss of money is a risk of investing.

Because the Fund is non-diversified, the Fund is exposed to additional market risk. A non-diversified fund may invest a relatively high percentage of its assets in a limited number of issuers. Non-diversified funds are more susceptible to any single political, regulatory or economic occurrence and to the financial condition of individual issuers in which it invests. The Fund is also exposed to additional market risk due to its policy of concentrating in securities of companies in the technology industry. The Fund's relative lack of diversity may subject investors to greater market risk than other mutual funds.

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Performance Summary

The bar charts below and on the following pages show each Fund's annual total return for the calendar years since each Fund's inception. The tables below and on the following pages show each Fund's average annual total return for the past calendar year, five years and since the Fund's inception. The bar charts and tables provide an indication of the risks of investing in each Fund by showing changes in the Fund's performance from year-to-year and by showing how the Fund's average annual total returns compare to those of broad measures of market performance. These tables assume reinvestment of dividends and distributions. The performance figures provided below do not reflect the deduction of any charges that are imposed under a variable annuity contract or the effect of taxes. If these amounts were reflected, returns would be less than those shown. As with all mutual funds, past performance is not necessarily an indicator of how a Fund will perform in the future.

FIRST TRUST ENERGY PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| 2000             | 41.3%        |
| 2001             | -28.9%       |
| 2002             | -4.5%        |
| 2003             | 31.7%        |
| 2004             | 32.0%        |

\* The year-to-date return as of March 31, 2005 was 18.35%.

For the years shown in the bar chart:

|                |                                  |         |
|----------------|----------------------------------|---------|
| Best Quarter:  | Quarter Ended December 31, 2003  | 19.33%  |
| Worst Quarter: | Quarter Ended September 30, 2001 | -24.49% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|   | 1 YEAR | 5 YEARS | SINCE INCEPTION(1) |
|---|--------|---------|--------------------|
| First Trust Energy Portfolio.....         | 32.0%  | 10.8%   | 12.7%              |
| Russell 1000 Integrated Oil Index(2)..... | 28.8%  | 7.5%    | 7.8%               |
| Russell 1000 Other Energy Index(3).....   | 39.7%  | 6.0%    | 7.0%               |

- 1 Commenced operations on October 6, 1999.
- 2 The Russell 1000 Integrated Oil Index is a capitalization-weighted index of companies involved in all parts of the exploration, production and refining process. (Bloomberg)

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- 3 The Russell 1000 Other Energy Index is a capitalization-weighted index in the energy-related businesses other than integrated oils. (Bloomberg)

## FIRST TRUST FINANCIAL SERVICES PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| -----            | -----        |
| 2000             | 24.8%        |
| 2001             | -10.8%       |
| 2002             | -14.4%       |
| 2003             | 33.0%        |
| 2004             | 15.5%        |

-----

\* The year-to-date return as of March 31, 2005 was -5.41%.

For the years shown in the bar chart:

|                |                                  |         |
|----------------|----------------------------------|---------|
| Best Quarter:  | Quarter Ended September 30, 2000 | 27.32%  |
| Worst Quarter: | Quarter Ended September 30, 2002 | -16.87% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|   | 1 YEAR | 5 YEARS | SINCE<br>INCEPTION(1) |
|---|--------|---------|-----------------------|
|   | -----  | -----   | -----                 |
| First Trust Financial Services Portfolio... | 15.5%  | 7.9%    | 8.5%                  |
| Russell 1000 Financial Services Index(2)... | 13.2%  | 6.3%    | 7.2%                  |

1 Commenced operations on October 6, 1999.

2 The Russell 1000 Financial Services Index is a capitalization-weighted index of companies that provide financial services. (Bloomberg)

## FIRST TRUST PHARMACEUTICAL PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| -----            | -----        |
| 2000             | 30.6%        |
| 2001             | -10.9%       |
| 2002             | -28.3%       |
| 2003             | 19.7%        |
| 2004             | -0.7%        |

-----

\* The year-to-date return as of March 31, 2005 was -1.85%.

For the years shown in the bar chart:

|                |                             |         |
|----------------|-----------------------------|---------|
| Best Quarter:  | Quarter Ended June 30, 2003 | 17.40%  |
| Worst Quarter: | Quarter Ended June 30, 2002 | -18.83% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2003

|   | 1 YEAR | 5 YEARS | SINCE<br>INCEPTION(1) |
|---|--------|---------|-----------------------|
|   | -----  | -----   | -----                 |
| First Trust Pharmaceutical Portfolio..... | -0.7%  | -0.2%   | 0.5%                  |
| Russell 1000 Healthcare Index(2).....     | 2.4%   | 2.5%    | 1.5%                  |

1 Commenced operations on October 6, 1999.

2 The Russell 1000 Healthcare Index is a capitalization-weighted index of companies involved in medical services or healthcare. (Bloomberg)

FIRST TRUST TECHNOLOGY PORTFOLIO

CALENDAR YEAR TOTAL RETURN AS OF 12/31\*

[BAR CHART OMITTED]

| Performance Year | Total Return |
|------------------|--------------|
| 2000             | -23.6%       |
| 2001             | -43.5%       |
| 2002             | -41.5%       |
| 2003             | 46.6%        |
| 2004             | 1.2%         |

\* The year-to-date return as of March 31, 2005 was -6.76%.

For the years shown in the bar chart:

|                |                                  |         |
|----------------|----------------------------------|---------|
| Best Quarter:  | Quarter Ended December 31, 2001  | 47.33%  |
| Worst Quarter: | Quarter Ended September 30, 2001 | -42.29% |

AVERAGE ANNUAL TOTAL RETURN AS OF DECEMBER 31, 2004

|                                       | 1 YEAR | 5 YEARS | SINCE INCEPTION (1) |
|---------------------------------------|--------|---------|---------------------|
| First Trust Technology Portfolio..... | 1.2%   | -17.8%  | -12.3%              |
| Russell 1000 Technology Index(2)..... | 1.9%   | -15.5%  | -10.2%              |

1 Commenced operations on October 6, 1999.

2 The Russell 1000 Technology Index is a capitalization-weighted index of companies that serve the electronics and computer industries or that manufacture products based on the latest applied science. (Bloomberg)

Management Fees and Expenses

This section describes the fees and expenses that you may pay if you buy and hold shares of the Funds. Shareholder fees are costs that are charged directly to you. These fees are not charged on dividend reinvestments or exchanges. Annual fund operating expenses are deducted from each Fund's assets every year, so they are paid indirectly by all investors. The Funds have no sales charge (load). The Total Annual Fund Operating Expenses reflected below do not include contract level fees of the variable annuity policies offered by American Skandia Life Assurance Corporation, a Prudential Financial Company ("American Skandia"). If such fees were included the Total Annual Offering Expenses would be higher.

Fees and Expenses: The tables describe the fees and expenses that you may pay if you buy and hold shares of a Fund.

Shareholder Fees (fees paid directly from your investment)

|   |      |
|---|------|
| Maximum Sales Charges (Load).....         | None |
| Maximum Deferred Sales Charge (Load)..... | None |
| Exchange Fee.....                         | None |

Annual Fund Operating Expenses (expenses that are deducted from Fund assets)

<TABLE>

<CAPTION>

| FUND NAME | MANAGEMENT FEES | 12B-1 SERVICE FEES (1) | OTHER EXPENSES | TOTAL ANNUAL FUND OPERATING EXPENSES (GROSS) | EXPENSE WAIVERS AND REIMBURSEMENTS | TOTAL ANNUAL FUND OPERATING EXPENSES (NET) (2) |
|-----------|-----------------|------------------------|----------------|--|------------------------------------|--|
|-----------|-----------------|------------------------|----------------|--|------------------------------------|--|

| <S>  | <C>   | <C>   | <C>   | <C>   | <C>   | <C>   |
|--|-------|-------|-------|-------|-------|-------|
| First Trust Energy Portfolio.....                | 0.60% | 0.25% | 2.28% | 3.13% | 1.66% | 1.47% |
| First Trust Financial Services<br>Portfolio..... | 0.60% | 0.25% | 1.83% | 2.68% | 1.21% | 1.47% |
| First Trust Pharmaceutical<br>Portfolio.....     | 0.60% | 0.25% | 1.97% | 2.82% | 1.35% | 1.47% |
| First Trust Technology<br>Portfolio.....         | 0.60% | 0.25% | 3.43% | 4.28% | 2.81% | 1.47% |

- <FN>
- The Board of Trustees reserves the right to suspend payments under the 12b-1 Plan at any time. On May 1, 2003, 12b-1 payments were suspended for all Funds. The amount set forth for each Fund under "Other Expenses," "Total Annual Fund Operating Expenses" and "Expense Waivers and Reimbursements" assumes payment of 12b-1 fees at an annual rate of .25% for a full year.
  - First Trust Advisors L.P. ("First Trust") has contractually agreed to waive fees and reimburse expenses of the Funds through December 31, 2007 to limit Total Annual Fund Operating Expenses (excluding brokerage expense and extraordinary expenses) to 1.47% for each of the Funds' average daily net assets. There can be no assurance that First Trust will continue to waive fees and reimburse expenses after December 31, 2007. First Trust may seek restitution from the Funds for fees waived and reimbursed through December 31, 2007; however, such restitution is limited to the extent that it would not cause a Fund to exceed current expense limitations.

</FN>  
</TABLE>

Example: This example is intended to help you compare the cost of investing in a Fund with the cost of investing in other mutual funds. This example assumes that

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you invest \$10,000 in a Fund for the time periods (whether you redeemed your interests or not) and assumes that your investment has a 5% return each year and that the operating expenses remain the same. The example does not take into account contract level fees of the variable annuity policies offered by American Skandia. If such fees were included the estimated expenses would be higher. Although your actual costs may be higher or lower, based on these assumptions, your cost would be:

<TABLE>  
<CAPTION>

| FUND NAME                                | 1 YEAR | 3 YEARS* | 5 YEARS* | 10 YEARS* |
|--|--------|----------|----------|-----------|
| <S>                                      | <C>    | <C>      | <C>      | <C>       |
| First Trust Energy Portfolio             | \$150  | \$643    | \$1,339  | \$3,198   |
| First Trust Financial Services Portfolio | \$150  | \$595    | \$1,197  | \$2,827   |
| First Trust Pharmaceutical Portfolio     | \$150  | \$610    | \$1,241  | \$2,944   |
| First Trust Technology Portfolio         | \$150  | \$765    | \$1,696  | \$4,082   |

</TABLE>

The above example is for comparison purposes only and is not a representation of each Fund's actual expenses and returns, either past or future.

\* The waiver and reimbursement arrangement agreed to by First Trust, if not extended, will terminate on December 31, 2007. Thus, the 3 years, 5 years and 10 years expense amounts reflect the waiver and reimbursement for only the first two years.

#### Fund Organization

Each Fund is a series of First Defined Portfolio Fund, LLC ("First Defined"), a non-diversified, open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). Each Fund is treated as a separate mutual fund with its own investment objective and policies. First Defined is organized as a Delaware limited liability company. Its Board of Trustees (the "Board") is responsible for its overall management and direction. The Board elects First Defined's officers and approves all significant agreements, including those with the investment adviser, custodian and fund administrative and accounting agent. Board members are elected by holders of First Defined's membership interests.

Under Delaware law, a limited liability company does not issue shares

of stock. Instead, ownership rights are contained in "membership interests." The Funds are not offered directly to the public. Interests of the Funds are sold only to American Skandia Life Assurance Corporation Variable Account B ("Account B") to fund the benefits of variable annuity policies issued by American Skandia. Account B is the sole member of First Defined. Variable annuity owners of Account B who have policy values allocated to any of the Funds have indirect rights in such Fund's interests.

The Funds invest primarily in the common stocks of companies that represent each Fund's specific sector or industry.

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#### Fund Management

The overall management of the business and affairs of the Funds is the responsibility of the Board of First Defined.

First Trust, 1001 Warrenville Road, Lisle, Illinois, 60532, is the investment adviser to the Funds. In this capacity, First Trust is responsible for the selection and ongoing monitoring of the securities in the Funds' portfolios and certain other services necessary for the management of the portfolios.

First Trust is a limited partnership with one limited partner, Grace Partners of DuPage L.P., and one general partner, The Charger Corporation. Grace Partners of DuPage L.P. is a limited partnership with one general partner, The Charger Corporation, and a number of limited partners. The Charger Corporation is an Illinois corporation controlled by the Robert Donald Van Kampen family. First Trust discharges its responsibilities subject to the policies of the Board of Trustees of First Defined.

First Trust serves as adviser or subadviser for 20 mutual fund portfolios and 9 closed-end fund portfolios and is also the portfolio supervisor of unit investment trusts sponsored by First Trust Portfolios, L.P. ("FTP"), some of which are substantially similar to the Funds. FTP, 1001 Warrenville Road, Lisle, Illinois 60532, specializes in the underwriting, trading and distribution of unit investment trusts and other securities. FTP is the principal underwriter of the Funds' interests.

There is no one individual primarily responsible for portfolio management decisions for the Funds. Investments are made under the direction of a committee. The Investment Committee consists of Robert W. Bredemeier, Robert F. Carey, Jon C. Erickson, David G. McGarel and Roger F. Testin. Mr. Bredemeier serves as a Managing Director of First Trust and FTP. As Managing Director of First Trust, Mr. Bredemeier is Chairman of the Investment Committee and presides over Investment Committee meetings. Mr. Carey is the Chief Investment Officer and Senior Vice President of First Trust and Senior Vice President of FTP. As First Trust's Chief Investment Officer, Mr. Carey consults with the Investment Committee on market conditions and First Trust's general investment philosophy. Mr. Erickson is a Senior Vice President of First Trust and FTP. As the head of First Trust's Equity Research Group, Mr. Erickson is responsible for determining the securities to be purchased and sold by funds that do not utilize quantitative investment strategies. Mr. McGarel is a Senior Vice President of First Trust and FTP. As the head of First Trust's Strategy Research Group, Mr. McGarel is responsible for developing and implementing quantitative investment strategies for those funds that have investment policies that require them to follow such strategies. Since August 2001, Mr. Testin has been a Senior Vice President of First Trust. Prior to joining First Trust, Mr. Testin was an analyst for Dolan Capital Management. As the head of First Trust's Portfolio Management Group, Mr. Testin is responsible for executing the instructions of the Strategy Research Group and Equity Research Group in the funds' portfolios. For additional information concerning First Trust, including a description of the services provided to the Funds, see the Funds' Statement of Additional

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Information ("SAI"). In addition, the SAI provides additional information about the Investment Committee's compensation, other accounts managed by the Investment Committee and the Investment Committee's ownership of securities in the Fund.

#### Fees and Expenses

For providing management services, First Trust is paid an annual fund management fee by the Fund of 0.60% of average daily net assets. For the most recent fiscal year ended December 31, 2004, First Trust waived the entire management fee for each Fund.

Each Fund pays for its own operating expenses such as custodial, transfer agent, administrative, accounting and legal fees; brokerage

commissions; service fees; extraordinary expenses; and its portion of First Defined's operating expenses. First Trust has contractually agreed to waive fees and reimburse expenses through December 31, 2007, to prevent a Fund's Total Annual Fund Operating Expenses (excluding brokerage expenses and extraordinary expenses) from exceeding 1.47% of the average daily net asset value of each Fund. First Trust may seek restitution from the Funds for fees waived and reimbursed through December 31, 2007; however, the restitution is limited to the extent that it would not cause a Fund to exceed current expense limitations.

Information regarding the Board of Trustees' approval of the Funds' investment advisory contract is currently available in the SAI. However such information will be included in the Funds' annual report for the fiscal year ending December 31, 2005.

## Fund Investments

### Equity Securities

Each Fund invests primarily in equity securities. Eligible equity securities include common stocks; warrants to purchase common stocks; and securities convertible into common stocks, such as convertible bonds and debentures. In addition, the Funds may invest in equity securities of foreign issuers, including depository receipts that represent foreign common stocks deposited with a custodian.

### Short-Term Investments

Each Fund may invest in cash equivalents or other short-term investments including U.S. government securities, commercial paper, repurchase agreements, money-market funds or similar fixed-income securities with remaining maturities of one year or less. For more information on short-term investments, see the SAI.

### Futures and Options

Each Fund may invest in various investment strategies designed to hedge against changes in the values of securities the Fund owns or expects to purchase or to hedge against interest rate or currency exchange rate changes. The securities used to implement these strategies include financial futures

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contracts, options, forward contracts, options on financial futures and stock index options.

### Delayed Delivery Securities

Each Fund may buy or sell securities on a when-issued or delayed-delivery basis, paying for or taking delivery of the securities at a later date, normally within 15 to 45 days of the trade. Such transactions involve an element of risk because the value of the securities to be purchased may decline before the settlement date.

## Disclosure of Portfolio Holdings

A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is included in the Funds' SAI.

## Additional Information on the Funds' Investment Strategies

The companies selected for the Funds are researched and evaluated by First Trust by using database screening techniques, fundamental analysis, and the judgment of its research analysts. First Trust seeks companies that it believes have above-average growth prospects within their respective industry or sector.

### Investment Limitations

The Funds have adopted certain investment limitations (based on total assets) that cannot be changed without interest holder approval and are designed to limit your investment risk. Such limitations are described in the SAI.

### Hedging and Other Defensive and Temporary Investment Strategies

The Funds may invest up to 100% of their assets in cash equivalents and short-term investments as a temporary defensive measure in response to adverse market conditions, or to keep cash on hand fully invested. During these periods, a Fund may not be able to achieve its investment objective.

First Trust may also use various investment strategies designed to hedge against changes in the value of securities a Fund owns or expects to purchase or to hedge against interest rate changes and to hedge against currency

fluctuations during the settlement of portfolio transactions. These hedging strategies include using financial futures contracts, options, options on financial futures, foreign currency forward contracts or stock index options. The ability of a Fund to benefit from options and futures is largely dependent on First Trust's ability to use such strategies successfully. A Fund could lose money on futures transactions or an option could expire worthless.

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Each Fund's investment objective may not be changed without interest holder approval. The above investment policies may be changed by the Board of Trustees without interest holder approval unless otherwise noted in this prospectus or the SAI.

#### Portfolio Turnover

A Fund buys and sells portfolio securities in the normal course of its investment activities. The proportion of the Fund's investment portfolio that is sold and replaced with new securities during a year is known as the Fund's portfolio turnover rate. A turnover rate of 100%, for example, would occur if a Fund sold and replaced securities valued at 100% of its net assets within a one-year period. The Funds anticipate that their annual portfolio turnover rates will generally be less than 100%. Each Fund's portfolio turnover rates are provided in the "Financial Highlights." Active trading (portfolio turnover rates greater than 100%) would result in the payment by the Fund of increased brokerage costs and expenses.

#### Additional Risks of Investing in the Funds

Risk is inherent in all investing. Investing in the Funds involves risk, including the risk that you may lose all or part of your investment. There can be no assurance that a Fund will meet its stated objective. Before you invest, you should consider the following risks.

**Market risk:** Market risk is the risk that a particular stock, an industry, a mutual fund or stocks in general may fall in value.

**Small-cap company risk:** Certain funds may invest in small capitalization companies. Such companies may be more vulnerable to adverse general market or economic developments, may be less liquid, and may experience greater price volatility than larger capitalization companies as a result of several factors, including limited trading volumes, products or financial resources, management inexperience and less publicly available information. Accordingly, such companies are generally subject to greater market risk than larger capitalization companies.

**Inflation risk:** Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Funds' assets can decline as can the value of the Funds' distributions. Common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

**Foreign investment risk:** Certain Funds may invest in foreign securities. Securities issued by foreign companies or governments present risks beyond those of securities of U.S. issuers. Risks of investing in foreign securities include higher brokerage costs; different accounting standards; expropriation, nationalization or other adverse political or economic developments; currency devaluation, blockages or transfer restrictions; changes in foreign currency exchange rates; taxes; restrictions on foreign investments and exchange of securities; inadequate financial information; lack of liquidity of certain foreign markets; and less government supervision and regulation of exchanges, brokers, and issuers in foreign countries. Prices of foreign securities also may be more volatile.

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**Concentration risk:** Each Fund is classified as "non-diversified." As a result, each Fund is only limited as to the percentage of its assets which may be invested in the securities of any one issuer by its own investment restrictions and by the diversification requirements imposed by the Internal Revenue Code of 1986, as amended. Since each Fund may invest a relatively high percentage of its assets in a limited number of issuers, each Fund may be more susceptible to any single economic, political or regulatory occurrence and to the financial conditions of the issuers in which it invests.

In addition, the Funds are considered to be concentrated in the securities of their respective industries. A concentration makes a Fund more susceptible to any single occurrence affecting the industry or sector and may subject the Fund to greater market risk than more diversified funds. Particular risk factors for certain sectors are provided below.

**Energy Sector:** Companies involved in the energy industry are subject to

volatile fluctuations in price and supply of energy fuels, international politics, terrorist attacks, reduced demand as a result of increases in energy efficiency and energy conservation, the success of exploration projects, clean-up and litigation costs relating to oil spills and environmental damage, and tax and other regulatory policies of various governments. Oil production and refining companies are subject to extensive federal, state and local environmental laws and regulations regarding air emissions and the disposal of hazardous materials. In addition, declines in U.S. and Russian crude oil production will likely lead to a greater world dependence on oil from OPEC nations which may result in more volatile oil prices.

Financial Services Sector: Companies involved in the financial services industry are generally subject to the adverse effects of economic recession, volatile interest rates, portfolio concentrations in geographic markets commercial and residential real estate loans and competition from new entrants in their fields of business. Although recently-enacted legislation repealed most of the barriers which separated the banking, insurance and securities industries, these industries are still extensively regulated at both the federal and state level and may be adversely affected by increased regulations.

Banks and thrifts face increased competition from nontraditional lending sources as regulatory changes, such as the recently enacted financial-services overhaul legislation, permit new entrants to offer various financial products. Technological advances such as the Internet allow these nontraditional lending sources to cut overhead and permit the more efficient use of customer data.

Brokerage firms, broker/dealers, investment banks, finance companies and mutual fund companies are also financial services providers. These companies compete with banks and thrifts to provide traditional financial service products, in addition to their traditional services, such as brokerage and investment advice. In addition, all financial service companies face shrinking profit margin due to new competitors, the cost of new technology and the pressure to compete globally.

Companies involved in the insurance industry are engaged in underwriting, selling, distributing or placing of property and casualty, life or health insurance. Insurance company profits are affected by many factors,

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including interest rate movements, the imposition of premium rate caps, competition and pressure to compete globally. Property and casualty insurance profits may also be affected by weather catastrophes, acts of terrorism and other disasters. Life and health insurance profits may be affected by mortality rates. Already extensively regulated, insurance companies' profits may also be adversely affected by increased government regulations of tax law changes.

Pharmaceutical Sector: Companies involved in the pharmaceutical industry are subject to changing government regulation, including price controls, national health insurance, managed care regulation and tax incentives or penalties related to medical insurance premiums, which could have a negative effect on the price and availability of their products and services. In addition, such companies face increasing competition from generic drug sales, the termination of, or infringements upon, their patent protection for certain drugs and technological advances which render their products or services obsolete. The research and development costs required to bring a drug to market are substantial and may include a lengthy review by the government, with no guarantee that the product will ever go to market or show a profit. In addition, the potential for an increased amount of required disclosure of proprietary scientific information could negatively impact the competitive position of these companies. Many of these companies may not offer certain drugs or products for several years, and as a result, may have significant losses of revenue and earnings.

Technology Sector: Companies involved in the technology industry must contend with the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards, and frequent new product introductions. Technology companies may be smaller and less experienced companies, with limited product lines, markets or financial resources and fewer experienced management or marketing personnel. Technology company stocks, particularly those involved with the Internet, have experienced extreme price and volume fluctuations that often have been unrelated to their operating performance. Also, the stocks of many technology companies have exceptionally high price-to-earning ratios with little or no earnings histories.

Investment in Fund Interests

Interests of the Funds are sold only to Account B to fund the benefits of the variable annuity policies issued by American Skandia. Account B purchases interests of the Funds in accordance with variable account allocation instructions received from owners of the policies. First Trust then uses the proceeds to buy securities for the Funds. Account B, as an interest holder, has

an ownership interest in the Funds' investments.

The Funds do not issue interest certificates. Individual investors may not purchase or redeem interests in the Funds directly; interests may be purchased or redeemed only through the policies. There are no minimum investment requirements. All investments in a Fund are credited to the interest holder's account in the form of full and fractional interests of the designated Fund (rounded to the nearest 1/1000 of a share). For a discussion of how policy owners may purchase Fund interests, please refer to the prospectus for Account

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B. Owners of the policies may direct purchase or redemption instructions to American Skandia at 1 Corporate Drive, Shelton, CT 06484-0883 or by calling (800) 752-6342.

The price received for purchase requests will depend on when the order is received. Orders received before the close of trading on a business day will receive that day's closing price, otherwise the next business day's price will be received. A business day is any day the New York Stock Exchange is open for business and normally ends at 4:00 p.m., Eastern time. See "Net Asset Value" for a discussion of how interests are priced.

#### Redemption of Fund Interests

Each Fund offers to buy back (redeem) interests of the Fund from Account B at any time at net asset value. Account B will redeem interests to make benefit or surrender payments under the terms of the variable annuity policies or to effect transfers among investment options. Redemptions are processed on any day on which the Funds are open for business and are effected at the net asset value next determined after the redemption order, in proper form, is received. Orders received before the close of trading on a business day will receive that day's closing price, otherwise the next business day's price will be used. For a discussion of how policy owners may redeem interests, please refer to the prospectus for Account B.

A Fund may suspend the right of redemption only under the following unusual circumstances:

- o when the New York Stock Exchange is closed (other than weekends and holidays) or trading is restricted;
- o when trading in the markets utilized is restricted, or when an emergency exists so that disposal of the Fund's investments or determination of its net assets is not reasonably practicable; or
- o during any period when the SEC may permit.

#### Distributions and Taxes

##### Automatic Reinvestment

All dividends payable by a Fund will be reinvested in the Fund.

##### Taxes and Tax Reporting

First Defined is a limited liability company with all of its interests owned by a single entity (Account B). Accordingly, First Defined is part of the operations of American Skandia and is not taxed separately. First Defined does not intend to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code. For a discussion of the tax status of the variable annuity policy, please refer to the prospectus for Account B.

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#### Internal Revenue Service Diversification Requirements

The Funds intend to comply with the diversification requirements currently imposed by the Internal Revenue Service on separate accounts of insurance companies as a condition of maintaining the status of the variable annuity policies issued by Account B under Section 817 of the Internal Revenue Code. First Trust reserves the right to depart from the investment strategy of a Fund in order to meet these diversification requirements. See the SAI for more specific information.

#### Rule 12b-1 Plan

FTP serves as the selling agent and distributor of the Funds' interests. In this capacity, FTP manages the offering of the Funds' interests and is responsible for all sales and promotional activities. In order to compensate FTP for its costs in connection with these activities, each Fund has adopted a service plan under Rule 12b-1 of the 1940 Act. Each Fund may spend up to 0.25% per year of its average daily net assets as a service fee. FTP uses the service fee to compensate American Skandia for providing account services to

policy owners. These services include establishing and maintaining policy owners' accounts, supplying information to policy owners, delivering Fund materials to policy owners, answering inquiries, and providing other personal services to policy owners. Because these fees are paid out of the Fund's assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges. In addition, the plan allows First Trust to use a portion of its advisory fee to compensate FTP for other expenses, including printing and distributing prospectuses to persons other than interest holders or policy owners, and the expenses of compensating its sales force and preparing, printing and distributing advertising, sales literature and reports to interest holders and policy owners used in connection with the sale of interests. The Board of Trustees reserves the right to suspend payments under the 12b-1 Plan at any time.

On May 1, 2003, payments under the Plan were suspended for all of the Funds. Please see "Rule 12b-1 Plan" in the SAI for further details.

#### Net Asset Value

The price of Fund interests is based on a Fund's net asset value ("NAV") per interest which is determined as of the close of trading (normally 4:00 p.m., Eastern time) on each day the New York Stock Exchange is open for business. Net asset value is calculated for each Fund by taking the market price of the Fund's total assets, including interest or dividends accrued but not yet collected, less all liabilities, and dividing by the total number of interests outstanding. The result, rounded to the nearest cent, is the net asset value per interest. All valuations are subject to review by the Board of Trustees or its delegate.

In determining net asset value, expenses are accrued and applied daily and securities and other assets are generally valued as set forth below. Common stocks and other equity securities listed on any national or foreign exchange will be valued at the closing sale price on the exchange in which they are principally traded on the valuation date. If there are no transactions on the valuation date, securities traded principally on a national or foreign exchange

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will be valued at the mean between the most recent bid and ask prices. Common stocks and other equity securities primarily traded on the NASDAQ National Market will be valued at NASDAQ's official close price. Equity securities traded in the over-the-counter market are valued at their closing bid prices. Fixed income securities with a remaining maturity of 60 days or more will be valued by the Fund accounting agent using a pricing service. When price quotes are not available, fair market value is based on prices of comparable securities. Fixed income securities maturing within 60 days are valued by the Fund accounting agent on an amortized cost basis. Foreign securities, currencies and other assets denominated in foreign currencies are translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar as provided by a pricing service. All assets denominated in foreign currencies will be converted into U.S. dollars at the exchange rates in effect at the time of valuation. The value of any portfolio security held by a Fund for which reliable market quotations are not readily available or if a valuation is deemed inappropriate will be determined by the Board of Trustees or its designee in a manner that most fairly reflects fair market value of the security on the valuation date.

Certain securities may not be able to be priced by pre-established pricing methods. Such securities may be valued by the Board of Trustees or its delegate at fair value. These securities generally include but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of fund NAV (as may be the case in foreign markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and, a security whose price, as provided by the pricing service, does not reflect the security's "fair value." As a general principal, the current "fair value" of an issue of securities would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. The use of fair value prices by the Fund generally results in the prices used by the Fund differing from the closing sale prices on the applicable exchange and fair value prices may not reflect the actual value of a security. A variety of factors may be considered in determining the fair value of such securities. See the SAI for details.

For Funds that hold securities that trade primarily on foreign exchanges, the NAV of a Fund's interests may change on days when interest holders will not be able to purchase or redeem the Fund's interests.

#### Fund Service Providers

The Funds' transfer and dividend paying agent and shareholder services, fund accounting and administrative agent, is PFPC Inc., 4400 Computer Drive, Westborough, Massachusetts 01581 ("PFPC"). PFPC performs bookkeeping, data processing, accounting and administrative services for the operation of the Funds and the maintenance of shareholder accounts. The custodian of the assets of the Funds is PFPC Trust Company, 8800 Tinicum Boulevard, 3rd Floor, Suite 200, Philadelphia, PA 19153.

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American Skandia performs certain administrative services for the Funds, Account B and the variable annuity policies. The Funds pay an administrative fee of 0.325% of average daily net assets to cover expenses incurred by American Skandia in connection with these services. For more information on the Funds' expenses, see the SAI.

#### Shareholder Inquiries

All inquiries regarding the Funds should be directed to the applicable Fund at 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532 or by calling (800) 621-1675.

#### Frequent Trading

The Funds are intended for long-term investment and discourage frequent trading. Due to the fact that all shares of each Fund are issued to, and redeemed from, American Skandia Variable Account B, the Fund itself cannot generally monitor trading by a particular investor. Therefore, the Funds will rely nearly exclusively on American Skandia to adopt policies and procedures with respect to transfers into or from Account B. The Funds have reviewed the market timing policies and procedures of American Skandia and have determined that such policies are reasonably designed to prevent or detect market timing activity.

Excessive trading in the Funds' shares can disrupt portfolio management, lead to higher operating costs, and cause other operating inefficiencies for the Funds. However, the Funds are also mindful that shareholders may have valid reasons for periodically purchasing and redeeming fund shares.

Accordingly, the Funds have adopted a Market Timing Policy that seeks to balance the Funds' need to prevent excessive trading in Fund shares while offering investors the flexibility in managing their financial affairs to make periodic purchases and redemptions of Fund shares.

#### Financial Highlights

The following financial highlights tables are intended to help you understand each Fund's financial performance for the periods shown, and certain information reflects financial results for a single Fund share. The total returns in each table represent the rate that an investor would have earned or lost each period on an investment in a Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Ernst & Young LLP, independent registered public accounting firm, whose report, along with First Defined's financial statements, is incorporated by reference in the SAI and annual report, which is available, without charge, upon request.

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#### FINANCIAL HIGHLIGHTS

##### First Trust Energy Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|     | YEAR<br>ENDED<br>12/31/04 | YEAR<br>ENDED<br>12/31/03 | YEAR<br>ENDED<br>12/31/02 | YEAR<br>ENDED<br>12/31/01 | YEAR<br>ENDED<br>12/31/00 |
|-----|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <S> | <C>                       | <C>                       | <C>                       | <C>                       | <C>                       |

Net asset value, beginning of

|   |          |          |           |           |          |
|---|----------|----------|-----------|-----------|----------|
| year.....   | \$ 14.20 | \$ 10.78 | \$ 11.29  | \$ 15.87  | \$ 11.23 |
| INCOME FROM INVESTMENT OPERATIONS:  |          |          |           |           |          |
| Net investment (loss).....  | (0.04)   | (0.00) # | (0.02) ++ | (0.04) ++ | (0.02)   |
| Net realized and unrealized gain/(loss) on investments..  | 4.59     | 3.42     | (0.49)    | (4.54)    | 4.66     |
| Total from investment operations  | 4.55     | 3.42     | (0.51)    | (4.58)    | 4.64     |
| Net asset value, end of year...   | \$18.75  | \$14.20  | \$10.78   | \$11.29   | \$15.87  |
| TOTAL RETURN+.....  | 32.04%   | 31.73%   | (4.52)%   | (28.86)%  | 41.32%   |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |          |          |           |           |          |
| Net assets, end of year (in 000's).....   | \$3,747  | \$2,839  | \$2,387   | \$2,069   | \$498    |
| Ratio of operating expenses to average net assets.....  | 1.47%    | 1.47%    | 1.47%     | 1.47%     | 1.47%    |
| Ratio of net investment income/(loss) to average net assets.....  | (0.21)%  | (0.01)%  | (0.16)%   | (0.29)%   | (0.50)%  |
| Portfolio turnover rate.....  | 39.90%   | 32.18%   | 55.39%    | 113.79%   | 28.14%   |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed.....  | 2.88%    | 4.69%    | 4.66%     | 10.87%    | 44.00%   |
| <FN>  |          |          |           |           |          |
| + The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment adviser and the administrator. |          |          |           |           |          |
| ++ Per share values have been calculated using the average share method.  |          |          |           |           |          |
| # Amount represents less than \$0.01 per share.   |          |          |           |           |          |
| </FN>   |          |          |           |           |          |
| </TABLE>  |          |          |           |           |          |

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#### FINANCIAL HIGHLIGHTS

First Trust Financial Services Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|  | YEAR ENDED 12/31/04 | YEAR ENDED 12/31/03 | YEAR ENDED 12/31/02 | YEAR ENDED 12/31/01 | YEAR ENDED 12/31/00 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net asset value, beginning of year.....                  | \$13.30             | \$10.00             | \$11.68             | \$13.09             | \$10.49             |
| INCOME FROM INVESTMENT OPERATIONS:                       |                     |                     |                     |                     |                     |
| Net investment income/(loss)...                          | 0.08                | 0.04                | 0.02                | (0.00) ++#          | (0.01)              |
| Net realized and unrealized gain/(loss) on investments.. | 1.98                | 3.26                | (1.70)              | (1.41)              | 2.61                |
| Total from investment operations                         | 2.06                | 3.30                | (1.68)              | (1.41)              | 2.60                |
| Net asset value, end of year...                          | \$15.36             | \$13.30             | \$10.00             | \$11.68             | \$13.09             |
| TOTAL RETURN+.....                                       | 15.49%              | 33.00%              | (14.38)%            | (10.77)%            | 24.79%              |

RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:

Net assets, end of year (in

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| 000's).....  | \$4,643 | \$4,763 | \$3,696 | \$3,122 | \$1,031 |
| Ratio of operating expenses to average net assets.....   | 1.47%   | 1.47%   | 1.47%   | 1.47%   | 1.47%   |
| Ratio of net investment income/(loss) to average net assets.....                                   | 0.47%   | 0.39%   | 0.18%   | (0.01)% | (0.17)% |
| Portfolio turnover rate.....   | 30.00%  | 52.32%  | 29.62%  | 127.11% | 154.13% |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 2.43%   | 3.29%   | 3.37%   | 6.72%   | 13.62%  |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment adviser and the administrator.

++ Per share values have been calculated using the average share method.

# Amount represents less than \$0.01 per share.

</FN>

</TABLE>

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FINANCIAL HIGHLIGHTS

First Trust Pharmaceutical Portfolio

For a Membership Interest outstanding throughout each year.

<TABLE>

<CAPTION>

|  | YEAR ENDED 12/31/04 | YEAR ENDED 12/31/03 | YEAR ENDED 12/31/02 | YEAR ENDED 12/31/01 | YEAR ENDED 12/31/00 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <S>  | <C>                 | <C>                 | <C>                 | <C>                 | <C>                 |
| Net asset value, beginning of year.....                  | \$10.35             | \$8.65              | \$12.06             | \$13.54             | \$10.37             |
| INCOME FROM INVESTMENT OPERATIONS:                       |                     |                     |                     |                     |                     |
| Net investment income/(loss)...                          | 0.00++#             | (0.03)              | (0.03)              | (0.09) ++           | (0.03)              |
| Net realized and unrealized gain/(loss) on investments.. | (0.07)              | 1.73                | (3.38)              | (1.39)              | 3.20                |
| Total from investment operations                         | (0.07)              | 1.70                | (3.41)              | (1.48)              | 3.17                |
| Net asset value, end of year...                          | \$10.28             | \$10.35             | \$8.65              | \$12.06             | \$13.54             |
| TOTAL RETURN+.....                                       | (0.68)%             | 19.65%              | (28.28)%            | (10.93)%            | 30.57%              |

RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Net assets, end of year (in 000's).....  | \$3,535 | \$4,121 | \$3,456 | \$3,777 | \$1,267 |
| Ratio of operating expenses to average net assets.....   | 1.47%   | 1.47%   | 1.47%   | 1.47%   | 1.47%   |
| Ratio of net investment income/(loss) to average net assets.....                                   | 0.02%   | (0.29)% | (0.49)% | (0.73)% | (0.61)% |
| Portfolio turnover rate.....   | .21%    | 44.85%  | 72.48%  | 50.46%  | 88.46%  |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 2.57%   | 3.48%   | 3.64%   | 5.96%   | 13.46%  |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment adviser and the administrator.

++ Per share values have been calculated using the average share method.

# Amount represents less than \$0.01 per share.

</FN>

</TABLE>

## FINANCIAL HIGHLIGHTS

## First Trust Technology Portfolio

For a Membership Interest outstanding throughout each year.

&lt;TABLE&gt;

&lt;CAPTION&gt;

| <S>  | YEAR<br>ENDED<br>12/31/04<br><C> | YEAR<br>ENDED<br>12/31/03<br><C> | YEAR<br>ENDED<br>12/31/02<br><C> | YEAR<br>ENDED<br>12/31/01<br><C> | YEAR<br>ENDED<br>12/31/00<br><C> |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Net asset value, beginning of year.....                  | \$4.97                           | \$3.39                           | \$5.79                           | \$10.25                          | \$13.41                          |
| INCOME FROM INVESTMENT OPERATIONS:                       |                                  |                                  |                                  |                                  |                                  |
| Net investment loss.....                                 | (0.04) ++                        | (0.06)                           | (0.06) ++                        | (0.09) ++                        | (0.10)                           |
| Net realized and unrealized gain/(loss) on investments.. | 0.10                             | 1.64                             | (2.34)                           | (4.37)                           | (3.06)                           |
| Total from investment operations                         | 0.06                             | 1.58                             | (2.40)                           | (4.46)                           | (3.16)                           |
| Net asset value, end of year...                          | \$5.03                           | \$4.97                           | \$3.39                           | \$5.79                           | \$10.25                          |
| TOTAL RETURN+.....                                       | 1.21%                            | 46.61%                           | (41.45)%                         | (43.51)%                         | (23.56)%                         |

## RATIOS TO AVERAGE

## NET ASSETS/SUPPLEMENTAL DATA:

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Net assets, end of year (in 000's).....  | \$1,693 | \$2,073 | \$1,477 | \$1,739 | \$1,046 |
| Ratio of operating expenses to average net assets.....   | 1.47%   | 1.47%   | 1.47%   | 1.47%   | 1.47%   |
| Ratio of net investment (loss) to average net assets.....  | (0.88)% | (1.22)% | (1.37)% | (1.38)% | (1.42)% |
| Portfolio turnover rate.....   | 21.87%  | 33.81%  | 60.86%  | 185.60% | 98.66%  |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed..... | 4.03%   | 5.96%   | 6.23%   | 9.38%   | 11.39%  |

&lt;FN&gt;

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment adviser and the administrator.

++ Per share values have been calculated using the average share method.

&lt;/FN&gt;

&lt;/TABLE&gt;

FIRST DEFINED PORTFOLIO FUND, LLC

FIRST TRUST ENERGY PORTFOLIO

FIRST TRUST FINANCIAL SERVICES PORTFOLIO

FIRST TRUST PHARMACEUTICAL PORTFOLIO

FIRST TRUST TECHNOLOGY PORTFOLIO

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Several additional sources of information are available to you. Additional information about the Funds' investments is available in the Funds' annual and

semi-annual reports to shareholders. In the Funds' annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during the last fiscal year. Also, the SAI, incorporated by reference into this prospectus, contains detailed information on the Funds' policies and operation. The SAI and the prospectus are intended for use in connection with variable annuity policies offered by American Skandia Life Assurance Corporation. Call the Funds at (800) 621-1675 for shareholder inquiries or to request a free copy of the SAI, the annual and semi-annual reports or for other Fund information. The Funds' SAI and their annual and semi-annual reports are also available on the Funds' website at <http://www.ftportfolios.com>.

You may obtain this and other Fund information, including the Code of Ethics adopted by First Trust, FTP and the Funds, directly from the SEC. Information on the SEC's website is free of charge. Visit the SEC's on-line EDGAR database at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, DC, or call the SEC at (202) 942-8090 for information on the Public Reference Room. You may also request Fund information by writing to the SEC's Public Reference Section, Washington, DC 20549-0102 or by sending an electronic request, along with a duplication fee to [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

-----  
First Defined Portfolio Fund, LLC  
1001 Warrenville Road, Suite 300  
Lisle, Illinois 60532  
(800) 621-1675  
[www.ftportfolios.com](http://www.ftportfolios.com)

SEC file #: 811-09235

Back Cover

STATEMENT OF ADDITIONAL INFORMATION

May 2, 2005

First Defined Portfolio Fund, LLC

This Statement of Additional Information ("SAI") is not a prospectus. It contains information in addition to and more detailed than the information set forth in the prospectuses for the applicable series (each a "Fund" and collectively the "Funds") of First Defined Portfolio Fund, LLC (the "Company") and should be read in conjunction with the prospectuses for the Funds dated May 2, 2005. The prospectuses may be obtained by writing to 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532 or by calling (800) 621-1675.

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The audited financial statements for each Fund's most recent fiscal year (other than The Dow(sm) Target Dividend Portfolio) appear in the Funds' Annual Report. The Annual Report was filed with the Securities and Exchange Commission ("SEC") on March 7, 2005. The financial statements from such Annual Report are incorporated herein by reference.

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#### GENERAL INFORMATION AND HISTORY

The Company is a non-diversified, open-end management series investment company organized as a Delaware limited liability company on January 8, 1999. Currently, the Company has twelve series authorized and outstanding. Each series of the Company represents membership interests (the "Interests") in a separate portfolio of securities and other assets, with its own objectives and policies. The series of the Fund comprise two general categories: Strategy Funds and Sector Funds. The Strategy Funds are: The Dow(sm) DART 10 Portfolio (the "DART 10 Portfolio"), The Dow(sm) Target Dividend Portfolio (the "Dow Dividend Portfolio"), Global Dividend Target 15 Portfolio (the "Global Target Portfolio"), S&P(R) Target 24 Portfolio (the "S&P(R) Target Portfolio"), NASDAQ(R) Target 15 Portfolio (the "NASDAQ(R) Target Portfolio"), Value Line(R) Target 25 Portfolio (the "Value Line(R) Target Portfolio"), First Trust 10 Uncommon Values Portfolio ("10 Uncommon Values Portfolio") and the Target Managed VIP Portfolio ("Target Managed VIP Portfolio"). The Sector Funds are: First Trust Energy Portfolio, First Trust Financial Services Portfolio, First Trust Pharmaceutical Portfolio, and First Trust Technology Portfolio. Effective May 2, 2005, the Global Target 15 Portfolio changed its name to the Global Target Dividend 15 Portfolio pursuant to the approval of the Board of Trustees. On April 30, 2002, the Dow(sm) Dart 5 Portfolio, S&P(R) Target 10 Portfolio and First Trust Internet Portfolio changed their names to the Target Managed VIP Portfolio, S&P(R) Target 24 Portfolio and Value Line(R) Target 25 Portfolio, respectively, pursuant to the approval of the Board of Trustees. Interests of the Funds are sold only to American Skandia Life Assurance Corporation Variable Account B ("Account B") to fund the benefits of variable annuity policies (the "Policies") issued by American Skandia Life Assurance Corporation, a Prudential Financial Company ("American Skandia").

#### INVESTMENT OBJECTIVES AND POLICIES

The prospectuses describe the investment objectives and policies of the Funds. The following supplements the information contained in the prospectuses concerning the investment objective and policies of the Funds.

Each Fund is also subject to the following fundamental policies, which may not be changed without approval of the holders of a majority of the outstanding voting interests of the Fund:

(1) A Fund may not issue senior securities, except as permitted under the Investment Company Act of 1940, as amended (the "1940 Act").

(2) A Fund may not borrow money, except that a Fund may (i) borrow money from banks for temporary or emergency purposes (but not for leverage or the purchase of investments) and (ii) engage in other transactions permissible under the 1940 Act that may involve a borrowing (such as obtaining short-term credits as are necessary for the clearance

of transactions, engaging in delayed-delivery transactions, or purchasing certain futures, forward contracts and options), provided that the combination of (i) and (ii) shall not exceed 33-1/3% of the value of the Fund's total assets (including the amount borrowed), less the Fund's liabilities (other than borrowings).

(3) A Fund will not underwrite the securities of other issuers except to the extent the Fund may be considered an underwriter under the Securities Act of 1933 (the "1933 Act") in connection with the purchase and sale of portfolio securities.

(4) A Fund will not purchase or sell real estate or interests therein, unless acquired as a result of ownership of securities or other instruments (but this shall not prohibit a Fund from purchasing or selling securities or other instruments backed by real estate or of issuers engaged in real estate activities).

(5) A Fund may not make loans to other persons, except through (i) the purchase of debt securities permissible under the Fund's investment policies, (ii) repurchase agreements, or (iii) the lending of portfolio securities, provided that no such loan of portfolio securities may be made by a Fund if, as a result, the aggregate of such loans would exceed 33-1/3% of the value of the Fund's total assets.

(6) A Fund may not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent a Fund from purchasing or selling options, futures contracts, forward contracts or other derivative instruments, or from investing in securities or other instruments backed by physical commodities).

(7) A Fund may not pledge, mortgage or hypothecate any of its assets except as may be necessary in connection with permissible borrowings or investments and then such pledging, mortgaging, or hypothecating may not exceed 33-1/3% of the Fund's total assets at the time of the borrowing or investment.

(8) Each Strategy Fund (other than the Value Line(R) Target Portfolio) may invest more than 25% of its assets in the securities of issuers in any single industry if the applicable investment strategy for the Fund selects securities in a manner that results in such a concentration. A Sector Fund may invest more than 25% of its assets in the securities of issuers in the industry represented by the Fund. The Value Line(R) Target Portfolio may invest more than 25% of its assets in the securities of issuers in the Internet industry. Notwithstanding the foregoing, there shall be no limitation on the purchase of obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities. (See "Risk Factors" in the prospectus and "Industry Risks" herein for a discussion of the risks associated with the concentration of a Fund's holdings in a given industry.)

Except for restriction (2), if a percentage restriction is adhered to at the time of investment, a later increase in percentage resulting from a change in market value of the investment or the total assets will not constitute a violation of that restriction.

The foregoing fundamental policies and the investment objective of a Fund may not be changed without the affirmative vote of the majority of the

outstanding voting Interests of the Company (or of a particular Fund, if appropriate). The 1940 Act defines a majority vote as the vote of the lesser of (i) 67% or more of the voting Interests represented at a meeting at which more than 50% of the outstanding Interests are represented; or (ii) more than 50% of the outstanding voting Interests. With respect to the submission of a change in an investment policy to the holders of outstanding voting Interests of a particular Fund, such matter shall be deemed to have been effectively acted upon with respect to such Fund if a majority of the outstanding voting Interests of such Fund vote for the approval of such matter, notwithstanding that (1) such matter has not been approved by the holders of a majority of the outstanding voting Interests of any other Fund affected by such matter, and (2) such matter has not been approved by the vote of a majority of the outstanding voting Interests.

In addition to the foregoing fundamental policies, the Funds are also subject to strategies and policies discussed herein which, unless otherwise noted, are non-fundamental restrictions and policies which may be changed by the

## INVESTMENT STRATEGIES

Under normal circumstances, each Fund will invest at least 80% of the total assets of the Fund in the particular type of investments or in accordance with the Fund's investment strategy, if applicable, suggested by the Fund's name. Fund interest holders are entitled to 60 days notice prior to any change in this non-fundamental investment policy.

### TYPES OF INVESTMENTS

**Warrants:** Each Fund may invest in warrants. Warrants acquired by a Fund entitle it to buy common stock from the issuer at a specified price and time. They do not represent ownership of the securities but only the right to buy them. Warrants are subject to the same market risks as stocks, but may be more volatile in price. A Fund's investment in warrants will not entitle it to receive dividends or exercise voting rights and will become worthless if the warrants cannot be profitably exercised before their expiration date.

**Securities Lending:** Each Fund may also lend portfolio securities to broker-dealers and financial institutions to realize additional income. A Fund will not lend its portfolio securities or other assets, if as a result, more than 33-1/3% of the Fund's total assets, including collateral received, would be lent to broker-dealers or other parties. Such loans will be secured continuously by collateral at least equal to the value of the securities lent by "marking-to-market" daily. The Fund will continue to receive the equivalent of the interest or dividends paid by the issuer of the securities lent and will retain the right to call, upon notice, the lent securities. The Fund may also receive interest on the investment of the collateral or a fee from the borrower as compensation for the loan. Securities loaned by a Fund remain subject to fluctuations in market value. A Fund may pay reasonable finders, custodian and administrative fees in connection with a loan. As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially. However, loans will be made only to firms deemed by the Funds' investment adviser, First Trust Advisors, LP ("First Trust"), to be of good standing.

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During the period that a Fund seeks to enforce its rights against the borrower, the collateral and the securities loaned remain subject to fluctuations in market value. A Fund may also incur expenses in enforcing its rights. If a Fund has sold a loaned security, it may not be able to settle the sale of the security and may incur potential liability to the buyer of the security on loan for its costs to cover the purchase.

**Delayed-Delivery Transactions:** A Fund may from time to time purchase securities on a "when-issued" or other delayed-delivery basis. The price of securities purchased in such transactions is fixed at the time the commitment to purchase is made, but delivery and payment for the securities take place at a later date. Normally, the settlement date occurs within 45 days of the purchase. During the period between the purchase and settlement, no payment is made by a Fund to the issuer and no interest is accrued on debt securities or dividend income is earned on equity securities. Delayed-delivery commitments involve a risk of loss if the value of the security to be purchased declines prior to the settlement date, which risk is in addition to the risk of decline in value of a Fund's other assets. While securities purchased in delayed-delivery transactions may be sold prior to the settlement date, the Funds intend to purchase such securities with the purpose of actually acquiring them. At the time a Fund makes the commitment to purchase a security in a delayed-delivery transaction, it will record the transaction and reflect the value of the security in determining its net asset value. The Funds do not believe that net asset value will be adversely affected by purchases of securities in delayed-delivery transactions.

Each Fund will earmark or maintain in a segregated account cash, U.S. government securities, and high-grade liquid debt securities equal in value to commitments for delayed-delivery securities. Such earmarked or segregated securities will mature or, if necessary, be sold on or before the settlement date. When the time comes to pay for delayed-delivery securities, a Fund will meet its obligations from then-available cash flow, sale of the securities earmarked or held in the segregated account described above, sale of other securities, or, although it would not normally expect to do so, from the sale of the delayed-delivery securities themselves (which may have a market value greater or less than the Fund's payment obligation).

**Illiquid Securities:** Each Fund may invest in illiquid securities (i.e., securities that are not readily marketable). For purposes of this restriction, illiquid securities include, but are not limited to, restricted securities (securities the disposition of which is restricted under the federal securities

laws), securities that may only be resold pursuant to Rule 144A under the 1933 Act, as amended, but that are deemed to be illiquid; and repurchase agreements with maturities in excess of seven days. However, a Fund will not acquire illiquid securities if, as a result, such securities would comprise more than 15% of the value of the Fund's net assets. The Board of Trustees or its delegates has the ultimate authority to determine, to the extent permissible under the federal securities laws, which securities are liquid or illiquid for purposes of this 15% limitation. The Board of Trustees has delegated to First Trust the day-to-day determination of the illiquidity of any equity or fixed-income security, although it has retained oversight and ultimate responsibility for such determinations. Although no definitive liquidity criteria are used, the Board of Trustees has directed First Trust to look to factors such as (i) the nature of the market for a security (including the

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institutional private resale market; the frequency of trades and quotes for the security; the number of dealers willing to purchase or sell the security; and the amount of time normally needed to dispose of the security, the method of soliciting offers and the mechanics of transfer), (ii) the terms of certain securities or other instruments allowing for the disposition to a third party or the issuer thereof (e.g., certain repurchase obligations and demand instruments), and (iii) other permissible relevant factors.

Restricted securities may be sold only in privately negotiated transactions or in a public offering with respect to which a registration statement is in effect under the 1933 Act. Where registration is required, a Fund may be obligated to pay all or part of the registration expenses and a considerable period may elapse between the time of the decision to sell and the time a Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, a Fund might obtain a less favorable price than that which prevailed when it decided to sell. Illiquid securities will be priced at fair value as determined in good faith under procedures adopted by the Board of Trustees. If, through the appreciation of illiquid securities or the depreciation of liquid securities, a Fund should be in a position where more than 15% of the value of its net assets are invested in illiquid securities, including restricted securities which are not readily marketable, the affected Fund will take such steps as is deemed advisable, if any, to protect liquidity.

Money Market Funds: Each Fund may invest in shares of money market funds to the extent permitted by the 1940 Act.

Temporary Investments: Each Fund may, without limit as to percentage of assets, purchase U.S. government securities or short-term debt securities to keep cash on hand fully invested or for temporary defensive purposes. Short-term debt securities are securities from issuers having a long-term debt rating of at least A or higher by Standard & Poor's Ratings Group ("S&P"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") and having a maturity of one year or less.

Short-term debt securities are defined to include, without limitation, the following:

(1) U.S. government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. government agencies or instrumentalities. U.S. government agency securities include securities issued by (a) the Federal Housing Administration, Farmers Home Administration, Export-Import Bank of United States, Small Business Administration, and the Government National Mortgage Association, whose securities are supported by the full faith and credit of the United States; (b) the Federal Home Loan Banks, Federal Intermediate Credit Banks, and the Tennessee Valley Authority, whose securities are supported by the right of the agency to borrow from the U.S. Treasury; (c) Fannie Mae, whose securities are supported by the discretionary authority of the U.S. government to purchase certain obligations of the agency or instrumentality; and (d) the Student Loan Marketing Association, whose securities are supported only by its credit. While the U.S. government provides financial support to such U.S. government-sponsored agencies or instrumentalities, no assurance can be given that it always will do so since it is not so obligated by law. The U.S. government, its agencies, and instrumentalities do not guarantee the market value of their securities, and consequently, the value of such securities may fluctuate.

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(2) Certificates of deposit issued against funds deposited in a

bank or savings and loan association. Such certificates are for a definite period of time, earn a specified rate of return, and are normally negotiable. If such certificates of deposit are non-negotiable, they will be considered illiquid securities and be subject to a Fund's 15% restriction on investments in illiquid securities. Pursuant to the certificate of deposit, the issuer agrees to pay the amount deposited plus interest to the bearer of the certificate on the date specified thereon. Under current FDIC regulations, the maximum insurance payable as to any one certificate of deposit is \$100,000; therefore; certificates of deposit purchased by a Fund may not be fully insured.

(3) Bankers' acceptances which are short-term credit instruments used to finance commercial transactions. Generally, an acceptance is a time draft drawn on a bank by an exporter or an importer to obtain a stated amount of funds to pay for specific merchandise. The draft is then "accepted" by a bank that, in effect, unconditionally guarantees to pay the face value of the instrument on its maturity date. The acceptance may then be held by the accepting bank as an asset or it may be sold in the secondary market at the going rate of interest for a specific maturity.

(4) Repurchase agreements, which involve purchases of debt securities. In such an action, at the time the Fund purchases the security, it simultaneously agrees to resell and redeliver the security to the seller, who also simultaneously agrees to buy back the security at a fixed price and time. This assures a predetermined yield for a Fund during its holding period since the resale price is always greater than the purchase price and reflects an agreed upon market rate. The period of these repurchase agreements will usually be short, from overnight to one week. Such actions afford an opportunity for a Fund to invest temporarily available cash. A Fund may enter into repurchase agreements only with respect to obligations of the U.S. government, its agencies or instrumentalities; certificates of deposit; or bankers acceptances in which the Funds may invest. In addition, the Funds may only enter into repurchase agreements where the market value of the purchased securities/collateral equals at least 100% of principal including accrued interest and is marked-to-market daily. The risk to a Fund is limited to the ability of the seller to pay the agreed-upon sum on the repurchase date; in the event of default, the repurchase agreement provides that the affected Fund is entitled to sell the underlying collateral. If the value of the collateral declines after the agreement is entered into, however, and if the seller defaults under a repurchase agreement when the value of the underlying collateral is less than the repurchase price, a Fund could incur a loss of both principal and interest. The Funds, however, intend to enter into repurchase agreements only with financial institutions and dealers believed by First Trust to present minimal credit risks in accordance with criteria established by the Board of Trustees. First Trust will review and monitor the creditworthiness of such institutions. First Trust monitors the value of the collateral at the time the action is entered into and at all times during the term of the repurchase agreement. First Trust does so in an effort to determine that the value of the collateral always equals or exceeds the agreed-upon repurchase price to be paid to a Fund. If the seller were to be subject to a federal bankruptcy proceeding, the ability of a Fund to liquidate the collateral could be delayed or impaired because of certain provisions of the bankruptcy laws.

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(5) Bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest. There may be penalties for the early withdrawal of such time deposits, in which case the yields of these investments will be reduced.

(6) Commercial paper, which are short-term unsecured promissory notes, including variable rate master demand notes issued by corporations to finance their current operations. Master demand notes are direct lending arrangements between a Fund and a corporation. There is no secondary market for the notes. However, they are redeemable by the Fund at any time. The portfolio manager will consider the financial condition of the corporation (e.g., earning power, cash flow, and other liquidity ratios) and will continuously monitor the corporation's ability to meet all of its financial obligations, because a Fund's liquidity might be impaired if the corporation were unable to pay principal and interest on demand. A Fund may only invest in commercial paper rated A-1 or better by S&P, Prime-1 or higher by Moody's or Fitch 2 or higher by Fitch.

A Fund buys and sells portfolio securities in the normal course of its investment activities. The proportion of the Fund's investment portfolio that is sold and replaced with new securities during a year is known as the Fund's portfolio turnover rate. A turnover rate of 100% would occur, for example, if a Fund sold and replaced securities valued at 100% of its net assets within one year. Active trading would result in the payment by the Fund of increased brokerage costs and expenses. For fiscal year 2004, the portfolio turnover rate for the Pharmaceutical Portfolio was 0.21%, this amount is significantly lower than in fiscal years 2003 and 2002, which had turnover rates of 44.85% and 72.48%, respectively. The portfolio turnover rate for fiscal year 2004 was lower primarily because the portfolio of the Fund remained substantially the same for the relevant period.

## HEDGING STRATEGIES

### General Description of Hedging Strategies

A Fund may engage in hedging activities. First Trust may cause a Fund to utilize a variety of financial instruments, including options, forward contracts, futures contracts (hereinafter referred to as "Futures" or "Futures Contracts"), and options on Futures Contracts to attempt to hedge the Fund's holdings.

Hedging or derivative instruments on securities generally are used to hedge against price movements in one or more particular securities positions that a Fund owns or intends to acquire. Such instruments may also be used to "lock-in" realized but unrecognized gains in the value of portfolio securities. Hedging instruments on stock indices, in contrast, generally are used to hedge against price movements in broad equity market sectors in which a Fund has invested or expects to invest. Hedging strategies, if successful, can reduce the risk of loss by wholly or partially offsetting the negative effect of

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unfavorable price movements in the investments being hedged. However, hedging strategies can also reduce the opportunity for gain by offsetting the positive effect of favorable price movements in the hedged investments. The use of hedging instruments is subject to applicable regulations of the SEC, the several options and futures exchanges upon which they are traded, the Commodity Futures Trading Commission (the "CFTC") and various state regulatory authorities. In addition, a Fund's ability to use hedging instruments may be limited by tax considerations.

### General Limitations on Futures and Options Transactions

The Company has filed a notice of eligibility for exclusion from the definition of the term "commodity pool operator" with the CFTC and the National Futures Association, which regulate trading in the futures markets. Pursuant to Section 4.5 of the regulations under the Commodity Exchange Act (the "CEA"), the notice of eligibility for a Fund includes the representation that the Fund will use Futures Contracts and related options solely for bona fide hedging purposes within the meaning of CFTC regulations. A Fund will not enter into futures and options transactions if the sum of the initial margin deposits and premiums paid for unexpired options exceeds 5% of a Fund's total assets. In addition, a Fund will not enter into Futures Contracts and options transactions if more than 30% of its net assets would be committed to such instruments.

The foregoing limitations are not fundamental policies of a Fund and may be changed without shareholder approval as regulatory agencies permit. Various exchanges and regulatory authorities have undertaken reviews of options and Futures trading in light of market volatility. Among the possible actions that have been presented are proposals to adopt new or more stringent daily price fluctuation limits for Futures and options transactions and proposals to increase the margin requirements for various types of futures transactions.

### Asset Coverage for Futures and Options Positions

Each Fund will comply with the regulatory requirements of the SEC and the CFTC with respect to coverage of options and Futures positions by registered investment companies and, if the guidelines so require, will earmark or set aside cash, U.S. government securities, high grade liquid debt securities and/or other liquid assets permitted by the SEC and CFTC in a segregated custodial account in the amount prescribed. Securities earmarked or held in a segregated account cannot be sold while the Futures or options position is outstanding, unless replaced with other permissible assets, and will be marked-to-market daily.

### Stock Index Options

A Fund may purchase stock index options, sell stock index options in order to close out existing positions, and/or write covered options on stock indices for hedging purposes. Stock index options are put options and call options on various stock indices. In most respects, they are identical to listed options on common stocks. The primary difference between stock options and index options occurs when index options are exercised. In the case of stock options, the underlying security, common stock, is delivered. However, upon the exercise of an index option, settlement does not occur by delivery of the securities

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comprising the index. The option holder who exercises the index option receives an amount of cash if the closing level of the stock index upon which the option is based is greater than, in the case of a call, or less than, in the case of a put, the exercise price of the option. This amount of cash is equal to the difference between the closing price of the stock index and the exercise price of the option expressed in dollars times a specified multiple.

A stock index fluctuates with changes in the market values of the stocks included in the index. For example, some stock index options are based on a broad market index, such as the Standard & Poor's 500 or the Value Line Composite Indices or a more narrower market index, such as the Standard & Poor's 100. Indices may also be based on an industry or market segment. Options on stock indices are currently traded on the following exchanges: the Chicago Board of Options Exchange, the New York Stock Exchange ("NYSE"), the American Stock Exchange ("AMEX"), the Pacific Stock Exchange, and the Philadelphia Stock Exchange.

A Fund's use of stock index options is subject to certain risks. Successful use by a Fund of options on stock indices will be subject to the ability of First Trust to correctly predict movements in the directions of the stock market. This requires different skills and techniques than predicting changes in the prices of individual securities. In addition, a Fund's ability to effectively hedge all or a portion of the securities in its portfolio, in anticipation of or during a market decline through transactions in put options on stock indices, depends on the degree to which price movements in the underlying index correlate with the price movements of the securities held by a Fund. Inasmuch as a Fund's securities will not duplicate the components of an index, the correlation will not be perfect. Consequently, each Fund will bear the risk that the prices of its securities being hedged will not move in the same amount as the prices of its put options on the stock indices. It is also possible that there may be a negative correlation between the index and a Fund's securities, which would result in a loss on both such securities and the options on stock indices acquired by the Fund.

The hours of trading for options may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets. The purchase of options is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. The purchase of stock index options involves the risk that the premium and transaction costs paid by a Fund in purchasing an option will be lost as a result of unanticipated movements in prices of the securities comprising the stock index on which the option is based.

#### Certain Considerations Regarding Options

There is no assurance that a liquid secondary market on an options exchange will exist for any particular option, or at any particular time, and for some options no secondary market on an exchange or elsewhere may exist. If a Fund is unable to close out a call option on securities that it has written before the option is exercised, the Fund may be required to purchase the optioned securities in order to satisfy its obligation under the option to deliver such securities. If a Fund is unable to effect a closing sale

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transaction with respect to options on securities that it has purchased, it would have to exercise the option in order to realize any profit and would incur transaction costs upon the purchase and sale of the underlying securities.

The writing and purchasing of options is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. Imperfect correlation between the options and securities markets may detract from the effectiveness of attempted hedging. Options transactions may result in significantly higher transaction costs and portfolio turnover for the Fund.

#### Futures Contracts

Each Fund may enter into Futures Contracts, including index Futures as a hedge against movements in the equity markets, in order to hedge against changes on securities held or intended to be acquired by a Fund or for other purposes permissible under the CEA. Each Fund's hedging may include sales of Futures as an offset against the effect of expected declines in stock prices and purchases of Futures as an offset against the effect of expected increases in stock prices. The Fund will not enter into Futures Contracts which are prohibited under the CEA and will, to the extent required by regulatory authorities, enter only into Futures Contracts that are traded on national futures exchanges and are standardized as to maturity date and underlying financial instrument. The principal interest rate Futures exchanges in the United States are the Board of Trade of the City of Chicago and the Chicago Mercantile Exchange. Futures exchanges and trading are regulated under the CEA by the CFTC.

An interest rate futures contract provides for the future sale by one party and purchase by another party of a specified amount of a specific financial instrument (e.g., a debt security) or currency for a specified price at a designated date, time and place. An index Futures Contract is an agreement pursuant to which the parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index Futures Contract was originally written. Transaction costs are incurred when a Futures Contract is bought or sold and margin deposits must be maintained. A Futures Contract may be satisfied by delivery or purchase, as the case may be, of the instrument or by payment of the change in the cash value of the index. More commonly, Futures Contracts are closed out prior to delivery by entering into an offsetting transaction in a matching Futures Contract. Although the value of an index might be a function of the value of certain specified securities, no physical delivery of those securities is made. If the offsetting purchase price is less than the original sale price, a gain will be realized. Conversely, if the offsetting sale price is more than the original purchase price, a gain will be realized; if it is less, a loss will be realized. The transaction costs must also be included in these calculations. There can be no assurance, however, that a Fund will be able to enter into an offsetting transaction with respect to a particular Futures Contract at a particular time. If a Fund is not able to enter into an offsetting transaction, the Fund will continue to be required to maintain the margin deposits on the Futures Contract.

Margin is the amount of funds that must be deposited by each Fund with its custodian in a segregated account in the name of the futures commission

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merchant in order to initiate Futures trading and to maintain the Fund's open positions in Futures Contracts. A margin deposit is intended to ensure the Fund's performance of the Futures Contract.

The margin required for a particular Futures Contract is set by the exchange on which the Futures Contract is traded and may be significantly modified from time to time by the exchange during the term of the Futures Contract. Futures Contracts are customarily purchased and sold on margins that may range upward from less than 5% of the value of the Futures Contract being traded.

If the price of an open Futures Contract changes (by increase in the case of a sale or by decrease in the case of a purchase) so that the loss on the Futures Contract reaches a point at which the margin on deposit does not satisfy margin requirements, the broker will require an increase in the margin. However, if the value of a position increases because of favorable price changes in the Futures Contract so that the margin deposit exceeds the required margin, the broker will pay the excess to the respective Fund. In computing daily net asset value, each Fund will mark to market the current value of its open Futures Contracts. Each Fund expects to earn interest income on their margin deposits.

Because of the low margin deposits required, Futures trading involves an extremely high degree of leverage. As a result, a relatively small price movement in a Futures Contract may result in immediate and substantial loss, as well as gain, to the investor. For example, if at the time of purchase, 10% of the value of the Futures Contract is deposited as margin, a subsequent 10% decrease in the value of the Futures Contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit, if the Future Contracts were closed out. Thus, a purchase or sale of a Futures Contract may result in losses in excess of the amount initially invested in the Futures Contract. However, a Fund would presumably have sustained comparable losses if, instead of the Futures Contract, it had invested in the underlying financial instrument and sold it after the decline.

Most United States Futures exchanges limit the amount of fluctuation

permitted in Futures Contract prices during a single trading day. The day limit establishes the maximum amount that the price of a Futures Contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of Futures Contract, no trades may be made on that day at a price beyond that limit. The daily limit governs only price movement during a particular trading day and therefore does not limit potential losses, because the limit may prevent the liquidation of unfavorable positions. Futures Contract prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of Futures positions and subjecting some Futures traders to substantial losses.

There can be no assurance that a liquid market will exist at a time when a Fund seeks to close out a Futures position. The Fund would continue to be required to meet margin requirements until the position is closed, possibly resulting in a decline in the Fund's net asset value. In addition, many of the contracts discussed above are relatively new instruments without a significant

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trading history. As a result, there can be no assurance that an active secondary market will develop or continue to exist.

A public market exists in Futures Contracts covering a number of indices, including, but not limited to, the S&P 500 Index, the S&P 100 Index, the NASDAQ(R)100 Index, the Value Line Composite Index and the New York Stock Exchange Composite Index.

#### Options on Futures

Each Fund may also purchase or write put and call options on Futures Contracts and enter into closing transactions with respect to such options to terminate an existing position. A futures option gives the holder the right, in return for the premium paid, to assume a long position (call) or short position (put) in a Futures Contract at a specified exercise price prior to the expiration of the option. Upon exercise of a call option, the holder acquires a long position in the Futures Contract and the writer is assigned the opposite short position. In the case of a put option, the opposite is true. Prior to exercise or expiration, a futures option may be closed out by an offsetting purchase or sale of a futures option of the same series.

A Fund may use options on Futures Contracts in connection with hedging strategies. Generally, these strategies would be applied under the same market and market sector conditions in which the Fund uses put and call options on securities or indices. The purchase of put options on Futures Contracts is analogous to the purchase of puts on securities or indices so as to hedge a Fund's securities holdings against the risk of declining market prices. The writing of a call option or the purchasing of a put option on a Futures Contract constitutes a partial hedge against declining prices of securities which are deliverable upon exercise of the Futures Contract. If the price at expiration of a written call option is below the exercise price, a Fund will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in the Fund's holdings of securities. If the price when the option is exercised is above the exercise price, however, the Fund will incur a loss, which may be offset, in whole or in part, by the increase in the value of the securities held by the Fund that were being hedged. Writing a put option or purchasing a call option on a Futures Contract serves as a partial hedge against an increase in the value of the securities the Fund intends to acquire.

As with investments in Futures Contracts, each Fund is required to deposit and maintain margin with respect to put and call options on Futures Contracts written by it. Such margin deposits will vary depending on the nature of the underlying Futures Contract (and the related initial margin requirements), the current market value of the option, and other futures positions held by the Fund. Each Fund will earmark or set aside in a segregated account at the Fund's custodian, liquid assets, such as cash, U.S. government securities or other high-grade liquid debt obligations equal in value to the amount due on the underlying obligation. Such segregated assets will be marked-to-market daily, and additional assets will be earmarked or placed in the segregated account whenever the total value of the earmarked or segregated assets falls below the amount due on the underlying obligation.

The risks associated with the use of options on Futures Contracts include the risk that a Fund may close out its position as a writer of an option

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only if a liquid secondary market exists for such options, which cannot be

assured. A Fund's successful use of options on Futures Contracts depends on First Trust's ability to correctly predict the movement in prices of Futures Contracts and the underlying instruments, which may prove to be incorrect. In addition, there may be imperfect correlation between the instruments being hedged and the Futures Contract subject to the option. For additional information, see "Futures Contracts." Certain characteristics of the futures market might increase the risk that movements in the prices of futures contracts or options on futures contracts might not correlate perfectly with movements in the prices of the investments being hedged. For example, all participants in the futures and options on futures contracts markets are subject to daily variation margin calls and might be compelled to liquidate futures or options on futures contracts positions whose prices are moving unfavorably to avoid being subject to further calls. These liquidations could increase the price volatility of the instruments and distort the normal price relationship between the futures or options and the investments being hedged. Also, because of initial margin deposit requirements, there might be increased participation by speculators in the futures markets. This participation also might cause temporary price distortions. In addition, activities of large traders in both the futures and securities markets involving arbitrage, "program trading," and other investment strategies might result in temporary price distortions.

#### Foreign Currency Transactions

The Funds may engage in foreign currency forward contracts, options, and futures transactions. Such Funds may enter into foreign currency transactions for hedging and other permissible risk management purposes only. Foreign currency futures and options contracts are traded in the U.S. on regulated exchanges such as the Chicago Mercantile Exchange, the Mid-America Commodities Exchange, and the Philadelphia Stock Exchange. If the Funds invest in a currency futures or options contract, they must make a margin deposit to secure performance of such contract. With respect to investments in currency futures contracts, the Funds may also be required to make variation margin deposits because the value of futures contracts fluctuates from purchase to maturity. In addition, the Funds may earmark or segregate assets to cover their futures contracts obligations.

#### FOREIGN INVESTMENTS

##### Indirect Foreign Investment-Depositary Receipts

The Funds may invest in foreign securities by purchasing depositary receipts, including American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), or Global Depositary Receipts ("GDRs"), or other securities representing indirect ownership interests in the securities of foreign issuers. Generally, ADRs, in registered form, are denominated in U.S. dollars and are designed for use in the U.S. securities markets, while EDRs and GDRs, in bearer form, may be denominated in other currencies and are designed for use in European and other markets. For purposes of a Fund's investment policies, ADRs, EDRs, and GDRs are deemed to have the same classification as the underlying securities they represent, except that ADRs, EDRs, and GDRs shall be treated as indirect foreign investments. Thus, an ADR, EDR, or GDR representing ownership of common stock will be treated as common stock. ADRs, EDRs, and GDRs do not

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eliminate all of the risks associated with directly investing in the securities of foreign issuers.

Other types of depositary receipts include American Depositary Shares ("ADSs"), Global Depositary Certificates ("GDCs"), and International Depositary Receipts ("IDRs"). ADSs are shares issued under a deposit agreement representing the underlying ordinary shares that trade in the issuer's home market. An ADR, described above, is a certificate that represents a number of ADSs. GDCs and IDRs are typically issued by a foreign bank or trust company, although they may sometimes also be issued by a U.S. bank or trust company. GDCs and IDRs are depositary receipts that evidence ownership of underlying securities issued by either a foreign or a U.S. corporation.

##### Direct Foreign Investments

The Funds may invest directly in the securities of foreign issuers. In consideration of whether to invest in the securities of a foreign company, First Trust considers such factors as the characteristics of the particular company, differences between economic trends, and the performance of securities markets within the U.S. and those within other countries. First Trust also considers factors relating to the general economic, government, and social conditions of the country or countries where the company is located.

Securities transactions conducted outside the U.S. may not be regulated as rigorously as in the U.S., may not involve a clearing mechanism and related guarantees, and are subject to the risk of government actions affecting trading in, or the prices of, foreign securities, currencies and other instruments. The value of such positions also could be adversely affected by (i) other complex

foreign political, legal and economic factors, (ii) lesser availability than in the U.S. of data on which to make trading decisions, (iii) delays in a Fund's ability to act upon economic events occurring in foreign markets during non-business hours in the U.S., (iv) the imposition of different exercise and settlement terms and procedures and the margin requirements than in the U.S., and (v) lower trading volume and liquidity.

#### Description of Strategy Funds

As described in the Funds' prospectuses, the portfolio of the DART 10 Portfolio consists primarily of the common stocks of the ten companies in the Dow Jones Industrial Average(sm) ("DJIA") that have the highest combined dividend yields and buyback ratios on or about the date specified in the prospectus (the "Stock Selection Date"). The portfolio of the Dow Dividend Portfolio consists primarily of the common stock of the 20 stocks from the Dow Jones Select Dividend Index(sm) with the best overall ranking on both the change in return on assets over the last 12 months and price-to-book on or about the Stock Selection Date. The portfolio of the Global Target Portfolio consists primarily of common stocks of the five companies with the lowest per share stock price of the ten companies in each of the DJIA, the Financial Times Industrial Ordinary Share Index ("FT Index") and the Hang Seng Index, respectively, that have the highest dividend yield in the respective index on or about the Stock Selection Date. The portfolio of the S&P(R) Target Portfolio consists primarily of the common stocks of 24 companies selected from a pre-screened subset of the stocks included in the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index") annually on or about the Stock Selection Date. The portfolio of the 10 Uncommon Values Portfolio consists primarily

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of the ten common stocks selected annually by the Investment Policy Committee of Lehman Brothers, Inc. with the assistance of the Research Department of Lehman Brothers which, in the opinion of Lehman Brothers, have the greatest potential for capital appreciation during the next year. The NASDAQ(R) Target Portfolio consists primarily of the common stocks of fifteen companies selected from a pre-screened subset of the stocks included in the NASDAQ(R) 100 Index on or about the Stock Selection Date. The portfolio of the Value Line(R) Target Portfolio consists primarily of the common stocks of 25 companies selected from a subset of the stocks that receive Value Line's #1 ranking for Timeliness(TM) annually on or about the Stock Selection Date. Each year, as discussed in the prospectuses, the portfolio of each Fund is adjusted in accordance with its investment strategy. The portfolio of the Target Managed VIP Portfolio consists primarily of common stocks that are identified by applying six uniquely specialized strategies on or about the Stock Selection Date: the Dow(sm) DART 5 Strategy, the European Target 20 Strategy, the NASDAQ(R) Target 15 Strategy, the S&P(R) Target 24 Strategy, the Target Small Cap Strategy, and the Value Line(R) Target 25 Strategy. See "Fund Overview" in the prospectus for the relevant Fund for a more detailed description of its investment strategy.

The dividend yield for each equity security contained in the DART 10 Portfolio and the securities based on the DJIA in the Global Target Portfolio and the Target Managed VIP Portfolio is calculated by annualizing the last quarterly or semi-annual ordinary dividend declared and dividing the result by the market value of such equity security on or about the Stock Selection Date. The yield for each equity security listed on the FT Index or the Hang Seng Index in the Global Target Portfolio is calculated by adding together the most recent interim and final dividend declared and dividing the result by the market value of such equity security on or about the Stock Selection Date.

The publishers of the S&P 500 Index, FT Index and the Hang Seng Index are not affiliated with First Trust and have not participated in the creation of the Funds or the selection of the equity securities included therein. There is, of course, no guarantee that the objective of any Fund will be achieved.

Any changes in the components of any of the respective indices or in the composition of the stocks listed on the NYSE, AMEX or NASDAQ Stock Market ("NASDAQ") made after the respective Stock Selection Date will not cause a change in the identity of the common stocks included in the applicable Fund, including any additional equity securities deposited thereafter until the next Stock Selection Date when the portfolio of each Fund will be adjusted in accordance with its investment strategy.

Investors should note that each Fund's investment criteria is applied and will in the future be applied to the equity securities selected for inclusion in the Fund as of the applicable Stock Selection Date. Additional equity securities which were originally selected through this process may be purchased throughout the year, as investors may continue to invest in the Fund, even though the yields on these equity securities may have changed subsequent to the previous Stock Selection Date. These equity securities may no longer be included in the index, or may not meet a Fund's selection criteria at that time,

and therefore, such equity securities would no longer be chosen for inclusion in the Fund if the selection process were to be performed again at that time. Accordingly, the equity securities selected and the percentage relationship among the number of shares will not change for purchases or sales by a Fund until the next annual Stock Selection Date.

#### Insurance Law Restrictions

In connection with the Company's agreement to sell shares to Account B, American Skandia and First Trust may enter into agreements, required by certain state insurance departments, under which First Trust may agree to use its best efforts to assure and to permit American Skandia to monitor each Fund for compliance with the investment restrictions and limitations prescribed by state insurance laws and regulations applicable to the investment of separate account assets in shares of mutual funds. If a Fund failed to comply with such restrictions or limitations, American Skandia would take appropriate action which might include ceasing to make investments in the Fund or withdrawing from the state imposing the limitation. Such restrictions and limitations are not expected to have a significant impact on the Company's operations.

### INVESTMENT RISKS

#### Overview

An investment in a Fund should be made with an understanding of the risks which an investment in common stocks entails, including the risk that the financial condition of the issuers of the equity securities or the general condition of the common stock market may worsen and the value of the equity securities and therefore the value of a Fund may decline. A Fund may not be an appropriate investment for those who are unable or unwilling to assume the risks involved generally with an equity investment. The past market and earnings performance of any of the equity securities included in a Fund is not predictive of their future performance. Common stocks are especially susceptible to general stock market movements and to volatile increases and decreases of value as market confidence in and perceptions of the issuers change. These perceptions are based on unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic or banking crises. First Trust cannot predict the direction or scope of any of these factors. Shareholders of common stocks have rights to receive payments from the issuers of those common stocks that are generally subordinate to those of creditors of, or holders of debt obligations or preferred stocks of, such issuers.

Shareholders of common stocks of the type held by a Fund have a right to receive dividends only when and if, and in the amounts, declared by the issuer's board of directors and have a right to participate in amounts available for distribution by the issuer only after all other claims on the issuer have been paid. Common stocks do not represent an obligation of the issuer and, therefore, do not offer any assurance of income or provide the same degree of protection of capital as do debt securities. The issuance of additional debt securities or preferred stock will create prior claims for payment of principal, interest and dividends which could adversely affect the ability and inclination of the issuer

to declare or pay dividends on its common stock or the rights of holders of common stock with respect to assets of the issuer upon liquidation or bankruptcy. The value of common stocks is subject to market fluctuations for as long as the common stocks remain outstanding, and thus the value of the equity securities in a Fund will fluctuate over the life of the Fund and may be more or less than the price at which they were purchased by such Fund. The equity securities held in a Fund may appreciate or depreciate in value (or pay dividends) depending on the full range of economic and market influences affecting these securities, including the impact of the Fund's purchase and sale of the equity securities and other factors.

Holders of common stocks incur more risk than holders of preferred stocks and debt obligations because common stockholders, as owners of the entity, have generally inferior rights to receive payments from the issuer in comparison with the rights of creditors of, or holders of debt obligations or preferred stocks issued by, the issuer. Cumulative preferred stock dividends must be paid before common stock dividends and any cumulative preferred stock dividend omitted is added to future dividends payable to the holders of cumulative preferred stock. Preferred stockholders are also generally entitled to rights on liquidation which are senior to those of common stockholders.

First Trust shall not be liable in any way for any default, failure or defect in any equity security held in a Fund's portfolio.

#### ADDITIONAL RISKS OF INVESTING IN FUNDS

##### Liquidity

Whether or not the equity securities in a Fund are listed on a securities exchange, the principal trading market for the equity securities may be in the over-the-counter market. As a result, the existence of a liquid trading market for the equity securities may depend on whether dealers will make a market in the equity securities. There can be no assurance that a market will be made for any of the equity securities, that any market for the equity securities will be maintained or that there will be sufficient liquidity of the equity securities in any markets made. The price at which the equity securities held in a Fund may be sold to meet transfers, partial withdrawals or surrenders or to implement a strategy on or about each stock selection date and the value of a Fund will be adversely affected if trading markets for the equity securities are limited or absent.

##### Lack of Diversification

Each Fund is classified as "non-diversified" and therefore a Fund is only limited as to the percentage of its assets which may be invested in securities of any one issuer by its own investment restrictions and by diversification requirements imposed by the Internal Revenue Code of 1986, as amended. A Fund may therefore invest a relatively high percentage of its assets in a limited number of issuers. This can expose each Fund to potentially greater market fluctuations than might be experienced by a diversified fund. Each Fund may be more susceptible to any single economic, political or regulatory

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occurrence and to the financial conditions of the issuer in which it invests. For example, an investment in the DART 10 Portfolio may subject an investor to additional risk due to the relative lack of diversity in its portfolio since the portfolio contains only ten stocks. Therefore, the DART 10 Portfolio may be subject to greater market risk than other funds which may contain a more diversified portfolio of securities. A Fund is not designed to be a complete investment program for an investor. Variable annuity policy owners, in light of their own financial situations and goals, should consider other additional funding options in order to diversify the allocations of their policy assets.

##### Small Capitalization Companies

Certain or all of the equity securities in the Funds may be small cap company stocks. While, historically, small cap company stocks have outperformed the stocks of large companies, the former have customarily involved more investment risk as well. Small cap companies may have limited product lines, markets or financial resources; may lack management depth or experience; and may be more vulnerable to adverse general market or economic developments than large companies. Some of these companies may distribute, sell or produce products which have recently been brought to market and may be dependent on key personnel.

The prices of small company securities are often more volatile than prices associated with large company issues, and can display abrupt or erratic movements at times, due to limited trading volumes and less publicly available information. Also, because small cap companies normally have fewer shares outstanding and these shares trade less frequently than large companies, it may be more difficult for a Fund which contains these equity securities to buy and sell significant amounts of such shares without an unfavorable impact on prevailing market prices. The securities of small companies are often traded over-the-counter and may not be traded in the volumes typical of a national securities exchange.

##### Litigation

At any time litigation may be instituted on a variety of grounds with respect to the common stock held by the Funds. A Fund is unable to predict whether litigation that has been or will be instituted might have a material adverse effect on the Fund.

#### RISKS AND SPECIAL CONSIDERATIONS CONCERNING DERIVATIVES

In addition to the foregoing, the use of derivative instruments involves certain general risks and considerations as described below.

(1) Market Risk. Market risk is the risk that the value of the underlying assets may go up or down. Adverse movements in the value of an underlying asset can expose a Fund to losses. Market risk is the primary risk associated with derivative transactions. Derivative instruments may include elements of leverage and, accordingly,

fluctuations in the value of the derivative instrument in relation to the underlying asset may be magnified. The successful use of derivative instruments depends upon a variety of factors, particularly the portfolio manager's ability to predict movements of the securities, currencies, and commodities markets, which may require different skills

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than predicting changes in the prices of individual securities. There can be no assurance that any particular strategy adopted will succeed. A decision to engage in a derivative transaction will reflect the portfolio manager's judgment that the derivative transaction will provide value to a Fund and its shareholders and is consistent with a Fund's objectives, investment limitations, and operating policies. In making such a judgment, the portfolio manager will analyze the benefits and risks of the derivative transactions and weigh them in the context of a Fund's overall investments and investment objective.

(2) Credit Risk. Credit risk is the risk that a loss may be sustained as a result of the failure of a counterparty to comply with the terms of a derivative instrument. The counterparty risk for exchange-traded derivatives is generally less than for privately-negotiated or over-the-counter ("OTC") derivatives, since generally a clearing agency, which is the issuer or counterparty to each exchange-traded instrument, provides a guarantee of performance. For privately-negotiated instruments, there is no similar clearing agency guarantee. In all transactions, a Fund will bear the risk that the counterparty will default, and this could result in a loss of the expected benefit of the derivative transactions and possibly other losses to the Fund. The Fund will enter into transactions in derivative instruments only with counterparties that First Trust reasonably believes are capable of performing under the contract.

(3) Correlation Risk. Correlation risk is the risk that there might be an imperfect correlation, or even no correlation, between price movements of a derivative instrument and price movements of investments being hedged. When a derivative transaction is used to completely hedge another position, changes in the market value of the combined position (the derivative instrument plus the position being hedged) result from an imperfect correlation between the price movements of the two instruments. With a perfect hedge, the value of the combined position remains unchanged with any change in the price of the underlying asset. With an imperfect hedge, the value of the derivative instrument and its hedge are not perfectly correlated. For example, if the value of a derivative instrument used in a short hedge (such as writing a call option, buying a put option or selling a futures contract) increased by less than the decline in value of the hedged investments, the hedge would not be perfectly correlated. This might occur due to factors unrelated to the value of the investments being hedged, such as speculative or other pressures on the markets in which these instruments are traded. The effectiveness of hedges using instruments on indices will depend, in part, on the degree of correlation between price movements in the index and the price movements in the investments being hedged.

(4) Liquidity Risk. Liquidity risk is the risk that a derivative instrument cannot be sold, closed out, or replaced quickly at or very close to its fundamental value. Generally, exchange contracts are very liquid because the exchange clearinghouse is the counterparty of every contract. OTC transactions are less liquid than exchange-traded derivatives since they often can only be closed out with the other party to the transaction. A Fund might be required by applicable regulatory requirements to maintain assets as "cover," maintain segregated accounts, and/or make margin payments when it takes positions in

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derivative instruments involving obligations to third parties (i.e., instruments other than purchase options). If a Fund is unable to close out its positions in such instruments, it might be required to continue to maintain such assets or accounts or make such payments until the position expires, matures, or is closed out. These requirements might impair a Fund's ability to sell a security or make an investment at a time when it would otherwise be favorable to do so, or require that the Fund sell a portfolio security at a disadvantageous time. A Fund's ability to sell or close out a position in an instrument prior to expiration or maturity depends upon the existence of a liquid secondary market or, in the absence of such a market, the ability and willingness of the counterparty to enter into a transaction closing out the position. Due to liquidity risk, there is no assurance that any derivatives position can be sold or closed out at a time and price that

is favorable to a Fund.

(5) Legal Risk. Legal risk is the risk of loss caused by the unenforceability of a party's obligations under the derivative. While a party seeking price certainty agrees to surrender the potential upside in exchange for downside protection, the party taking the risk is looking for a positive payoff. Despite this voluntary assumption of risk, a counterparty that has lost money in a derivative transaction may try to avoid payment by exploiting various legal uncertainties about certain derivative products.

(6) Systemic or "Interconnection" Risk. Systemic or interconnection risk is the risk that a disruption in the financial markets will cause difficulties for all market participants. In other words, a disruption in one market will spill over into other markets, perhaps creating a chain reaction. Much of the OTC derivatives market takes place among the OTC dealers themselves, thus creating a large interconnected web of financial obligations. This interconnectedness raises the possibility that a default by one large dealer could create losses for other dealers and destabilize the entire market for OTC derivative instruments.

#### RISKS AND SPECIAL CONSIDERATIONS CONCERNING FOREIGN CURRENCIES

(1) Currency Risks. The exchange rates between the U.S. dollar and foreign currencies depend upon such factors as supply and demand in the currency exchange markets, international balances of payments, government intervention, speculation, and other economic and political conditions. Although each Fund values its assets daily in U.S. dollars, a Fund may not convert its holdings of foreign currencies to U.S. dollars daily. A Fund may incur conversion costs when it converts its holdings to another currency. Foreign exchange dealers may realize a profit on the difference between the price at which a Fund buys and sells currencies. Funds may engage in foreign currency exchange transactions in connection with its portfolio investments. A Fund will conduct its foreign currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market or through forward contracts to purchase or sell foreign contracts.

(2) Forward Foreign Currency Exchange Contracts. The Funds may enter into forward foreign currency exchange contracts. Forward foreign currency exchange contracts may limit potential gains that could result from a positive change in such currency relationships. First Trust believes that it is important to have

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the flexibility to enter into forward foreign currency exchange contracts whenever it determines that it is in a Fund's best interest to do so. The Funds will not speculate in foreign currency exchange. The Funds will not enter into forward currency exchange contracts or maintain a net exposure in such contracts that they would be obligated to deliver an amount of foreign currency in excess of the value of their portfolio securities or other assets denominated in that currency or, in the case of a "cross-hedge," denominated in a currency or currencies that First Trust believes will tend to be closely correlated with that currency with regard to price movements. Generally, the Funds will not enter into forward foreign currency exchange contracts with a term longer than one year.

(3) Foreign Currency Options. A foreign currency option provides the option buyer with the right to buy or sell a stated amount of foreign currency at the exercise price on a specified date or during the option period. The owner of a call option has the right, but not the obligation, to buy the currency. Conversely, the owner of a put option has the right, but not the obligation, to sell the currency. When the option is exercised, the seller (i.e., writer) of the option is obligated to fulfill the terms of the sold option. However, either the seller or the buyer may, in the secondary market, close its position during the option period at any time prior to expiration. A call option on foreign currency generally rises in value if the underlying currency appreciates in value, and a put option on a foreign currency generally rises in value if the underlying currency depreciates in value. Although purchasing a foreign currency option can protect the Fund against an adverse movement in the value of a foreign currency, the option will not limit the movement in the value of such currency. For example, if a Fund held securities denominated in a foreign currency that was appreciating and had purchased a foreign currency put to hedge against a decline in the value of the currency, the Fund would not have to exercise its put option. Likewise, if a Fund entered into a contract to purchase a security denominated in a foreign currency and, in conjunction with that purchase, purchased a foreign currency call option to hedge against a rise in value of the currency, and if the value of the currency instead depreciated between the date of purchase and the settlement date, the Fund would not have to exercise its call. Instead, the Fund could acquire, in the spot market, the amount of foreign currency needed for settlement.

(4) Special Risks Associated with Foreign Currency Options. Buyers and

sellers of foreign currency options are subject to the same risks that apply to options generally. In addition, there are certain risks associated with foreign currency options. The markets in foreign currency options are relatively new, and a Fund's ability to establish and close out positions on such options is subject to the maintenance of a liquid secondary market. Although a Fund will not purchase or write such options unless and until, in the opinion of First Trust, the market for them has developed sufficiently to ensure that the risks in connection with such options are not greater than the risks in connection with the underlying currency, there can be no assurance that a liquid secondary market will exist for a particular option at any specific time. In addition, options on foreign currencies are affected by all of the same factors that influence foreign exchange rates and investments generally. The value of a foreign currency option depends upon the value of the underlying currency relative to the U.S. dollar. As a result, the price of the option position may

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vary with changes in the value of either or both currencies and may have no relationship to the investment merits of a foreign security. Because foreign currency transactions occurring in the interbank market involve substantially larger amounts than those that may be involved in the use of foreign currency options, investors may be disadvantaged by having to deal in an odd lot market (generally consisting of transactions of less than \$1 million) for the underlying foreign currencies at prices that are less favorable than for round lots. There is no systematic reporting of last sale information for foreign currencies or any regulatory requirements that quotations available through dealers or other market sources be firm or revised on a timely basis. Available quotation information is generally representative of very large transactions in the interbank market and thus may not reflect relatively smaller transactions (i.e., less than \$1 million) where rates may be less favorable. The interbank market in foreign currencies is a global, around-the-clock market. To the extent that the U.S. options markets are closed while the markets for the underlying currencies remain open, significant price and rate movements may take place in the underlying markets that cannot be reflected in the options markets until they reopen.

(5) Foreign Currency Futures Transactions. By using foreign currency futures contracts and options on such contracts, a Fund may be able to achieve many of the same objectives as it would through the use of forward foreign currency exchange contracts. The Funds may be able to achieve these objectives possibly more effectively and at a lower cost by using futures transactions instead of forward foreign currency exchange contracts.

(6) Special Risks Associated with Foreign Currency Futures Contracts and Related Options. Buyers and sellers of foreign currency futures contracts are subject to the same risks that apply to the use of futures generally. In addition, there are risks associated with foreign currency futures contracts and their use as a hedging device similar to those associated with options on currencies, as described above. Options on foreign currency futures contracts may involve certain additional risks. Trading options on foreign currency futures contracts is relatively new. The ability to establish and close out positions on such options is subject to the maintenance of a liquid secondary market. To reduce this risk, a Fund will not purchase or write options on foreign currency futures contracts unless and until, in the opinion of First Trust, the market for such options has developed sufficiently that the risks in connection with such options are not greater than the risks in connection with transactions in the underlying foreign currency futures contracts. Compared to the purchase or sale of foreign currency futures contracts, the purchase of call or put options on futures contracts involves less potential risk to a Fund because the maximum amount at risk is the premium paid for the option (plus transaction costs). However, there may be circumstances when the purchase of a call or put option on a futures contract would result in a loss, such as when there is no movement in the price of the underlying currency or futures contract.

#### INDUSTRY RISKS

The following is a discussion of additional risks affecting particular industry sectors represented in the Funds.

Energy Sector. An investment in the energy sector should be made with an understanding of the problems and risks inherent in an investment in the energy industry in general.

The business activities of companies in the energy sector may include: production, generation, transmission, marketing, control, or measurement of

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energy or energy fuels; providing component parts or services to companies engaged in the above activities; energy research or experimentation; and

environmental activities related to the solution of energy problems, such as energy conservation and pollution control. Companies participating in new activities resulting from technological advances or research discoveries in the energy field are also considered for the First Trust Energy Portfolio.

The securities of companies in the energy field are subject to changes in value and dividend yield which depend, to a large extent, on the price and supply of energy fuels. Swift price and supply fluctuations may be caused by events relating to international politics, energy conservation, the success of exploration projects, and tax and other regulatory policies of various governments. As a result of the foregoing, the equity securities held in the First Trust Energy Portfolio may be subject to rapid price volatility. First Trust is unable to predict what impact the foregoing factors will have during the life of the First Trust Energy Portfolio on the equity securities held in its portfolio.

According to the U.S. Department of Commerce, the factors which will most likely shape the energy industry include the price and availability of oil from the Middle East, changes in United States environmental policies and the continued decline in the U.S. production of crude oil. Possible effects of these factors may be increased by U.S. and world dependence on oil from the Organization of Petroleum Exporting Countries ("OPEC") and highly uncertain and potentially more volatile oil prices. Factors which may increase the profitability of oil and petroleum operations include increasing demand for oil and petroleum products as a result of the continued increases in annual miles driven and the improvement in refinery operating margins caused by increases in average domestic refinery utilization rates. The existence of surplus crude oil production capacity and the willingness to adjust production levels are the two principal requirements for stable crude oil markets. Without excess capacity, supply disruptions in some countries cannot be compensated for by others. Formerly, OPEC members attempted to exercise control over production levels in each country through a system of mandatory production quotas. Because of the 1990-1991 crisis in the Middle East, the mandatory system has since been replaced with a voluntary system. Production under the new system has had to be curtailed on at least one occasion as a result of weak prices, even in the absence of supplies from Kuwait and Iraq. The pressure to deviate from mandatory quotas, if they are reimposed, is likely to be substantial and could lead to a weakening of prices. In the longer term, additional capacity and production will be required to accommodate the expected large increases in world oil demand and to compensate for expected sharp drops in U.S. crude oil production and exports from the Soviet Union. Only a few OPEC countries, particularly Saudi Arabia, have the petroleum reserves that will allow the required increase in production capacity to be attained. Given the large-scale financing that is required, the prospect that such expansion will occur soon enough to meet the increased demand is uncertain.

Declining U.S. crude oil production will likely lead to increased dependence on OPEC oil, putting refiners at risk of continued and unpredictable supply disruptions. Increasing sensitivity to environmental concerns will also pose serious challenges to the industry over the coming decade. Refiners are likely to be required to make heavy capital investments and make major production adjustments in order to comply with increasingly stringent

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environmental legislation, such as the 1990 amendments to the Clean Air Act. If the cost of these changes is substantial enough to cut deeply into profits, smaller refiners may be forced out of the industry entirely. Moreover, lower consumer demand due to increases in energy efficiency and conservation, gasoline reformulations that call for less crude oil, warmer winters or a general slowdown in economic growth in this country and abroad could negatively affect the price of oil and the profitability of oil companies.

No assurance can be given that the demand for or prices of oil will increase or that any increases will not be marked by great volatility. Some oil companies may incur large cleanup and litigation costs relating to oil spills and other environmental damage. Oil production and refining operations are subject to extensive federal, state and local environmental laws and regulations governing air emissions and the disposal of hazardous materials. Increasingly stringent environmental laws and regulations are expected to require companies with oil production and refining operations to devote significant financial and managerial resources to pollution control. General problems of the oil and petroleum products industry include the ability of a few influential producers to significantly affect production, the concomitant volatility of crude oil prices, increasing public and government concern over air emissions, waste product disposal, fuel quality and the environmental effects of fossil-fuel use in general. In addition, any future scientific advances concerning new sources of energy and fuels or legislative changes relating to the energy industry or the environment could have a negative impact on the petroleum products industry. While legislation has been enacted to deregulate certain aspects of the oil industry, no assurances can be given that new or additional regulations will not

be adopted. Each of the problems referred to could adversely affect the financial stability of the issuers of any petroleum industry stocks in this Fund.

Financial Sector. An investment in the financial services sector should be made with an understanding of the problems and risks inherent in the bank and financial services sector in general.

Banks, thrifts and their holding companies are subject to the adverse effects of economic recession, volatile interest rates, portfolio concentrations in geographic markets and in commercial and residential real estate loans, and competition from new entrants in their fields of business. Banks and thrifts are highly dependent on net interest margin. Recently, bank profits have come under pressure as net interest margins have contracted, but volume gains have been strong in both commercial and consumer products. There is no certainty that such conditions will continue. Bank and thrift institutions have received significant consumer mortgage fee income as a result of activity in mortgage and refinance markets. As initial home purchasing and refinancing activity subsides, this income will diminish. Economic conditions in the real estate markets, which have been weak in the past, can have a substantial effect upon banks and thrifts because they generally have a portion of their assets invested in loans secured by real estate. Banks, thrifts and their holding companies are subject to extensive federal regulation and, when such institutions are state-chartered, to state regulation as well. Such regulations impose strict capital requirements and limitations on the nature and extent of business activities that banks and thrifts may pursue. Furthermore, bank regulators have a wide range of discretion in connection with their supervisory and enforcement authority and may

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substantially restrict the permissible activities of a particular institution if deemed to pose significant risks to the soundness of such institution or the safety of the federal deposit insurance fund. Regulatory actions, such as increases in the minimum capital requirements applicable to banks and thrifts and increases in deposit insurance premiums required to be paid by banks and thrifts to the Federal Deposit Insurance Corporation ("FDIC"), can negatively impact earnings and the ability of a company to pay dividends. Neither federal insurance of deposits nor government regulations, however, insures the solvency or profitability of banks or their holding companies, or insures against any risk of investment in the securities issued by such institutions.

The statutory requirements applicable to and regulatory supervision of banks, thrifts and their holding companies have increased significantly and have undergone substantial change in recent years. To a great extent, these changes are embodied in the Financial Institutions Reform, Recovery and Enforcement Act, enacted in August 1989, the Federal Deposit Insurance Corporation Improvement Act of 1991, the Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 and the regulations promulgated under these laws. Many of the regulations promulgated pursuant to these laws have only recently been finalized and their impact on the business, financial condition and prospects of the equity securities in the First Trust Financial Portfolio cannot be predicted with certainty. The Gramm-Leach-Bliley Act repealed most of the barriers set up by the 1933 Glass-Steagall Act which separated the banking, insurance and securities industries. Now banks, insurance companies and securities firms can merge to form one-stop financial conglomerates marketing a wide range of financial service products to investors. This legislation will likely result in increased merger activity and heightened competition among existing and new participants in the field. Efforts to expand the ability of federal thrifts to branch on an interstate basis have been initially successful through promulgation of regulations, and legislation to liberalize interstate banking has recently been signed into law. Under the legislation, banks will be able to purchase or establish subsidiary banks in any state, one year after the legislation's enactment. Since mid-1997, banks have been allowed to turn existing banks into branches. Consolidation is likely to continue. The Securities and Exchange Commission and the Financial Accounting Standards Board require the expanded use of market value accounting by banks and have imposed rules requiring market accounting for investment securities held in trading accounts or available for sale. Adoption of additional such rules may result in increased volatility in the reported health of the industry, and mandated regulatory intervention to correct such problems. Additional legislative and regulatory changes may be forthcoming. For example, the bank regulatory authorities have proposed substantial changes to the Community Reinvestment Act and fair lending laws, rules and regulations, and there can be no certainty as to the effect, if any, that such changes would have on the Securities in the Trust's portfolio. In addition, from time to time the deposit insurance system is reviewed by Congress and federal regulators, and proposed reforms of that system could, among other things, further restrict the ways in which deposited moneys can be used by banks or reduce the dollar amount or number of deposits insured for any depositor. Such reforms could reduce profitability as investment opportunities available to bank institutions become more limited and as consumers look for savings vehicles other than bank deposits. Banks and thrifts face significant competition from other financial institutions such as mutual funds, credit unions, mortgage banking companies and insurance companies, and

increased competition may result from legislative broadening of regional and national interstate banking powers as has been recently enacted. Among other benefits, the legislation allows banks and bank holding companies to acquire across previously prohibited state lines and to consolidate their various bank subsidiaries into one unit.

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The Federal Bank Holding Company Act of 1956 generally prohibits a bank holding company from (1) acquiring, directly or indirectly, more than 5% of the outstanding shares of any class of voting securities of a bank or bank holding company, (2) acquiring control of a bank or another bank holding company, (3) acquiring all or substantially all the assets of a bank, or (4) merging or consolidating with another bank holding company, without first obtaining Federal Reserve Board ("FRB") approval. In considering an application with respect to any such transaction, the FRB is required to consider a variety of factors, including the potential anti-competitive effects of the transaction, the financial condition and future prospects of the combining and resulting institutions, the managerial resources of the resulting institution, the convenience and needs of the communities the combined organization would serve, the record of performance of each combining organization under the Community Reinvestment Act and the Equal Credit Opportunity Act, and the prospective availability to the FRB of information appropriate to determine ongoing regulatory compliance with applicable banking laws. In addition, the Federal Change In Bank Control Act and various state laws impose limitations on the ability of one or more individuals or other entities to acquire control of banks or bank holding companies.

The FRB has issued a policy statement on the payment of cash dividends by bank holding companies. In the policy statement, the FRB expressed its view that a bank holding company experiencing earnings weaknesses should not pay cash dividends which exceed its net income or which could only be funded in ways that would weaken its financial health, such as by borrowing. The FRB also may impose limitations on the payment of dividends as a condition to its approval of certain applications, including applications for approval of mergers and acquisitions.

Insurance Sector. Companies involved in the insurance industry are engaged in underwriting, reinsuring, selling, distributing or placing of property and casualty, life or health insurance. Other growth areas within the insurance industry include brokerage, reciprocals, claims processors and multiline insurance companies. Insurance company profits are affected by interest rate levels, general economic conditions, and price and marketing competition. Property and casualty insurance profits may also be affected by weather catastrophes and other disasters. Life and health insurance profits may be affected by mortality and morbidity rates. Individual companies may be exposed to material risks including reserve inadequacy and the inability to collect from reinsurance carriers. Insurance companies are subject to extensive government regulation, including the imposition of maximum rate levels, which may not be adequate for some lines of business. Proposed or potential tax law changes may also adversely affect insurance companies' policy sales, tax obligations, and profitability. In addition to the foregoing, profit margins of these companies continue to shrink due to the commoditization of traditional businesses, new competitors, capital expenditures on new technology and the pressures to compete globally.

In addition to the normal risks of business, companies involved in the insurance industry are subject to significant risk factors, including those applicable to regulated insurance companies, such as: (i) the inherent uncertainty in the process of establishing property-liability loss reserves, particularly reserves for the cost of environmental, asbestos and mass tort claims, and the fact that ultimate losses could materially exceed established loss reserves which could have a material adverse effect on results of operations and financial condition; (ii) the fact that insurance companies have experienced, and can be expected in the future to experience, catastrophe losses, resulting from many things, including acts of terrorism, which could

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have a material adverse impact on their financial condition, results of operations and cash flow; (iii) the inherent uncertainty in the process of establishing property-liability loss reserves due to changes in loss payment patterns caused by new claims settlement practices; (iv) the need for insurance companies and their subsidiaries to maintain appropriate levels of statutory capital and surplus, particularly in light of continuing scrutiny by rating organizations and state insurance regulatory authorities, and in order to maintain acceptable financial strength or claims-paying ability rating; (v) the extensive regulation and supervision to which insurance companies' subsidiaries are subject, various regulatory initiatives that may affect insurance companies, and regulatory and other legal actions; (vi) the adverse impact that increases in interest rates could have on the value of an insurance company's investment

portfolio and on the attractiveness of certain of its products; (vii) the need to adjust the effective duration of the assets and liabilities of life insurance operations in order to meet the anticipated cash flow requirements of its policyholder obligations, and (viii) the uncertainty involved in estimating the availability of reinsurance and the collectibility of reinsurance recoverables.

The state insurance regulatory framework has, during recent years, come under increased federal scrutiny, and certain state legislatures have considered or enacted laws that alter and, in many cases, increase state authority to regulate insurance companies and insurance holding company systems. Further, the National Association of Insurance Commissioners ("NAIC") and state insurance regulators are re-examining existing laws and regulations, specifically focusing on insurance companies, interpretations of existing laws and the development of new laws. In addition, Congress and certain federal agencies have investigated the condition of the insurance industry in the United States to determine whether to promulgate additional federal regulation.

All insurance companies are subject to state laws and regulations that require diversification of their investment portfolios and limit the amount of investments in certain investment categories. Failure to comply with these laws and regulations could cause non-conforming investments to be treated as non-admitted assets for purposes of measuring statutory surplus and, in some instances, would require divestiture.

Environmental pollution clean-up is the subject of both federal and state regulation. By some estimates, there are thousands of potential waste sites subject to clean-up. The insurance industry is involved in extensive litigation regarding coverage issues. The Comprehensive Environmental Response Compensation and Liability Act of 1980 ("Superfund") and comparable state statutes ("mini-Superfund") govern the clean-up and restoration by "Potentially Responsible Parties" ("PRP's"). Superfund and the mini-Superfunds ("Environmental Clean-up Laws" or "ECLs") establish a mechanism to pay for clean-up of waste sites if PRP's fail to do so, and to assign liability to PRP's. The extent of liability to be allocated to a PRP is dependent on a variety of factors. The extent of clean-up necessary and the assignment of liability has not been fully established. The insurance industry is disputing many such claims. Key coverage issues include whether Superfund response costs are considered damages under the policies, when and how coverage is triggered,

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applicability of pollution exclusions, the potential for joint and several liability and definition of an occurrence. Similar coverage issues exist for clean-up and waste sites not covered under Superfund. To date, courts have been inconsistent in their rulings on these issues. An insurer's exposure to liability with regard to its insureds which have been, or may be, named as PRP's is uncertain. Superfund reform proposals have been introduced in Congress, but none have been enacted. There can be no assurance that any Superfund reform legislation will be enacted or that any such legislation will provide for a fair, effective and cost-efficient system for settlement of Superfund related claims.

While current federal income tax law permits the tax-deferred accumulation of earnings on the premiums paid by an annuity owner and holders of certain savings-oriented life insurance products, no assurance can be given that future tax law will continue to allow such tax deferrals. If such deferrals were not allowed, consumer demand for the affected products would be substantially reduced. In addition, proposals to lower the federal income tax rates through a form of flat tax or otherwise could have, if enacted, a negative impact on the demand for such products.

Investment Banking. Companies engaged in investment banking/brokerage and investment management include brokerage firms, broker/dealers, investment banks, finance companies and mutual fund companies. Earnings and share prices of companies in this industry are quite volatile, and often exceed the volatility levels of the market as a whole. Major determinants of future earnings of these companies are the direction of the stock market, investor confidence, equity transaction volume, the level and direction of long-term and short-term interest rates, and the outlook for emerging markets. Negative trends in any of these earnings determinants could have a serious adverse effect on the financial stability, as well as on the stock prices, of these companies. Furthermore, there can be no assurance that the issuers of the equity securities included in the First Trust Financial Services Portfolio will be able to respond in a timely manner to compete in the rapidly developing marketplace. In addition to the foregoing, profit margins of these companies continue to shrink due to the commoditization of traditional businesses, new competitors, capital expenditures on new technology and the pressures to compete globally.

Pharmaceutical Sector. An investment in the pharmaceutical sector should be made with an understanding of the characteristics of the pharmaceutical industry and the risks which such investment may entail.

Pharmaceutical companies include companies involved in drug development

and production services, biotech, and advanced medical devices and instruments. Such companies have potential risks unique to their sector of the healthcare field. Such companies are subject to government regulation of their products and services, a factor which could have a significant and possibly unfavorable effect on the price and availability of such products or services. Furthermore, such companies face the risk of increasing competition from generic drug sales, the termination of their patent protection for drug products and the risk that technological advances will render their products or services obsolete. The research and development costs of bringing a drug to market are substantial and include lengthy government review processes, with no guarantee that the product will ever come to market. Many of these companies may have losses and not offer

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certain products for several years. Such companies may also have persistent losses during a new product's transition from development to production, and revenue patterns may be erratic.

As the population of the United States ages, the companies involved in the pharmaceutical field will continue to search for and develop new drugs through advanced technologies and diagnostics. On a worldwide basis, such companies are involved in the development and distribution of drugs and vaccines. These activities may make the pharmaceutical sector very attractive for investors seeking the potential for growth in their investment portfolio. However, there are no assurances that the Fund's objectives will be met.

Legislative proposals concerning healthcare are considered from time to time. These proposals span a wide range of topics, including cost and price controls (which might include a freeze on the prices of prescription drugs), national health insurance, incentives for competition in the provisions of healthcare services, tax incentives and penalties related to healthcare insurance premiums and promotion of prepaid healthcare plans. First Trust is unable to predict the effect of any of these proposals, if enacted, on the issuers of equity securities in the First Trust Pharmaceutical Portfolio.

Technology and Internet Sectors. An investment in the Strategy Funds, which may be concentrated in the technology industry, and the First Trust Technology Portfolio, which will be concentrated in the technology industry, should be made with an understanding of the characteristics of the technology industry and the risks which such an investment may entail.

Technology companies generally include companies involved in the development, design, manufacture and sale of computers and peripherals, software and services, data networking/communications equipment, internet access/information providers, semiconductors and semiconductor equipment, electronic products and other related products, systems and services. The market for these products, especially those specifically related to the Internet, is characterized by rapidly changing technology, rapid product obsolescence, cyclical market patterns, evolving industry standards and frequent new product introductions. The success of the issuers of the equity securities included in this sector depends in substantial part on the timely and successful introduction of new products. An unexpected change in one or more of the technologies affecting an issuer's products or in the market for products based on a particular technology could have a material adverse affect on an issuer's operating results. Furthermore, there can be no assurance that the issuers of the equity securities included in this sector will be able to respond in a timely manner to compete in the rapidly developing marketplace.

Based on trading history of common stock, factors such as announcements of new products or development of new technologies and general conditions of the industry have caused and are likely to cause the market price of high technology common stocks to fluctuate substantially. In addition, technology company stocks have experienced extreme price and volume fluctuations that often have been unrelated to the operating performance of such companies. This market volatility may adversely affect the market price of the equity securities held in the Funds.

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Some key components of certain products of technology issuers are currently available only from single sources. There can be no assurance that, in the future, suppliers will be able to meet the demand for components in a timely and cost effective manner. Accordingly, an issuer's operating results and customer relationships could be adversely affected by either an increase in price for, or an interruption or reduction in supply of, any key components. Additionally, many technology issuers are characterized by a highly concentrated customer base consisting of a limited number of large customers who may require product vendors to comply with rigorous industry standards. Any failure to comply with such standards may result in a significant loss or reduction of sales. Because many products and technologies of technology companies are incorporated into other related products, such companies are often highly

dependent on the performance of the personal computer, electronics and telecommunications industries. There can be no assurance that these customers will place additional orders, or that an issuer of equity securities held by the Funds will obtain orders of similar magnitude such as past orders from other customers. Similarly, the success of certain technology companies is tied to a relatively small concentration of products or technologies. Accordingly, a decline in demand of such products, technologies or from such customers could have a material adverse impact on issuers of securities held in the Funds.

Many technology companies rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect their proprietary rights in their products and technologies. There can be no assurance that the steps taken by the issuers of the equity securities held by the Funds to protect their proprietary rights will be adequate to prevent misappropriation of their technology or that competitors will not independently develop technologies that are substantially equivalent or superior to such issuers' technology. In addition, due to the increasing public use of the Internet, it is possible that other laws and regulations may be adopted to address issues such as privacy, pricing, characteristics, and quality of Internet products and services. For example, recent proposals would prohibit the distribution of obscene, lascivious or indecent communications on the Internet. The adoption of any such laws could have a material adverse impact on the securities in the Funds.

#### FOREIGN ISSUER RISKS

Since certain of the portfolio securities included in the Funds may consist of common stocks of foreign issuers, an investment in such Funds involves certain investment risks that are different in some respects from an investment in a fund which invests entirely in common stocks of domestic issuers. These investment risks include the possible imposition of future political or government restrictions which might adversely affect the payment or receipt of dividends on the relevant portfolio securities, the possibility that the financial condition of the issuers of the portfolio securities may become impaired or that the general condition of the relevant stock market may deteriorate, the limited liquidity and relatively small market capitalization of the relevant securities market, the imposition of expropriation or confiscatory taxation, economic uncertainties, the lack of the quantity and quality of publicly available information concerning the foreign issuers as such issuers are generally not subject to the same reporting and accounting requirements as domestic issuers, and the effect of foreign currency devaluations and

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fluctuations in the value of the common stocks and dividends of foreign issuers in terms of U.S. dollars. In addition, fixed brokerage commissions and other transaction costs on foreign securities exchanges are generally higher than in the United States and there is generally less government supervision and regulation of exchanges, brokers and issuers in foreign countries than there is in the United States.

On the basis of the best information available to First Trust at the present time, none of the portfolio securities in such Funds are currently subject to exchange control restrictions under existing law which would materially interfere with payment to such Funds of dividends due on, or proceeds from the sale of, the foreign portfolio securities. The adoption of such restrictions or other legal restrictions could adversely impact the marketability of the foreign portfolio securities and may impair the ability of a Fund to satisfy its obligation to redeem shares or could cause delays or increase the costs associated with the purchase and sale of the foreign portfolio securities and correspondingly affect the price of its shares.

The purchase and sale of the foreign portfolio securities may be made in foreign securities markets. Although First Trust does not believe that the Funds will encounter obstacles in acquiring or disposing of the foreign portfolio securities, investors should be aware that in certain situations it may not be possible to purchase or sell a foreign portfolio security in a timely manner for any number of reasons, including lack of liquidity in the relevant market, the unavailability of a seller or purchaser of the foreign portfolio securities, and restrictions on such purchases or sales by reason of federal securities laws or otherwise. An investment in such Funds will also be subject to the risks of currency fluctuations associated with investments in foreign equity securities trading in non-U.S. currencies.

Certain of the equity securities in the Funds may be in ADR or GDR form. ADSs and GDSs (collectively, the "Depositary Receipts") may not necessarily be denominated in the same currency as the securities into which they may be converted. For purposes of the discussion herein, the terms ADR and GDR generally include ADSs and GDSs, respectively.

Depositary Receipts may be sponsored or unsponsored. In an unsponsored facility, the depositary initiates and arranges the facility at the request of market makers and acts as agent for the Depositary Receipts holder, while the company itself is not involved in the transaction. In a sponsored facility, the

issuing company initiates the facility and agrees to pay certain administrative and shareholder-related expenses. Sponsored facilities use a single depository and entail a contractual relationship between the issuer, the shareholder and the depository; unsponsored facilities involve several depositories with no contractual relationship to the company. The depository bank that issues Depositary Receipts generally charges a fee, based on the price of the Depositary Receipts, upon issuance and cancellation of the Depositary Receipts. This fee would be in addition to the brokerage commissions paid upon the acquisition or surrender of the security. In addition, the depository bank incurs expenses in connection with the conversion of dividends or other cash distributions paid in local currency into U.S. dollars and such expenses are deducted from the amount of the dividend or distribution paid to holders, resulting in a lower payout per underlying share represented by the Depositary Receipts than would be the case if the underlying share were held directly. Certain tax considerations, including tax rate differentials and withholding

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requirements, arising from the application of the tax laws of one nation to nationals of another and from certain practices in the Depositary Receipts market may also exist with respect to certain Depositary Receipts. In varying degrees, any or all of these factors may affect the value of the Depositary Receipts compared with the value of the underlying shares in the local market. In addition, the rights of holders of Depositary Receipts may be different than those of holders of the underlying shares, and the market for Depositary Receipts may be less liquid than that for the underlying shares. Depositary Receipts are registered securities pursuant to the 1933 Act and may be subject to the reporting requirements of the Securities Exchange Act of 1934.

For the equity securities that are Depositary Receipts, currency fluctuations will affect the U.S. dollar equivalent of the local currency price of the underlying domestic shares and, as a result, are likely to affect the value of the Depositary Receipts and consequently the value of the equity securities. The foreign issuers of securities that are Depositary Receipts may pay dividends in foreign currencies which must be converted into U.S. dollars. Most foreign currencies have fluctuated widely in value against the United States dollar for many reasons, including supply and demand of the respective currency, the soundness of the world economy and the strength of the respective economy as compared to the economies of the United States and other countries. Therefore, for any securities of issuers (whether or not they are in Depositary Receipt form) whose earnings are stated in foreign currencies, or which pay dividends in foreign currencies or which are traded in foreign currencies, there is a risk that their United States dollar value will vary with fluctuations in the United States dollar foreign exchange rates for the relevant currencies.

#### STRATEGY FUND RISKS

Certain equity securities selected for the Funds may have attributes that have caused them to have lower prices or higher yields relative to other stocks in their respective index or Exchange. The equity securities may, for example, be experiencing financial difficulty, or be out of favor in the market because of weak performance, poor earnings forecasts or negative publicity; or they may be reacting to general market cycles. There can be no assurance that the market factors that caused the relatively low prices and high dividend yields of the equity securities will change, that any negative conditions adversely affecting the stock prices will not deteriorate, that the dividend rates on the equity securities will be maintained or that share prices will not decline further during the life of the Funds, or that the equity securities will continue to be included in the respective indices or Exchanges. Investing in stocks with the highest dividend yields amounts to a contrarian strategy because these shares are often out of favor. Such strategy may be effective in achieving the respective Strategy Fund's investment objective because regular dividends are common for established companies and dividends have often accounted for a substantial portion of the total return on stocks of the index as a group. However, there is no guarantee that either a Fund's objective will be achieved or that a Fund will provide for capital appreciation in excess of such Fund's expenses. Because of the contrarian nature of such Funds and the attributes of the common stocks, which caused inclusion in the portfolio, such Funds may not be appropriate for investors seeking either preservation of capital or high current income. In addition, each of the strategies have underperformed their respective index or indices in certain years.

Equity securities in a Strategy Fund from time to time may be sold under certain circumstances described in the prospectus or herein. Each Strategy Fund,

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however, is not actively managed and equity securities in a Fund will not be sold to take advantage of market fluctuations or changes in anticipated rates of appreciation or depreciation or if the equity securities no longer meet the criteria by which they were selected for a Fund. However, equity securities will

be sold on or about each annual Stock Selection Date in accordance with a Fund's stock selection strategy.

License Termination Risk. Certain of the Funds rely on licenses from third parties that permit the use of the intellectual property of such parties in connection with the name and investment strategies of the Funds. Such licenses may be terminated by the licensors, and as a result the Fund may lose its ability to use the licensed name or the licensed investment strategy. Accordingly, in the event a license is terminated it may have a significant effect on the operation of the affected Fund.

#### LICENSING ARRANGEMENTS

##### LICENSING ARRANGEMENTS WITH LEHMAN BROTHERS, INC.

As noted in the prospectus, the objective of the 10 Uncommon Values Portfolio is to provide the potential for above-average capital appreciation by investing the Fund's portfolio in the ten common stocks selected by the Investment Policy Committee of Lehman Brothers Inc. with the assistance of the Research Department of Lehman Brothers Inc. which, in the opinion of Lehman Brothers Inc., have the greatest potential for capital appreciation during the next year. The selection is based upon a determination by Lehman Brothers Inc. that the selected stocks are deemed to have an above-average appreciation potential against the S&P 500 Index over the 12 months following the selection of the portfolio. The stocks included in this Fund are adjusted annually in accordance with the new selections of Lehman Brothers for subsequent years. Lehman Brothers Inc. is one of the leading global investment banks serving institutional, corporate, government and high net worth individual clients and customers. Lehman Brothers' business includes capital raising for clients through securities underwriting and direct placements; corporate finance and strategic advisory services; merchant banking; securities sales and trading; research; and the trading of foreign exchange, derivative products and certain commodities. The Fund is not sponsored, advised, or created by Lehman Brothers Inc. Lehman Brothers Inc.'s only relationship to First Trust is the licensing of certain trademarks and tradenames of Lehman Brothers Inc. and of the "10 Uncommon Values" and the sale to First Trust of research which is determined, composed and calculated by Lehman Brothers Inc. without regard to First Trust or the Fund. In addition, Lehman Brothers Inc. may also receive fees for brokerage services provided to this Fund as well as unit investment trusts sponsored by First Trust Portfolios L.P. ("FTP"). Lehman Brothers Inc., in its general securities business acts, as agent or principal in connection with the purchase and sale of equity securities, including the equity securities held in the Fund and may act as a market maker in certain of the equity securities.

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##### LICENSING ARRANGEMENTS WITH VALUE LINE PUBLISHING, INC.

Value Line Publishing, Inc.'s ("VLPI") only relationship to FTP is VLPI's licensing to FTP of certain VLPI trademarks and trade names and the Value Line(R) Timeliness(TM) Ranking System (the "System"), which is composed by VLPI without regard to FTP, the Funds or any investor. VLPI has no obligation to take the needs of FTP or any investor in the Funds into consideration in composing the System. A Fund's results may differ from the hypothetical or published results of the Value Line(R) Timeliness(TM) Ranking System. VLPI is not responsible for and has not participated in the determination of the prices and composition of the Fund or the timing of the issuance for sale of the Fund or in the calculation of the equations by which the Fund is to be converted into cash.

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#### DESCRIPTION OF INDICES

Certain Funds invest in stocks included in the DJIA, the Dow Jones Select Dividend Index, the FT Index, the Hang Seng Index, the NASDAQ Index, and the S&P 500 Index. The following is a description of these indices.

The DJIA was first published in The Wall Street Journal in 1896. Initially consisting of just 12 stocks, the DJIA expanded to 20 stocks in 1916 and to its present size of 30 stocks on October 1, 1928. The stocks are chosen by the editors of The Wall Street Journal as representative of the broad market and of American industry. The companies are major factors in their industries and their stocks are widely held by individuals and institutional investors. Changes in the components of the DJIA are made entirely by the editors of The Wall Street Journal without consultation with the companies, the stock exchange or any official agency. For the sake of continuity, changes are made rarely. Most substitutions have been the result of mergers, but from time to time, changes may be made to achieve a better representation. The components of the

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DJIA may be changed at any time for any reason. Any changes in the components of the DJIA made after the Stock Selection Date will not generally cause a change in the identity of the equity securities involved in the applicable Fund, including any equity securities deposited in a Fund, except when the Fund is periodically adjusted.

THE DOW JONES SELECT DIVIDEND INDEX(sm)

The Dow Jones Select Dividend Index(sm) universe is defined as all dividend-paying companies in the Dow Jones U.S. Total Market Index ("Dow Jones U.S. TMI") that have a non-negative historical five-year dividend-per-share growth rate, a five-year average dividend to earnings-per-share ratio of less than or equal to 60%, and a three month average daily trading volume of 200,000 shares. The Dow Jones U.S. TMI is a rules-governed, broad-market benchmark that represents approximately 95% of U.S. market capitalization.

The following criteria are used to select securities for the index:

1. Issues are ranked in descending order of indicated annual yield, defined as a stock's unadjusted indicated annual dividend (not including any special dividends) divided by its unadjusted price.
2. Any current component stock with a three-month average daily trading volume of less than 100,000 shares is deemed ineligible for selection.
3. All remaining current component stocks rated 200 and above are selected to the index.
4. Stocks that are not current components are added to the index until the component count reaches 100.

A company's weight in the index is based on its indicated annual dividend. In the event of a stock split affecting a component company, weighting factors are adjusted to keep the component weights in the index constant.

The index composition is reviewed annually in December. Historical selections for 1992 through 1999 were conducted based on closing prices and indicated dividends as of year end. For 2000 through 2002, selections were conducted on the Monday following the third Friday of December. Beginning with the December 2003 review, selections have been made based on indicated annual dividends as of the last trading day in November. Changes are implemented at the opening of trading on the Monday following the third Friday of December.

Under the following circumstances, a component stock is immediately removed from the index, independent of the annual review.

- o The component company is affected by a corporate action such as a delisting or bankruptcy.
- o The component company eliminates its dividend.

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- o The component company lowers but does not eliminate its dividend, and its new yield is less than that of the lowest yielding noncomponent on the latest monthly selection list.

A component stock that is removed from the index as the result of an extraordinary deletion is immediately replaced by the next-highest ranked stock by indicated annual yield as of the most recent annual review. The new stock is added to the index at a weight commensurate with its own indicated annual dividend.

The component company that is removed from the Dow Jones U.S. TMI (the index universe) during the course of the year because of a reduction in market capitalization remains in the Dow Jones Select Dividend Index(sm) until the next annual review.

"Dow Jones Industrial Average(sm)," "DJIA(sm)," "Dow Industrials(sm)," "Dow 30(sm)," "The Dow(sm)," "Dow Jones Select Dividend Index(sm)" and "The Dow 10(sm)" are service marks of Dow Jones & Company, Inc. ("Dow Jones") and have been licensed for use for certain purposes by First Trust. None of the Funds, including, and in particular, the Target Managed VIP Portfolio, Dow Dividend Portfolio and the DART 10 Portfolio, are endorsed, sold, or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such products.

The Funds are not sponsored, endorsed, sold or promoted by Dow Jones. Dow Jones makes no representation or warranty, express or implied, to a Fund's interest holders or any member of the public regarding the advisability of purchasing a Fund. Dow Jones' only relationship to the Funds, American Skandia, or First Trust is the licensing of certain copyrights, trademarks, servicemarks and service names of Dow Jones. Dow Jones has no obligation to take the needs of American Skandia, First Trust or variable annuity owners into consideration in determining, composing or calculating the DJIA. Dow Jones is not responsible for and has not participated in the determination of the terms and conditions of the Funds, including the pricing of the Funds' Interests or the amount payable under variable annuity contracts. Dow Jones has no obligation or liability in connection with the administration or marketing of the Funds or any variable annuity contracts.

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#### THE FINANCIAL TIMES INDUSTRIAL ORDINARY SHARE INDEX

The FT Index began as the Financial News Industrial Ordinary Share Index in London in 1935 and became the Financial Times Industrial Ordinary Share Index in 1947. The Financial Times Ordinary Index is calculated by FTSE International Ltd. ("FTSE"). All copyright in the index constituent list vests in FTSE. The FT Index is comprised of 30 common stocks chosen by the editors of The Financial Times as representative of the British industry and commerce. This index is an unweighted average of the share prices of selected companies, which are highly capitalized, major factors in their industries and their stocks are widely held by individuals and institutional investors. Changes in the components of the FT Index are made entirely by the editors of The Financial Times without consultation with the companies, stock exchange or any official agency. Most substitutions have been the result of mergers or because of poor share performance, but from time to time, changes may be made to achieve a better representation. The components of the FT Index may be changed at any time for any reason.

#### THE HANG SENG INDEX

The Hang Seng Index was first published in 1969 and presently consists of 33 of the stocks currently listed on the Stock Exchange of Hong Kong Ltd. (the "Hong Kong Stock Exchange"), and it includes companies intended to represent four major market sectors: commerce and industry, finance, properties and utilities. The Hang Seng Index is a recognized indicator of stock market performance in Hong Kong. It is computed on an arithmetic basis, weighted by market capitalization, and is therefore strongly influenced by stocks with large market capitalizations.

Except as described herein or in the prospectuses, neither the publishers of the S&P 500 Index, DJIA, FT Index nor the Hang Seng Index have granted the Funds, American Skandia, or First Trust a license to use their respective index. The Funds are not designed so that prices will parallel or correlate with the movements in any particular index or a combination thereof and it is expected that their prices will not parallel or correlate with such movements. The publishers of the S&P 500 Index, DJIA, FT Index and the Hang Seng Index have not participated in any way in the creation of the Funds or in the

selection of stocks in the Funds and have not approved any information related thereto.

#### THE NASDAQ 100 INDEX(R)

The NASDAQ 100 Index(R) represents the largest and most active non-financial domestic and international issues listed on the NASDAQ Stock Market(R). The index is calculated based on a modified capitalization weighted methodology. The NASDAQ Stock Market(R) lists approximately 5,000 companies and trades more shares per day than any other major U.S. market.

The NASDAQ(R) Target Portfolio and the Target Managed VIP Portfolio are not sponsored, endorsed, sold or promoted by The NASDAQ Stock Market, Inc. (including its affiliates) (NASDAQ, with its affiliates, are referred to as the "Corporations"). The Corporations have not passed on the legality or suitability

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of, or the accuracy or adequacy of descriptions and disclosures relating to, the NASDAQ(R) Target Portfolio or the Target Managed VIP Portfolio. The Corporations make no representation or warranty, express or implied to the owners of the NASDAQ(R) Target Portfolio or the Target Managed VIP Portfolio or any member of the public regarding the advisability of investing in securities generally or in the Funds particularly, or the ability of the NASDAQ(R) 100 Index to track general stock market performance. The Corporations' only relationship to First Trust (the "Licensee") is in the licensing of the NASDAQ-100(R), NASDAQ-100 Index(R) and NASDAQ(R) trademarks or service marks, and certain trade names of the corporations and the use of the NASDAQ 100 Index(R) which is determined, composed and calculated by NASDAQ without regard to Licensee or the Funds. NASDAQ has no obligation to take the needs of the Licensee or the owners of the NASDAQ(R) Target Portfolio or the Target Managed VIP Portfolio into consideration in determining, composing or calculating the NASDAQ 100 Index(R). The Corporations are not responsible for and have not participated in the determination of the timing of, prices at, or quantities of a Fund to be issued or in the determination or calculation of the equation by which the Fund is to be converted into cash. The Corporations have no liability in connection with the administration, marketing or trading of a Fund.

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#### THE STANDARD & POOR'S 500 INDEX

Widely regarded as the standard for measuring large-cap U.S. stock market performance, the S&P 500 Index includes a representative sample of leading U.S. companies in leading industries. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market-value weighted index with each stocks' weight in the index proportionate to its market value.

The S&P(R) Target Portfolio and the Target Managed VIP Portfolio are not sponsored, endorsed, sold or promoted by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"). S&P makes no representation or warranty, express or implied, to the owners of the S&P(R) Target Portfolio or the Target Managed VIP Portfolio or any member of the public regarding the advisability of investing in securities generally or in the S&P(R) Target Portfolio or the Target Managed VIP Portfolio particularly or the ability of the S&P 500 Index to track general stock market performance. S&P's only relationship to First Trust is the licensing of certain trademarks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to

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First Trust, the S&P(R) Target Portfolio or the Target Managed VIP Portfolio. S&P has no obligation to take the needs of First Trust or the owners of the S&P(R) Target Portfolio or the Target Managed VIP Portfolio into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination for the prices and amount of the S&P(R) Target Portfolio or the Target Managed VIP Portfolio or the timing of the issuance or sale of the Fund or in the determination or

calculation of the equation by which the Fund is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Fund.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN AND S&P SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSION OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE PRODUCT OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P 500 INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

FUND MANAGEMENT

The general supervision of the duties performed for each Fund under the investment management agreement is the responsibility of the Board of Trustees. There are four Trustees of the Company, one of whom is an "interested person" (as the term is defined in the 1940 Act) and three of whom are independent Trustees. The Trustees set broad policies for each Fund, choose the Company's officers and hire the Company's investment adviser. The officers of the Company manage its day to day operations and are responsible to the Company's Board of Trustees. The following is a list of the Trustees and officers of the Company and a statement of their present positions and principal occupations during the past five years, the number of portfolios each Trustee oversees and the other directorships they hold, if applicable.

<TABLE>  
<CAPTION>

| NAME, ADDRESS AND DATE OF BIRTH<br><S>  | POSITION AND OFFICES WITH COMPANY<br><C>                                    | TERM OF OFFICE AND LENGTH OF TIME SERVED<br><C> | PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS<br><C>  | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE<br><C> | OTHER DIRECTORSHIP OF TRUSTEE<br><C>                  |
|---|---|---|---|---|---|
| Interested Trustee  |   |   |   |   |   |
| James A. Bowen(1)<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 09/27/55 | President,<br>Chairman of the Board,<br>Chief Executive Officer and Trustee | Indefinite term<br>5 years served               | President,<br>First Trust Portfolios and First Trust Advisors; , Chairman of the Board, BondWave LLC and Stonebridge Advisors LLC | 21 Portfolios   | Director of Bondwave LLC and Stonebridge Advisors LLC |

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Independent Trustees

|   |         |                                   |  |               |                  |
|---|---------|-----------------------------------|--|---------------|------------------|
| Richard E. Erickson<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 04/9/51  | Trustee | Indefinite term<br>5 years served | Physician, Sportsmed/<br>Wheaton Orthopedics   | 21 Portfolios | None             |
| Thomas R. Kadlec(2)<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 11/30/57 | Trustee | Indefinite term<br>Since 2004     | Vice-President, Chief Financial Officer (1990 to Present), ADM Investor Services, Inc. (Futures Commission Merchant); Registered Representative (2000 to Present), Segerdahl & Company, Inc., an NASD member (Broker-Dealer) | 21 Portfolios | None             |
| Niel B. Nielson   | Trustee | Indefinite                        | President, Covenant  | 21 Portfolios | Director of Good |

|   |                           |  |   |
|---|---------------------------|--|---|
| 1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 3/20/54 | term<br>5 years<br>served | College (2002-Present);<br>College Church in<br>Wheaton; Pastor, (1997<br>to 2002) | News Publishers<br>- Crossway<br>Books; Covenant<br>Transport, Inc. |
|---|---------------------------|--|---|

Officers

|  |  |   |  |     |     |
|--|--|---|--|-----|-----|
| Mark R. Bradley<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 11/21/57  | Treasurer,<br>Controller,<br>Chief<br>Financial<br>Officer and<br>Chief<br>Accounting<br>Officer | Indefinite<br>term<br>5 years<br>served | Chief Financial Officer,<br>Managing Director, First<br>Trust Portfolios and First<br>Trust Advisors; Chief<br>Financial Officer,<br>BondWave LLC and<br>Stonebridge Advisors<br>LLC | N/A | N/A |
| Susan M. Brix<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 01/4/60     | Assistant Vice<br>President  | Indefinite<br>term<br>5 years<br>served | Representative, First<br>Trust Portfolios;<br>Assistant Portfolio<br>Manager, First<br>Trust Advisors  | N/A | N/A |
| Robert F. Carey<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 07/25/63  | Vice President   | Indefinite<br>term<br>5 years<br>served | Senior Vice President,<br>First Trust Portfolios and<br>First Trust Advisors   | N/A | N/A |
| W. Scott Jardine<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 05/27/60 | Chief<br>Compliance<br>Officer and<br>Secretary  | Indefinite<br>term<br>5 years<br>served | General Counsel, First<br>Trust Portfolios and First<br>Trust Advisors;<br>Secretary, BondWave<br>LLC and Stonebridge<br>Advisors LLC  | N/A | N/A |

</TABLE>

<TABLE>  
<CAPTION>

| NAME, ADDRESS AND<br>DATE OF BIRTH<br><S> | POSITION AND<br>OFFICES WITH<br>COMPANY<br><C> | TERM OF<br>OFFICE<br>AND<br>LENGTH<br>OF TIME<br>SERVED<br><C> | PRINCIPAL<br>OCCUPATIONS<br>DURING PAST 5 YEARS<br><C> | NUMBER OF<br>PORTFOLIOS<br>IN FUND<br>COMPLEX<br>OVERSEEN BY<br>TRUSTEE<br><C> | OTHER<br>DIRECTORSHIP<br>OF<br>TRUSTEE<br><C> |
|---|--|--|--|--|---|
| Interested Trustee                        |  |  |  |  |   |

|  |                |   |  |     |     |
|--|----------------|---|--|-----|-----|
| Roger Testin<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 06/13/66 | Vice President | Indefinite<br>term<br>3 years<br>served | Vice President (August<br>2001-Present) First<br>Trust Advisors; Analyst<br>(1998-2001), Dolan<br>Capital Management | N/A | N/A |
|--|----------------|---|--|-----|-----|

|  |                        |                            |   |     |     |
|--|------------------------|----------------------------|---|-----|-----|
| Kristi A. Maher<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532<br>D.O.B: 12/66 | Assistant<br>Secretary | Indefinite<br>term<br>2004 | Assistant General<br>Counsel (March 2004 to<br>Present), First Trust<br>Portfolios; Associate<br>(1995 to March 2004),<br>Chapman and Cutler<br>LLP | N/A | N/A |
|--|------------------------|----------------------------|---|-----|-----|

- <FN>
- (1) Mr. Bowen is deemed an "interested person" (as such term is defined in the 1940 Act) of the Company due to his position as President of FTP and First Trust Advisors, principal underwriter and investment adviser, respectively, of the Funds.
  - (2) On March 8, 2004, the Nominating and Governance Committee recommended the appointment of Mr. Kadlec to the Board of Trustees. On the same date, the Board accepted the Committee's recommendation and appointed

Mr. Kadlec to serve as a Trustee of the Company.

</FN>

</TABLE>

In addition to the Company, the First Trust Fund Complex includes First Trust Value Line(R) 100 Fund, First Trust Value Line(R) Dividend Fund, First Trust/Four Corners Senior Floating Rate Income Fund, First Trust/Four Corners Senior Floating Rate Income Fund II, Macquarie/First Trust Global Infrastructure/Utilities Dividend & Income Fund, First Trust/Value Line(R) & Ibbotson Equity Allocation Fund, Energy Income and Growth Fund, First Trust/Fiduciary Asset Management Covered Call Fund, and the First Trust/Aberdeen Global Opportunity Income Fund, closed-end funds advised by First Trust.

TRUSTEE COMPENSATION AND BENEFICIAL OWNERSHIP

The following table sets forth compensation paid by the Company and the First Trust Fund Complex to each of the Trustees who are not designated "interested persons" for the fiscal year ended December 31, 2004. The Company has no retirement or pension plans. The officers and Trustees who are "interested persons" as designated above serve without any compensation from the Company.

| NAME OF TRUSTEE          | TOTAL COMPENSATION | TOTAL COMPENSATION   |
|--------------------------|--------------------|----------------------|
|                          | FROM COMPANY       | FROM FUND COMPLEX(1) |
| Richard E. Erickson..... | \$16,837           | \$94,750             |
| Thomas R. Kadlec.....    | \$10,712           | \$88,625             |
| Niel B. Nielson.....     | \$16,837           | \$94,750             |

1 Based on compensation paid to the independent Trustees for the fiscal year ended December 31, 2004 for services to eleven portfolios of the Company and nine closed-end funds advised by First Trust.

The following table sets forth the dollar range of equity securities beneficially owned by the Trustees in the Funds and in other funds in the First Trust Fund Complex as of December 31, 2004:

<TABLE>

<CAPTION>

| NAME OF TRUSTEE<br><S> | DOLLAR RANGE OF EQUITY<br>SECURITIES IN THE FUNDS<br><C> | AGGREGATE DOLLAR RANGE OF EQUITY<br>SECURITIES IN ALL REGISTERED<br>INVESTMENT COMPANIES OVERSEEN BY<br>TRUSTEE IN FUND COMPLEX<br><C> |
|------------------------|--|--|
|                        | Interested:  |  |
| Mr. Bowen              | None   | Over \$100,000   |
| Independent:           |  |  |
| Mr. Erickson           | None   | \$10,001-\$50,000  |
| Mr. Kadlec             | None   | \$50,001-\$100,000   |
| Mr. Nielson            | None   | \$10,001-\$50,000  |

</TABLE>

As of December 31, 2004, the Trustees of the Company who are not "interested persons" of the Fund (the "Independent Trustees") do not own beneficially or of record any class of securities of the investment adviser or principal underwriter of the Funds or any person directly or indirectly controlling, controlled by, or under common control with the investment adviser or principal underwriter of the Funds.

STANDING COMMITTEES

The Board of Trustees of the Company has four standing committees: the Executive Committee, the Audit Committee, the Valuation Committee and the Nominating and Governance 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 the Fund's Declaration of Trust and By-laws. Messrs. Kadlec and Bowen are members of the Executive Committee. The Executive Committee did not meet during the fiscal year ended December 31, 2004.

The Audit Committee is responsible for overseeing the Funds' accounting and financial reporting process, the system of internal controls, audit process and evaluating and appointing the Funds' independent auditors (subject also to Board approval). Messrs. Erickson, Kadlec and Nielson serve on the Audit Committee. During the fiscal year ended December 31, 2004, the Audit Committee held four meetings.

The Valuation Committee is responsible for the oversight of the pricing procedures of the Funds. Messrs. Erickson and Nielson serve on the Valuation Committee. The Valuation Committee did not meet during the fiscal year ended December 31, 2004.

The Nominating and Governance Committee (formerly the Nominating Committee) is responsible for overseeing matters related to the nomination of non-interested persons to the Company's Board of Trustees, and as necessary, the

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corporate governance of the Company. If there is no vacancy on the Board of Trustees, the Board will not actively seek recommendations from other parties, including shareholders. When a vacancy on the Board occurs and nominations are sought to fill such vacancy, the Nominating and Governance Committee may seek nominations from those sources it deems appropriate in its discretion, including shareholders of the Fund. To submit a recommendation for nomination as a candidate for a position on the Board, shareholders of the Fund shall mail such recommendation to W. Scott Jardine at the Fund's address, 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532. Such recommendations shall include the following information: (a) evidence of Fund ownership of the person or entity recommending the candidate (if a Fund shareholder); (b) a full description of the proposed candidate's background, including their education, experience, current employment and date of birth; (c) names and addresses of at least three professional references for the candidate; (d) information as to whether the candidate is an "interested person" in relation to the Fund, as such term is defined in the 1940 Act, as amended, and such other information that may be considered to impair the candidate's independence and (e) any other information that may be helpful to the Committee in evaluating the candidate. 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 Nominating and Governance Committee is accepting recommendations, the recommendation will be forwarded to the Chair of the Nominating and Governance Committee and outside counsel to the independent Trustees. Recommendations received at any other time will be kept on file until such time as the Nominating and Governance Committee is accepting recommendations at which point they may be considered for nomination. Messrs. Erickson, Kadlec and Nielson serve on the Nominating and Governance Committee. The Nominating and Governance Committee met one time during the fiscal year ended December 31, 2004.

#### APPROVAL OF ADVISORY CONTRACTS

The Board of Trustees unanimously re-approved each Fund's (other than the Dow Dividend Portfolio) Investment Advisory and Management Agreement ("Agreement") for the current year at a meeting held on September 15, 2004. The Board of Trustees determined that the Agreement continues to be in the best interests of the Company, each applicable Fund and the interest holders and that the compensation arrangement set forth in the Agreement is fair and reasonable in light of the services, expenses and such other matters as the Trustees considered to be relevant in the exercise of their reasonable business judgment.

To reach this determination, the Trustees considered their duties under the 1940 Act as well as under the general principles of state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; the fiduciary duty of investment advisers with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards of trustees have fulfilled their duties; and the factors to be considered by the Trustees in voting on such agreements. The Board of Trustees also applied their business judgment to determine whether the arrangements between each Fund and First Trust are reasonable business

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arrangements from each Fund's perspective as well as from the perspective of interest holders. In reviewing such arrangements the Board of Trustees considered many factors including the nature, quality and scope of services provided by First Trust under the Agreement and the fairness of the fee charged.

The Board of Trustees also noted the services provided by First Trust and the advisory fee of 0.60% of average daily net assets. It also considered that First Trust has agreed to waive fees and reimburse expenses of the Funds through December 31, 2007 in order to prevent total operating expenses (excluding extraordinary expenses and brokerage fees) from exceeding 1.47% of average daily net assets (1.37% for the 10 Uncommon Values Portfolio). The Board of Trustees noted that the expense waiver and reimbursement policy to date has resulted in First Trust waiving a significant portion of the advisory fees paid by the Funds for fiscal year ending December 31, 2004. First Trust may seek restitution from the Funds for fees waived and reimbursed through December 31, 2007; however, the restitution is limited to the extent that it would not cause a Fund to exceed current expense limitations. The Board of Trustees also reviewed comparative fee data of other similarly managed portfolios of First Trust and analyzed the profitability of First Trust in providing services to the Funds.

After discussion, the Board of Trustees concluded that First Trust had the capabilities, resources and personnel necessary to continue to manage the Funds. Based upon such information as it considered necessary as to the exercise of its reasonable business judgment, the Board of Trustees conclude unanimously that it was in the best interests of the Company to re-approve the Agreement.

The Board of Trustees unanimously approved the extension of the Agreement to the Dow Dividend Portfolio (the "Dow Dividend Agreement") at a meeting held on March 7, 2005. The Board of Trustees determined that the Agreement is in the best interests of the Fund and the interest holders and that the compensation arrangement set forth in the Agreement is fair and reasonable in light of the nature and anticipated extent and quality of the services to be provided by First Trust and such other matters as the Trustees considered to be relevant in the exercise of their reasonable business judgment.

To reach this determination, the Trustees considered their duties under the 1940 Act as well as under the general principles of state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; the fiduciary duty of investment advisers with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company board have fulfilled their duties; and the factors to be considered by the Trustees in voting on such agreements. The Independent Trustees received advice from independent legal counsel. The Trustees also applied their business judgment to determine whether the arrangement between the Fund and First Trust was a reasonable business arrangement from the Fund's perspective as well as from the perspective of interest holders. In reviewing such arrangement, the Board of Trustees considered factors such as the nature, quality and scope of services to be provided by First Trust under the Agreement and the fairness of the fee to be charged. The Trustees noted that First Trust serves as investment adviser to seven other Strategy Funds and has experience managing portfolios in this concentrated style.

The Trustees noted that the advisory fee of 0.60% of average daily net assets was the same as the fee payable by the other Strategy Funds. The Trustees

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also reviewed data compiled from an independent source showing the advisory fees paid by similar funds, and the Trustees concluded that the fee was reasonable. The Trustees also considered that First Trust has agreed to waive fees and reimburse expenses of the Fund through December 31, 2007 in order to prevent total operating expenses (excluding extraordinary expenses and brokerage fees) from exceeding 1.47% of average daily net assets. The Board of Trustees noted that the expense waiver and reimbursement policy for the other Strategy Funds has resulted in First Trust waiving a significant portion of the advisory fees paid by the other Funds, which it considered when analyzing the anticipated profitability to First Trust of providing services to the Fund.

#### CODE OF ETHICS

To mitigate the possibility that a Fund will be adversely affected by personal trading of employees, the Company, First Trust, and FTP have adopted Codes of Ethics under Rule 17j-1 of the 1940 Act. These Codes contain policies restricting securities trading in personal accounts of the officers, Trustees and others who normally come into possession of information on portfolio transactions. These Codes are on public file with, and are available from, the SEC.

#### PROXY VOTING POLICIES AND PROCEDURES

The Company has adopted a proxy voting policy that seeks to ensure that proxies for securities held by each Fund are voted consistently and solely in

the best economic interests of the Fund.

A senior member of First Trust is responsible for oversight of the Fund's proxy voting process. First Trust has engaged the services of Institutional Shareholder Services, Inc. ("ISS"), to make recommendations to First Trust on the voting of proxies relating to securities held by the Funds. ISS provides voting recommendations based upon established guidelines and practices. First Trust reviews ISS recommendations and frequently follows the ISS recommendations. However, on selected issues, First Trust may not vote in accordance with the ISS recommendations when First Trust believes that specific ISS recommendations are not in the best interests of the Fund. If First Trust manages the assets of a company or its pension plan and any of First Trust's clients hold any securities of that company, First Trust will vote proxies relating to such company's securities in accordance with the ISS recommendations to avoid any conflict of interest. If a client requests First Trust to follow specific voting guidelines or additional guidelines, First Trust will review the request and inform the client only if First Trust is not able to follow the client's request.

First Trust has adopted the ISS Proxy Voting Guidelines. While these guidelines are not intended to be all-inclusive, they do provide guidance on First Trust's general voting policies.

Information regarding how a Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available without charge, on the Fund's website at [www.ft.portfolios.com](http://www.ft.portfolios.com), upon request, by calling (800) 621-1675 or by accessing the Securities and Exchange Commission's website at <http://www.sec.gov>.

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#### CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

As of April 25, 2005, Account B, 1 Corporate Drive, Shelton, CT 06484, owned all shares of the Company. As a result, Account B is considered to control the Funds. Due to such control, Account B may have the ability to affect the outcome of any item voted on by the Funds. To the extent required by applicable law, American Skandia will solicit voting instructions from owners of variable annuity Policies. All Interests in each Fund will be voted by American Skandia in accordance with voting instructions received from such variable annuity policy owners. American Skandia will vote all of the Interests which it is entitled to vote in the same proportion as the voting instructions given by variable annuity policy owners, on the issues presented.

As of April 25, 2005, the Trustees and officers of the Company owned, in the aggregate, less than 1% of the Interests of any individual Fund. As of April 25, 2005, Account B owned of record 100% of the outstanding voting shares of the Funds.

#### INVESTMENT ADVISORY AND OTHER SERVICES

##### INVESTMENT ADVISER

First Trust Advisors L.P., 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532, is the investment adviser to the Funds. As investment adviser, First Trust provides the Funds with professional investment supervision and management and permits any of its officers or employees to serve without compensation as Trustees or officers of the Company if elected to such positions. First Trust provides each Fund with discretionary investment services and certain other services necessary with the management of the portfolios. Specifically, First Trust is responsible for supervising and directing the investments of each Fund in accordance with each Fund's investment objective, program, and restrictions as provided in the prospectus and this Statement of Additional Information. First Trust is responsible for effecting all security transactions on behalf of each Fund. First Trust is also responsible for compliance with the provisions of the Internal Revenue Code of 1986, as amended ("Code"), applicable to each Fund (relating to the diversification requirements applicable to investments in underlying variable annuity contracts and/or regulated investment companies).

First Trust is an Illinois limited partnership formed in 1991 and an investment adviser registered with the SEC under the Investment Advisers Act of 1940. First Trust is a limited partnership with one limited partner, Grace Partners of DuPage L.P. ("Grace Partners"), and one general partner, The Charger Corporation. Grace Partners is a limited partnership with one general partner, The Charger Corporation, and a number of limited partners. Grace Partners' and

The Charger Corporation's primary business is investment advisory and broker/dealer services through their interests. The Charger Corporation is an Illinois corporation controlled by the Robert Donald Van Kampen family. First Trust is controlled by Grace Partners and The Charger Corporation.

First Trust is also adviser to 9 closed-end funds and is the portfolio supervisor of certain unit investment trusts sponsored by FTP, formerly Nike

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Securities L.P., which are substantially similar to the Funds in that they have the same investment objectives and strategies as the various Funds but have a finite life. FTP specializes in the underwriting, trading and distribution of unit investment trusts and other securities.

FTP, an Illinois limited partnership formed in 1991, acts as sponsor for successive series of The First Trust Combined Series, FT Trust (formerly known as The First Trust Special Situations Trust), the First Trust Insured Corporate Trust, The First Trust of Insured Municipal Bonds and The First Trust GNMA. First Trust introduced the first insured unit investment trust in 1974.

First Trust acts as investment adviser to the Funds pursuant to an Investment Advisory and Management Agreement. The Investment Advisory and Management Agreement continues in effect for each Fund from year to year after its initial two-year term so long as its continuation is approved at least annually by the Trustees including a majority of the Trustees who are not parties to such agreement or interested persons of any such party except in their capacity as Trustees of the Company, or the interest holders of each Fund. It may be terminated at any time upon 60 days notice by either party, or by a majority vote of the outstanding Interests of a Fund with respect to that Fund, and will terminate automatically upon assignment. Additional Funds may be subject to a different agreement. The Investment Advisory and Management Agreement provides that First Trust, its partners, directors, officers, employees, and certain other persons performing specific functions for a Fund will only be liable to a Fund for losses resulting from willful misfeasance, bad faith, gross negligence, or reckless disregard of their obligations and duties under the agreement. As compensation for its services, each Fund pays First Trust a fee as described in the prospectuses. Provisions regarding expense limitations are described in the prospectuses.

Each Fund paid the following advisory fees to First Trust and First Trust waived and reimbursed the amounts set forth below for the periods specified:

Fiscal Year Ended 12/31/2002

| PORTFOLIO NAME                    | ADVISORY FEES<br>AFTER WAIVERS/<br>REIMBURSEMENTS | WAIVERS  | REIMBURSEMENTS |
|-----------------------------------|---|----------|----------------|
| Target Managed VIP                | \$0   | \$36,631 | \$40,700       |
| The Dow(TM) DART 10               | \$0   | \$28,017 | \$49,286       |
| Global Dividend Target 15         | \$0   | \$16,092 | \$65,241       |
| S&P(R) Target 24                  | \$0   | \$31,025 | \$45,791       |
| NASDAQ(R) Target 15               | \$0   | \$29,811 | \$47,456       |
| Value Line(R) Target 25           | \$0   | \$9,308  | \$72,650       |
| First Trust 10 Uncommon<br>Values | \$0   | \$59,183 | \$30,934       |
| First Trust Energy                | \$0   | \$15,179 | \$65,579       |
| First Trust Financial Services    | \$0   | \$24,850 | \$53,848       |
| First Trust Pharmaceutical        | \$0   | \$22,003 | \$57,391       |
| First Trust Technology            | \$0   | \$10,342 | \$71,657       |

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Fiscal Year Ended 12/31/2003

| PORTFOLIO NAME | ADVISORY FEES<br>AFTER WAIVERS/<br>REIMBURSEMENTS | WAIVERS | REIMBURSEMENTS |
|----------------|---|---------|----------------|
|----------------|---|---------|----------------|

|                                |          |          |          |
|--------------------------------|----------|----------|----------|
| Target Managed VIP             | \$69,491 | \$26,318 | \$ 339   |
| The Dow(TM) DART 10            | \$0      | \$23,989 | \$40,748 |
| Global Dividend Target 15      | \$0      | \$15,309 | \$54,932 |
| S&P(R) Target 24               | \$0      | \$29,301 | \$32,862 |
| NASDAQ(R) Target 15            | \$0      | \$27,883 | \$34,152 |
| Value Line(R) Target 25        | \$0      | \$22,829 | \$41,697 |
| First Trust 10 Uncommon Values | \$0      | \$45,185 | \$21,919 |
| First Trust Energy             | \$0      | \$14,504 | \$56,084 |
| First Trust Financial Services | \$0      | \$23,928 | \$41,279 |
| First Trust Pharmaceutical     | \$0      | \$21,960 | \$44,166 |
| First Trust Technology         | \$0      | \$10,584 | \$61,351 |

Fiscal Year Ended 12/31/2004

| PORTFOLIO NAME                 | ADVISORY FEES AFTER<br>WAIVERS/REIMBURSEMENTS | WAIVERS   | REIMBURSEMENTS |
|--------------------------------|---|-----------|----------------|
| Target Managed VIP             | \$83,597                                      | \$190,272 | -              |
| The Dow(TM) DART 10            | \$ 76   | \$40,668  | -              |
| Global Dividend Target 15      | \$ 0  | \$53,074  | \$30,975       |
| S&P(R) Target 24               | \$ 0  | \$49,650  | \$5,194        |
| NASDAQ(R) Target 15            | \$ 0  | \$31,429  | \$9,418        |
| Value Line(R) Target 25        | \$ 1,897                                      | \$48,615  | -              |
| First Trust 10 Uncommon Values | \$53,026                                      | \$ 3,200  | -              |
| First Trust Energy             | \$ 0  | \$20,263  | \$15,455       |
| First Trust Financial Services | \$ 0  | \$27,658  | \$3,681        |
| First Trust Pharmaceutical     | \$ 0  | \$22,650  | \$7,309        |
| First Trust Technology         | \$ 0  | \$10,752  | \$25,855       |

First Trust may seek restitution from the Funds for fees waived and reimbursed through December 31, 2007; however, the restitution is limited to the extent that it would not cause a Fund to exceed current expense limitations.

#### INVESTMENT COMMITTEE

The Investment Committee of First Trust is primarily responsible for the day-to-day management of the Fund's portfolios. There are currently five members of the Investment Committee, as follows:

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<TABLE>  
<CAPTION>

| NAME                        | POSITION<br>WITH FIRST TRUST                       | LENGTH OF SERVICE<br>WITH FIRST TRUST | PRINCIPAL OCCUPATION<br>DURING PAST FIVE YEARS  |
|-----------------------------|--|---------------------------------------|---|
| <S><br>Robert W. Bredemeier | <C><br>Managing Director                           | <C><br>13 years                       | <C><br>Managing Director of First Trust and First Trust Portfolios L.P.   |
| Robert F. Carey             | Chief Investment Officer and Senior Vice President | 13 years                              | Chief Investment Officer and Senior Vice President of First Trust; Senior Vice President of First Trust Portfolios L.P. |

|                  |                       |             |   |
|------------------|-----------------------|-------------|---|
| Jon C. Erickson  | Senior Vice President | 11 years    | Senior Vice President of First Trust and First Trust Portfolios L.P. (August 2002 to present); Vice President of First Trust and First Trust Portfolios L.P. (March 1994 to August 2002)  |
| David G. McGarel | Senior Vice President | 7 1/2 years | Senior Vice President of First Trust and First Trust Portfolios L.P. (August 2002 to present); Vice President of First Trust and First Trust Portfolios L.P. (August 1997 to August 2002) |
| Roger F. Testin  | Senior Vice President | 3 1/2 years | Senior Vice President of First Trust (August 2001 to present); Analyst, Dolan Capital Management (1998-2001)  |

</TABLE>

COMPENSATION

The compensation structure for each member of the Investment Committee is based upon a fixed salary as well as a discretionary bonus determined by the management of First Trust. Salaries are determined by management and are based upon an individual's position and overall value to the firm. Bonuses are also determined by management and are based upon an individual's overall contribution to the success of the firm and the profitability of the firm. Salaries and bonuses for members of the Investment Committee are not based upon criteria such as Fund performance or the value of assets included in the Fund's portfolios. In addition, Mr. Bredemeier, Mr. Carey, Mr. Erickson and Mr. McGarel also have an indirect ownership stake in the firm and will therefore receive their allocable share of ownership related distributions.

The Investment Committee manages the investment vehicles with the number of accounts and assets, as of December 31, 2004, set forth in the table below:

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ACCOUNTS MANAGED BY INVESTMENT COMMITTEE  
(as of December 31, 2004)

| TYPE OF INVESTMENT VEHICLE       | NUMBER OF ACCOUNTS | TOTAL ASSETS IN ACCOUNTS |
|----------------------------------|--------------------|--------------------------|
| Registered Investment Company    | 22                 | \$1,243,133,062          |
| Other Pooled Investment Vehicles | 1                  | \$47,416,682             |
| Other Accounts                   | 840                | \$154,573,076            |

None of the accounts managed by the Investment Committee pay an advisory fee that is based upon the performance of the account. In addition, First Trust believes that there are no material conflicts of interest that may arise in connection with the Investment Committee's management of the Funds' investments and the investments of the other accounts managed by the Investment Committee. However, because the investment strategies of the Funds and other accounts managed by the Investment Committee are based on fairly mechanical investment processes, the Investment Committee may recommend that certain clients sell and other clients buy a given security at the same time. In addition, because the investment strategies of the Funds and other accounts managed by the Investment Committee result in the clients investing in readily available securities, First Trust believes that there should not be material conflicts in the allocation of investment opportunities between the Funds and other accounts managed by the Investment Committee. None of the members of the Investment Committee own interests in the Funds.

DISTRIBUTOR

First Trust Portfolios, L.P., 1001 Warrenville Road, Lisle, Illinois 60532, serves as the principal underwriter of the Interests of the Funds pursuant to a "best efforts" arrangement as provided by a distribution agreement

with the Funds (the "Distribution Agreement"). FTP is affiliated with First Trust. The officers of the Company described as being associated with First Trust and FTP are affiliated persons of both the Company and FTP. Pursuant to the Distribution Agreement, the Fund appointed FTP to be its agent for the distribution of the Funds' shares on a continuous offering basis. FTP sells shares to Account B. Pursuant to the Distribution Agreement, FTP, at its own expense, finances certain activities incident to the sale and distribution of the Interests of the Funds, including printing and distribution of prospectuses and statements of additional information to other than existing shareholders and the printing and distributing of sales literature and advertising. FTP does not receive underwriting commissions for its sale of Interests of the Funds, but does receive compensation pursuant to a Rule 12b-1 plan adopted by the Fund and described herein under "12b-1 Plan."

#### ADMINISTRATOR

Each Fund pays an administration fee as set forth in the applicable prospectus to cover expenses incurred by American Skandia in connection with the administration of the Funds, Account B and the Policies. First Trust also pays an additional administrative fee to American Skandia for the Strategy Funds as

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set forth in the Strategy Funds' prospectus. The services provided by American Skandia shall include, among others, the following: (i) coordinating matters relating to the operation of Account B with the Funds, including any necessary coordination with the custodian, transfer agent, dividend disbursing agent, recordkeeping agent, accountants, attorneys, and other parties performing services or operational functions for the Funds; (ii) coordinating the preparation of the necessary documents with the SEC and other federal and state regulatory authorities as may be required; (iii) taking such other action as may be required by applicable law with respect to the foregoing, including without limitation the rules and regulations of the SEC and of state insurance authorities and other regulatory agencies; and (iv) coordinating with First Trust regarding investment limitations and parameters imposed on funding vehicles for variable annuities by the insurance laws of the various states and by the Internal Revenue Code. For the periods specified, each Fund paid the following to American Skandia:

| PORTFOLIO NAME                 | FISCAL YEAR ENDED<br>12/31/2002 | FISCAL YEAR ENDED<br>12/31/2003 | FISCAL YEAR ENDED<br>12/31/2004 |
|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Target Managed VIP             | \$18,315                        | \$ 4,134                        | \$ 153,826                      |
| DART 10                        | \$14,008                        | \$11,995                        | \$ 24,679                       |
| Global Target                  | \$ 8,046                        | \$ 7,655                        | \$ 30,366                       |
| S&P(R) Target                  | \$15,512                        | \$14,651                        | \$ 29,843                       |
| NASDAQ(R) Target               | \$14,906                        | \$13,941                        | \$ 20,084                       |
| Value Line(R) Target           | \$ 4,654                        | \$11,414                        | \$ 28,807                       |
| 10 Uncommon Values             | \$29,591                        | \$22,598                        | \$ 37,273                       |
| First Trust Energy             | \$ 7,589                        | \$ 7,252                        | \$ 12,413                       |
| First Trust Financial Services | \$12,425                        | \$11,964                        | \$ 17,366                       |
| First Trust Pharmaceutical     | \$11,002                        | \$10,980                        | \$ 14,507                       |
| First Trust Technology         | \$ 5,171                        | \$ 5,292                        | \$ 6,915                        |

American Skandia also makes its officers and employees available to the Trustees and officers of the Fund for consultation and discussions regarding the operations of Account B and the Policies in connection with the administration of the Funds and services provided to the Funds.

#### TRANSFER AGENT

PFPC Inc. ("PFPC"), with corporate offices at 301 Bellevue Parkway, Wilmington, Delaware 19809, serves as the transfer and dividend disbursing agent for the Funds pursuant to an Amended and Restated Transfer Agency Agreement dated December 15, 2003 (the "Transfer Agency Agreement"). Under the Transfer Agency Agreement, PFPC maintains member registrations; performs services relating to member trading activity; and provides purchase and redemption services in accordance with instruction from the Company. The fees paid to PFPC for its services pursuant to the Transfer Agency Agreement are described under Administration, Accounting, and Transfer Agency Services Fees.

For the fiscal years 2004, 2003 and 2002, the amount of the additional administration fee paid to American Skandia was \$ \_\_\_\_\_, \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively.

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#### ADMINISTRATION AND ACCOUNTING SERVICES AGREEMENT

PFPC also serves as the Company's administrator and fund accounting agent pursuant to an Amended and Restated Administration and Accounting Services Agreement dated as of December 15, 2003, (the "Administration Agreement"). PFPC has agreed to furnish to the Company statistical and research data, clerical, accounting and bookkeeping services, and certain other services required. In addition, PFPC has agreed to prepare and file various reports with appropriate regulatory agencies. The Administration Agreement provides that PFPC shall be obligated to exercise care and diligence in the performance of its duties, to act in good faith and to use its best efforts, within reasonable limits, in performing services thereunder. PFPC shall be responsible for failure to perform its duties under the Administration Agreement arising out of its willful misfeasance, bad faith, gross negligence or reckless disregard. The fees paid to PFPC for its services pursuant to the Administration Agreement are described under Administration, Accounting, and Transfer Agency Services Fees below.

The Administration Agreement provides that PFPC shall not be liable for any error of judgment or mistake of law or any loss suffered by the Company or the Fund in connection with the performance of the agreement, except a loss resulting from willful misfeasance, gross negligence or reckless disregard by it of its duties and obligations thereunder.

#### ADMINISTRATION, ACCOUNTING, AND TRANSFER AGENCY SERVICES FEES

Pursuant to a letter agreement, the Company has agreed to pay PFPC fees for services provided by PFPC under the Administration Agreement and Transfer Agency Agreement. The minimum monthly fee will be \$3,267 for each Fund, exclusive of multiple class fees, transaction charges, account fees, FundSERV Networking fees, IMPRESSNet fees and out-of-pocket and other charges. PFPC agreed to potentially reduce the minimum fees for administrative and accounting services based upon increases in assets for various products advised by First Trust.

#### CUSTODIAN

The custodian has custody of all securities and cash of the Company maintained in the United States and attends to the collection of principal and income and payment for and collection of proceeds of securities bought and sold by the Funds. PFPC Trust Company, 8800 Tinicum Blvd, 3rd Floor, Suite 200, Philadelphia, PA 19153, acts as custodian for each Fund.

Pursuant to a letter agreement, the Fund has agreed to pay PFPC Trust Company fees for services provided under the Custodian Agreement dated December 1, 2003. PFPC Trust Company will receive a monthly fee of 0.01% of each Fund's average gross assets. The minimum monthly fee will be \$333 for each Fund, exclusive of transaction charges and out-of-pocket and other charges.

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#### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Funds' independent registered public accounting firm, Ernst & Young LLP, 200 Clarendon Street, Boston, MA 02116, audit and report on the Funds' annual financial statements, and perform other professional accounting, auditing and advisory services when engaged to do so by the Funds.

#### RULE 12b-1 PLAN

The Company has adopted a plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act, which provides that Interests of the Funds will be subject to an annual service fee. The Company has adopted the Plan to encourage American Skandia to provide services to owners of the Funds and to promote future sales of the Funds.

FTP serves as selling agent and distributor of the Interests of the Funds. In this capacity, FTP manages the offering of the Funds' Interests and is responsible for all sales and promotional activities. In order to compensate FTP for its costs in connection with these activities, each Fund has adopted a service plan under Rule 12b-1 under the 1940 Act. FTP uses the service fee to compensate American Skandia for providing account services to policy owners. These services include establishing and maintaining policy owners' accounts, supplying information to policy owners, delivering fund materials to policy owners, answering inquiries, and providing other personal services to policy owners. Each Fund may spend up to .25 of 1% per year of the average daily net assets of its Interests as a service fee under the Plan. In addition, the Plan permits First Trust to use a portion of its advisory fee to compensate FTP for expenses incurred in connection with the sale and distribution of a Fund's Interests including, without limitation, compensation of its sales force,

expenses of printing and distributing prospectuses to persons other than interest holders or policy owners, expenses of preparing, printing and distributing advertising and sales literature and reports to Interests holders and policy owners used in connection with the sale of a Fund's Interests, certain other expenses associated with the distribution of Interests of the Funds, and any distribution-related expenses that may be authorized from time to time by the Board of Trustees.

On May 1, 2003, payments under the Plan were suspended for all of the Funds, except the 10 Uncommon Values Portfolio. On May 1, 2004, payments under the Plan were resumed for Target Managed VIP Portfolio, the Dart 10 Portfolio, Global Target Portfolio, S&P(R) Target Portfolio, NASDAQ(R) Target Portfolio, Value Line(R) Target Portfolio. For the fiscal year ended December 31, 2004, each Fund paid the following amount under the Plan: Target Managed VIP Portfolio \$96,758; DART 10 Portfolio \$13,577; Global Target Portfolio \$19,405; S&P(R) Target Portfolio \$16,091; NASDAQ(R) Target Portfolio \$9,175; 10 Uncommon Values Portfolio \$23,561; and Value Line(R) Target Portfolio \$17,103. For the fiscal year ended December 31, 2004, all 12b-1 fees paid during the period were paid to American Skandia for providing account services. As a result, none of the 12b-1 service fee was paid for: advertising, printing, and mailing of prospectuses to other than current shareholders, compensation to underwriters, compensation to broker-dealers, compensation to sales personnel, interest, carrying, or other financing charges and any other charges.

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Under the Company's Plan, the Company will report quarterly to the Board of Trustees for its review all amounts expended under the Plan. The Plan may be terminated at any time with respect to any Fund, without the payment of any penalty, by a vote of a majority of the Trustees who are not "interested persons" and who have no direct or indirect financial interest in the Plan or by vote of a majority of the outstanding voting securities of such Fund. The Plan may be renewed from year to year if approved by a vote of the Board of Trustees and a vote of the non interested Trustees who have no direct or indirect financial interest in the Plan cast in person at a meeting called for the purpose of voting on the Plan. The Plan may be continued only if the Trustees who vote to approve such continuance conclude, in the exercise of reasonable business judgment and in light of their fiduciary duties under the applicable law, that there is a reasonable likelihood that the Plan will benefit a Fund and its shareholders. The Plan may not be amended to increase materially the cost which a Fund may bear under the Plan without the approval of the interest holders of the affected Fund, and any other material amendments of the Plan must be approved by the non-interested Trustees by a vote cast in person at a meeting called for the purpose of considering such amendments. During the continuance of the Plan, the selection and nomination of the non-interested Trustees of the Company will be committed to the discretion of the non-interested Trustees then in office.

#### BROKERAGE ALLOCATIONS

First Trust is responsible for decisions to buy and sell securities for each Fund and for the placement of a Fund's securities business, the negotiation of the commissions to be paid on brokered transactions, the prices for principal trades in securities, and the allocation of portfolio brokerage and principal business. It is the policy of First Trust to seek the best execution at the best security price available with respect to each transaction, and with respect to brokered transactions in light of the overall quality of brokerage and research services provided to First Trust and its clients. The best price to the Fund means the best net price without regard to the mix between purchase or sale price and commission, if any. Purchases may be made from underwriters, dealers, and, on occasion, the issuers. Commissions will be paid on a Fund's futures and options transactions, if any. The purchase price of portfolio securities purchased from an underwriter or dealer may include underwriting commissions and dealer spreads. A Fund may pay mark-ups on principal transactions. In selecting broker/dealers and in negotiating commissions, First Trust considers, among other things, the firm's reliability, the quality of its execution services on a continuing basis and its financial condition. Fund portfolio transactions may be effected with broker/dealers who have assisted investors in the purchase of policies.

Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") permits an investment adviser, under certain circumstances, to cause an account to pay a broker or dealer who supplies brokerage and research services a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction. Brokerage and research services include (a) furnishing advice as to the value of securities, the advisability of investing, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, (b) furnishing analyses and reports concerning issuers, industries, securities,

economic factors and trends, portfolio strategy, and the performance of accounts; and (c) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody).

In light of the above, in selecting brokers, First Trust may consider investment and market information and other research, such as economic, securities and performance measurement research, provided by such brokers, and the quality and reliability of brokerage services, including execution capability, performance, and financial responsibility. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if First Trust determines in good faith that the amount of such commissions is reasonable in relation to the value of the research information and brokerage services provided by such broker to First Trust or the Company. First Trust believes that the research information received in this manner provides the Funds with benefits by supplementing the research otherwise available to the Funds. The Investment Advisory and Management Agreement provides that such higher commissions will not be paid by the Funds unless the adviser determines in good faith that the amount is reasonable in relation to the services provided. The investment advisory fees paid by the Funds to First Trust under the Investment Advisory and Management Agreement are not reduced as a result of receipt by First Trust of research services.

First Trust places portfolio transactions for other advisory accounts advised by it, and research services furnished by firms through which the Funds effects their securities transactions may be used by First Trust in servicing all of its accounts; not all of such services may be used by First Trust in connection with a Fund. First Trust believes it is not possible to measure separately the benefits from research services to each of the accounts (including the Funds) advised by it. Because the volume and nature of the trading activities of the accounts are not uniform, the amount of commissions in excess of those charged by another broker paid by each account for brokerage and research services will vary. However, First Trust believes such costs to the Funds will not be disproportionate to the benefits received by the Funds on a continuing basis. First Trust seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities by the Funds and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to the Funds. In making such allocations between the Funds and other advisory accounts, the main factors considered by First Trust are the respective investment objectives, the relative size of portfolio holding of the same or comparable securities, the availability of cash for investment and the size of investment commitments generally held.

BROKERAGE COMMISSIONS

Each Fund paid the following amounts in aggregate brokerage commissions for the specified periods:

| PORTFOLIO NAME     | FISCAL YEAR ENDED<br>12/31/2002 | FISCAL YEAR ENDED<br>12/31/2003 | FISCAL YEAR ENDED<br>12/31/2004 |
|--------------------|---------------------------------|---------------------------------|---------------------------------|
| Target Managed VIP | \$ 20,334                       | \$ 29,571                       | \$ 109,738                      |
| DART 10            | \$ 6,600                        | \$ 6,434                        | \$ 13,117                       |
| Global Target      | \$ 7,744                        | \$ 8,223                        | \$ 59,109                       |

|                                   |           |           |           |
|-----------------------------------|-----------|-----------|-----------|
| S&P(R) Target                     | \$ 15,215 | \$ 7,662  | \$ 16,150 |
| NASDAQ(R) Target                  | \$ 8,785  | \$ 9,981  | \$ 14,440 |
| Value Line(R) Target              | \$ 4,928  | \$ 6,799  | \$ 23,941 |
| 10 Uncommon Values                | \$ 25,481 | \$ 15,821 | \$ 20,363 |
| First Trust Energy                | \$ 3,716  | \$ 1,802  | \$ 2,329  |
| First Trust Financial<br>Services | \$ 4,971  | \$ 3,370  | \$ 2,295  |
| First Trust Pharmaceutical        | \$ 5,037  | \$ 3,556  | \$ 1,983  |
| First Trust Technology            | \$ 5,279  | \$ 2,421  | \$ 1,129  |

The Target Managed VIP Portfolio's, Global Target Portfolio's, S&P(R) Target 24 Portfolio's and Value Line(R) Target Portfolio's brokerage commission payments increased by \$80,167, \$50,886, \$8,488, and \$17,142, respectively, during fiscal year 2004 primarily due to the increased volume of purchases and sales of securities related to the increase in the size of and interest in the Funds.

MARKET TIMING POLICY

The Funds have adopted a market timing/frequent trading policy (the "Market Timing Policy"). Market timing may be generally described as the practice of frequently buying and selling investment company shares in order to take advantage of a perceived arbitrage opportunity. Most often the practice has involved funds which invest principally in foreign securities. Market timing can have negative consequences for long-term investors in the fund. First of all, the practice has the effect of "siphoning" a portion of the fund's gains and effectively diluting the returns to long-term investors. Additionally, if such activity occurs frequently and involves large amounts it will affect how the portfolio manager manages the fund (likely forcing the manager to hold a larger portion of the fund's assets in cash or otherwise interfering with the efficient management of the portfolio). The practice would also likely have the effect of

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increasing transaction costs which would be borne by all investors. All shares of the Funds are issued to, and redeemed from, American Skandia Variable Account B. Furthermore, such sales and redemptions are effected only in response to purchases and redemptions of the related variable annuity sub-accounts sold by American Skandia to their policyholders or transfers among the sub-accounts. Therefore, the Funds' risk of exposure to market timing is limited to such attempts as might be made through the sub-accounts. Following is a general description of market timing as well as the Funds' policy regarding market timing of Fund Shares.

The Funds are not designed to provide investors with a means of speculating on short-term market movements. Frequently trading by investors may, under certain circumstances, disrupt the management of the Funds, negatively affect a Fund's performance and increase transaction costs for all investors. Due to the fact that all shares of a Fund are issued to, and redeemed from, American Skandia Variable Account B, a Fund itself cannot generally monitor trading by a particular investor. Therefore, the Funds will rely on American Skandia to adopt policies and procedures with respect to transfers into and out of the sub-accounts. The Funds have reviewed the market timing policies and procedures of American Skandia and had determined that such policies are reasonably designed to prevent or detect market timing activity. In addition, First Trust's portfolio management personnel will monitor activity within each Fund's portfolio and will report any unusual activity to the Funds' Chief Compliance Officer.

#### POLICY REGARDING DISCLOSURE OF PORTFOLIO HOLDINGS

The Funds have adopted a policy regarding the disclosure of portfolio holdings (the "Disclosure Policy"). The purpose of the Disclosure Policy is to outline the Funds' policies and procedures with respect to the disclosure of portfolio holdings in order to comply with SEC requirements.

Except as provided below, no listing of the portfolio holdings of any Fund shall be provided to any person, including any investor of a Fund, until such time as the portfolio holdings have been filed with the SEC on Form N-Q or Form N-CSR, as applicable, and posted on the Fund's website.

Any person, including any investors of a Fund that requests a listing of a Fund's portfolio holdings shall be provided with the portfolio holdings list most recently made publicly available pursuant to this Disclosure Policy (and/or portfolio holdings as of earlier periods that previously have been made publicly available, if requested).

Neither the Funds, their investment advisors, sub-advisors, nor any other party shall receive any compensation whatsoever in connection with the disclosure of information about a Fund's portfolio securities.

The Funds may release certain nonpublic portfolio information to selected parties if (i) the Funds' Chief Compliance Officer determines such disclosure is consistent with a legitimate business purpose of the Funds; and (ii) the recipient is subject to a duty of confidentiality with respect to the information, including a duty not to trade on the non-public information. Examples of instances in which selective disclosure may be appropriate included disclosure to the Funds' Trustees and service providers including the Fund's administrator, attorneys, auditors, custodians, sub-custodians, transfer agent, proxy voting services and pricing services, who have a reasonable need of such information to perform their services for the Funds, or such other selected third parties that the Funds' Chief Compliance Officer authorizes. All such third parties shall be bound by a Code of Ethics or similar insider trading policy or confidentiality agreement prohibiting their use of any portfolio holdings information in an improper manner.

The Disclosure Policy will be monitored by the Funds' Chief Compliance Officer. Any violations of the Disclosure Policy will be reported by the Funds' Chief Compliance Officer to the Fund's Board of Trustees at the next regularly scheduled board meeting.

These procedures were designed to ensure that disclosure of information about portfolio securities is in the best interests of Fund Shareholders,

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including the procedures to address conflicts between the interests of Fund Shareholders, on the one hand, and those of the Fund's investment adviser; principal underwriter; or any affiliated person of the Fund, its investment advisor, or its principal underwriter, on the other.

#### VOTING RIGHTS AND GENERAL FUND INFORMATION

Interest holders are entitled to one vote for each interest held. Interest holders may vote on the election of Trustees and on other matters submitted to meetings of interest holders. In regard to certain matters including termination, merger, or a change of fundamental policies, the right to vote is limited to the holders of Interests of the particular Fund affected by the proposal.

To the extent required by applicable law, American Skandia will solicit voting instructions from owners of variable annuity Policies. All Interests in each Fund will be voted by American Skandia in accordance with voting instructions received from such variable annuity policy owners. American Skandia will vote all of the Interests which it is entitled to vote in the same proportion as the voting instructions given by variable annuity policy owners, on the issues presented.

Each issued and outstanding Interest in a Fund is entitled to participate equally in dividends and distributions, if any, declared by its corresponding Fund, and in the net assets of the Fund remaining upon liquidation or dissolution after outstanding liabilities are satisfied. The Interests of each Fund, when issued, are fully paid and non-assessable. They have no preemptive, conversion, cumulative dividend or similar rights. A Fund can only be owned by Account B. Interests in a Fund do not have cumulative rights. This means that owners of more than half of the Company's Interests voting for election of Trustees can elect all the Trustees if they so choose. Then, the remaining interest owners would not be able to elect any Trustees.

The Board of Trustees has the right to establish additional series in the future, to change Fund series and to determine the preferences, voting powers, rights and privileges thereof.

The Funds are not required and do not intend to hold annual meetings of interest holders. Interest holders owning more than 10% of the outstanding shares of a Fund have the right to call a special meeting to remove Trustees or for any other purpose.

#### PURCHASES, REDEMPTIONS AND PRICING OF INTERESTS

Account B will purchase Interests of the Funds at their net asset value. Interests are purchased using premiums received on Policies issued by Account B. Account B is funded by Interests of the Company.

All investments in the Company are credited to the Interest holder's account in the form of full and fractional Interests of the designated Fund (rounded to the nearest 1/1000 of an Interest). The Company does not issue Interest certificates.

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As stated in the prospectuses, the net asset value ("NAV") of a Fund's Interests is determined once each day the New York Stock Exchange (the "NYSE") is open ("Business Day") at the close of the regular trading session on the NYSE (normally 4:00 p.m., Eastern time, Monday through Friday). The NAV of a Fund's Interests is not determined on days when the NYSE is closed. The NYSE holidays are generally: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

The per interest NAV of a Fund is determined by dividing the total value of the securities and other assets, less liabilities, by the total number of Interests outstanding. A Fund's NAV may not be calculated on days during which

the Fund receives no orders to purchase shares and no shares are tendered for redemption. In determining NAV, portfolio securities for each Fund for which accurate market quotations are readily available will be valued by the fund accounting agent as follows:

(1) Common stocks and other equity securities listed on any national or foreign exchange will be valued at the closing sale price on the exchange or system in which they are principally traded on the valuation date. If there are no transactions on the valuation day, securities traded principally on a national or foreign exchange will be valued at the mean between the most recent bid and ask prices. Common stocks and other equity securities principally traded on the NASDAQ National Market will be valued at NASDAQ's official close price.

(2) Securities traded in the over-the-counter market are valued at their closing bid prices.

(3) Exchange traded options and futures contracts will be valued at the closing price in the market where such contracts are principally traded.

(4) Forward foreign currency exchange contracts which are traded in the United States on regulated exchanges, will be valued by calculating the mean between the last bid and asked quotations supplied to a pricing service by certain independent dealers in such contracts.

In addition, the following types of securities will be valued as follows:

(1) Fixed income securities with a remaining maturity of 60 days or more will be valued by the fund accounting agent using a pricing service. When price quotes are not available, fair market value is based on prices of comparable securities.

(2) Fixed income securities maturing within 60 days are valued by the fund accounting agent on an amortized cost basis.

(3) Repurchase agreements will be valued as follows. Overnight repurchase agreements will be valued at cost. Term purchase agreements

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(i.e., those whose maturity exceeds seven days) will be valued by First Trust at the average of the bid quotations obtained daily from at least two recognized dealers.

The value of any portfolio security held by a Fund for which market quotations are not readily available will be determined by First Trust in a manner that most fairly reflects fair market value of the security on the valuation date, based on a consideration of all available information.

Foreign securities, currencies and other assets denominated in foreign currencies are translated into U.S. dollars at the exchange rate of such currencies against the U.S. dollar as provided by a pricing service. All assets denominated in foreign currencies will be converted into U.S. dollars at the exchange rates in effect at the time of valuation.

All foreign equity securities are valued at their closing sale price on the exchange on which the security is primarily traded. Where a foreign securities market remains open at the time that a Fund values its portfolio securities, or closing prices of securities from that market may not be retrieved because of local time differences or other difficulties in obtaining such prices at that time, the most recent prices in such market at a point in time most practicable to timely valuation of the Fund may be used.

Foreign securities not traded on a particular day or on an exchange are valued at one of the following prices: (a) at the most recent bid price or (b) a valuation within the range considered best to represent value in the circumstances. Otherwise, the fund accounting agent will contact a pricing service and/or broker/dealers to provide a price for the securities at "fair value."

Foreign debt securities are valued by the fund accounting agent on the basis of prices provided by a pricing service, or at the mean between the bid and asked price, as long as such prices, in the opinion of the fund accounting agent continue to reflect the value of the security. If no quotations are available, the fund accounting agent will contact a pricing service and/or broker/dealers to provide a price for the securities at "fair value."

Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed well before the close of business on each Business Day. In addition, European and Far Eastern securities trading generally or in a particular country or countries may not take place on

all Business Days. Furthermore, trading takes place in Japanese markets on certain Saturdays and in various foreign markets on days which are not Business Days and on which a Fund's NAV is not calculated. A Fund calculates NAV per interest, and therefore effects sales, redemptions and repurchases of its Interests, as of the close of the NYSE once on each day on which the NYSE is open. Such calculation does not take place contemporaneously with the determination of the prices of the majority of the foreign portfolio securities used in such calculation.

Certain securities may not be able to be priced by pre-established pricing methods. Such securities may be valued by the Board of Trustees or its delegate at fair value. These securities generally include but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933) for which a pricing service is unable to provide a market price; securities whose trading has been formally

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suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of fund NAV (as may be the case in foreign markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and, a security whose price, as provided by the pricing service, does not reflect the security's "fair value." As a general principal, the current "fair value" of an issue of securities would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. A variety of factors may be considered in determining the fair value of such securities.

The Fund may suspend the right of redemption for any Fund only under the following unusual circumstances: (a) when the NYSE is closed (other than weekends and holidays) or trading is restricted; (b) when trading in the markets normally utilized is restricted, or when an emergency exists as determined by the SEC so that disposal of the Fund's investments or determination of its net assets is not reasonably practicable; or (c) during any period when the SEC may permit.

#### TAX STATUS

The Company is not a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). The Company does not pay federal income tax on its interest, dividend income or capital gains, because as a limited liability company whose Interests are sold only to Account B, the Company is disregarded as an entity for purposes of federal income taxation, assuming that the Company meets the diversification requirements of Section 817 of the Code. American Skandia, through Account B, is treated as owning the assets of the Company, which are the collective assets of the Funds, directly and its tax obligations thereon are computed pursuant to Subchapter L of the Code (which governs the taxation of insurance companies). Tax disclosure relating to the variable annuity Policies that offer the Company as an investment alternative is contained in the prospectuses for those Policies.

Section 817(h) of the Code imposes certain diversification standards on the underlying assets of segregated asset accounts that hold assets purchased under contracts such as the variable annuity Policies (that is, the assets of the Funds). Failure to satisfy those standards at any time would result in imposition of Federal income tax on a variable annuity policy owner with respect to the increase in the value of the variable annuity policy. Section 817(h)(2) provides that a segregated asset account that funds contracts such as the variable annuity Policies is treated as meeting the diversification standards if, as of the close of each calendar quarter, the assets in the account meet the diversification requirements for a regulated investment company and no more than 55% of those assets consist of cash, cash items, U.S. Government securities and securities of other regulated investment companies.

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The Treasury Regulations amplify the diversification standards set forth in Section 817(h) and provide an alternative to the provision described above. Under the regulations, an investment portfolio will be deemed adequately diversified only if (i) no more than 55% of the value of the total assets of the portfolio is represented by any one investment; (ii) no more than 70% of such value is represented by any two investments; (iii) no more than 80% of such value is represented by any three investments; and (iv) no more than 90% of such value is represented by any four investments. For purposes of these Regulations, all securities of the same issuer are treated as a single investment, but each United States government agency or instrumentality shall be treated as a separate issuer.

Each Fund will be managed with the intention of complying with these requirements. It is possible that, in order to comply with these requirements, less desirable investment decisions may be made which could affect the investment performance of a Fund.

#### PERFORMANCE

A Fund may quote its total return and yield in reports to shareholders, sales literature, and advertisements. These performance measures are described below. Performance advertised for a Fund may or may not reflect the effect of any charges that are imposed under a variable annuity policy that is funded by the Company. Such charges, described in the variable annuity prospectus, will have the effect of reducing a Fund's performance. Standardized average annual total return and non-standardized total return measure both the net investment income generated by, and the effect of any realized and unrealized appreciation or depreciation of, the underlying investments of a Fund. Yield is a measure of the net investment income per interest earned over a specific one month or 30-day period expressed as a percentage of the net asset value.

A Fund's standardized average annual total return quotation is computed in accordance with a standardized method prescribed by rules of the SEC. The standardized average annual total return for a Fund for a specific period is found by first taking a hypothetical \$1,000 investment ("initial investment") in the Fund's interests on the first day of the period, adjusting to deduct the applicable charges, if any, and computing the "redeemable value" of that investment at the end of the period. The redeemable value is then divided by the initial investment, and this quotient is taken to the Nth root (N representing the number of years in the period) and 1 is subtracted from the result, which is then expressed as a percentage. The calculation assumes that all income and capital gains dividends paid by a Fund have been reinvested at NAV on the reinvestment dates during the period.

The standardized average annual total return quotations will be current to the last day of the calendar quarter preceding the date on which an advertisement is submitted for publication. The standardized average annual total return will be based on rolling calendar quarters and will cover at least periods of one, five and ten years, or a period covering the time the Fund has been in existence, if it has not been in existence for one of the prescribed periods.

Non-standardized total return may also be advertised. The non-standardized total return is not subject to a prescribed formula.

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Non-standardized total return may be for periods other than those required to be presented or may otherwise differ from standardized average annual total return. Non-standardized total return for a specific period is calculated by first taking an investment ("initial investment") in the Fund's interests on the first day of the period and computing the "end value" of that investment at the end of the period. The total return percentage is then determined by subtracting the initial investment from the ending value and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income and capital gains dividends paid by a Fund have been reinvested at net asset value on the reinvestment dates during the period. Non-standardized total return may also be shown as the increased dollar value of the hypothetical investment over the period.

Quotations of standardized average annual total return and non-standardized total return are based upon historical earnings and is not intended to indicate future performance.

The yield for a Fund is computed in accordance with a standardized method prescribed by the rules of the SEC. Under that method, yield is computed by dividing the net investment income per interest earned during the specified one month or 30-day period by the offering price per interest on the last day of the period, according to the following formula:

$$\text{Yield} = 2 \left[ \left( \frac{a - b/cd}{a} + 1 \right)^{\frac{1}{6}} - 1 \right]$$

Where:

- a = dividends and interest earned during the period;
- b = expenses accrued for the period (net of reimbursements);
- c = the average daily number of interests outstanding during the period that were entitled to receive dividends; and
- d = the offering price (net asset value) per interest on the last day of the period.

In computing the yield, a Fund follows certain standardized accounting practices specified by SEC rules. These practices are not necessarily consistent with those that a Fund uses to prepare annual and interim financial statements

in accordance with generally accepted accounting principles.

A Fund's performance quotations are based upon historical results and are not necessarily representative of future performance. A Fund's interests are sold at NAV. Returns and NAV will fluctuate. Factors affecting a Fund's performance include general market conditions, operating expenses and investment management. Interests of a Fund are redeemable at the then current net asset value, which may be more or less than original cost. The performance of the Funds may be compared to the performance of other mutual funds, mutual fund indices or annuity indices with similar objectives and policies as reported by various sources, including Lipper, Inc. ("Lipper") and CDA Investment Technologies, Inc. ("CDA"). Lipper and CDA performance calculations are based

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upon changes in net asset value with all dividends reinvested and do not include the effect of any sales charges. A Fund's performance may also be compared to that of the Consumer Price Index or various unmanaged stock and bond indices including, but not limited to, Salomon Brothers Broad Investment Grade Index, Lehman Brothers High Yield Index, Lehman Brothers Aggregate Bond Index, Lehman Brothers Intermediate Government/Corporate Bond Index, Salomon Brothers Treasury Index, S&P MidCap 400 Index, Morgan Stanley Capital International World Index, Morgan Stanley Capital International Europe and Australia, Far East Equity Index, Russell 1000 Integrated Oil Index, Russell 1000 Other Energy Index, Russell 1000 Financial Services Index, Russell 1000 Healthcare Index, Russell 1000 Technology Index, Russell 2000 Index, Russell 3000 Index, Russell MidCap Index, Dow Jones Industrial Average, Hang Seng Index, Ibbotson Small Cap Index, NASDAQ Composite Index, Financial Times, S&P 500 Index, MSCI World Index, NASDAQ 100 Index. There are differences and similarities between the investments which a Fund may purchase and the investments by the market indicators.

From time to time, a Fund also may quote information from publications including, but not limited to, the following: Morningstar, Inc., The Wall Street Journal, Money Magazine, Forbes, Barron's, The New York Times, USA Today, Institutional Investor and Registered Representative. Also, investors may want to compare the historical returns of various investments, performance indices of those investments or economic indicators, including but not limited to stocks, bonds, certificates of deposit and other bank products, money market funds and U.S. Treasury obligations. Certain of these alternative investments may offer fixed rates of return and guaranteed principal, and may be insured. Economic indicators may include, without limitation, indicators of market rate trends and cost of funds, such as Federal Home Loan Bank Board 11th District Cost of Funds Index (COFI). A Fund may also advertise its portfolio or its significant holdings at any given time. A Fund may also periodically advertise tax-deferred compounding charts and other hypothetical illustrations.

#### PERFORMANCE DATA OF INVESTMENT STRATEGIES

The following table shows hypothetical performance and information for the strategies employed by the Funds noted below, but not any actual Fund, and the actual performance of the S&P 500 Index, the FT Index, the Hang Seng Index, the DJIA, the Dow Jones Select Dividend Index(sm), the NASDAQ Composite Index and a combination of the FT Index, Hang Seng Index and the DJIA (the "Cumulative Index Returns"). The information for each investment strategy assumed that the strategy was fully invested as of the beginning of each year and that each Stock Selection Date was the last day of the preceding year. In addition, the performance information does take into consideration the estimated net expenses of the Funds' (after expense reimbursements) but does not take into consideration any sales charges, commissions, insurance fees or charges imposed on the sale of the variable annuity policies or taxes. Any of such charges, any reduction of the expense reimbursement level or higher actual expenses will lower the returns shown. All of the figures set forth below have been adjusted to take into account the effect of currency exchange rate fluctuations of the U.S. dollar, where applicable (i.e., returns are stated in U.S. dollar terms). The Cumulative Index Returns are calculated by adding one-third of the total returns of each of the FT Index, the Hang Seng Index and the DJIA. The returns shown in the following tables and graphs are not guarantees of future performance and should not be used as a predictor of returns to be expected in connection with a Fund's portfolio. Both stock prices (which may appreciate or

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depreciate) and dividends (which may be increased, reduced or eliminated) will affect the returns. Each investment strategy has under performed its respective index or indices in certain years. Accordingly, there can be no assurance that a Fund's portfolio will outperform its respective index (or combination thereof, where applicable).

The following table compares the hypothetical performance of the investment strategy of the DART 10 Portfolio (the "DART 10 Strategy"); the investment strategy of the Dow(sm) Target Dividend Portfolio (the "Dow Dividend Strategy"); a combination of the Five Lowest Priced Stocks of the Ten Highest Dividend Yielding Stocks Strategies in the FT Index, Hang Seng Index and the DJIA (the "Global Target 15 Strategy"); the investment strategy of the S&P(R) Target Portfolio (the "S&P(R) Target 24 Strategy") and the investment strategy of the NASDAQ(R) Target Portfolio (the "NASDAQ(R) Target 15 Strategy"); the investment strategy of the Value Line(R) Target Portfolio (the "Value Line(R) Target 25 Strategy"); and the performance of the S&P 500 Index, the FT Index, the Hang Seng Index, the DJIA, the Dow Jones Select Dividend Index(sm), the NASDAQ Composite Index and the Cumulative Index Returns in each of the years listed below, as of December 31 in each of those years (and as of the most recent quarter).

An investor in a Fund would not necessarily realize as high a total return on an investment in the stocks upon which the hypothetical returns are based for the following reasons: the total return figures shown reflect estimated and not actual expenses and do not reflect taxes; the Funds are established at different times of the year; and the Funds may not be fully invested at all times or equally weighted in all stocks comprising a strategy. Further, the returns also do not reflect the deduction of any insurance fees or charges which are imposed by American Skandia in connection with the sale of variable annuity policies. Investors should refer to the prospectus for Account B for a description of those fees and charges which have a detrimental effect on the performance of the Funds. If the above-mentioned charges were reflected in the hypothetical returns, the returns would be lower than those presented here.

The returns shown below for the strategies do not represent the results of actual trading using client assets but were achieved by means of the retroactive application of a strategy that was designed with the benefit of hindsight. These returns should not be considered indicative of the skill of First Trust. The returns may not reflect the impact that any material market or economic factors might have had if the strategies had been used during the periods shown to actually manage client assets. During most of the period shown in the table below, First Trust did not manage or supervise accounts which employed strategies similar to the hypothetical strategies shown below. The returns shown below for the strategies are not a guarantee of future performance and should not be used to predict the expected returns of a Fund. Each strategy has the potential for loss.

These figures are for calendar years; the Funds may use different 12-month periods.

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COMPARISON OF TOTAL RETURNS (2)

Strategy Total Returns

| YEAR | DART 10 Strategy | Value Line(R) Target 25 Strategy | Dow(sm) Dividend Strategy | Global Target 15 Strategy(1) | S&P(R) Target 24 Strategy | NASDAQ(R) Target Strategy |
|------|------------------|----------------------------------|---------------------------|------------------------------|---------------------------|---------------------------|
| <S>  | <C>              | <C>                              | <C>                       | <C>                          | <C>                       | <C>                       |
| 1979 | 11.45%           |                                  |                           | 42.95%                       |                           |                           |
| 1980 | 23.17%           |                                  |                           | 50.71%                       |                           |                           |
| 1981 | 0.53%            |                                  |                           | -1.44%                       |                           |                           |
| 1982 | 25.81%           |                                  |                           | -4.22%                       |                           |                           |
| 1983 | 38.71%           |                                  |                           | 14.04%                       |                           |                           |
| 1984 | 4.71%            |                                  |                           | 28.22%                       |                           |                           |
| 1985 | 37.59%           | 40.66%                           |                           | 52.25%                       |                           |                           |
| 1986 | 40.21%           | 15.17%                           |                           | 36.40%                       | 20.36%                    | 23.85%                    |
| 1987 | 3.73%            | 12.34%                           |                           | 15.93%                       | 2.57%                     | 10.47%                    |
| 1988 | 17.42%           | -7.73%                           |                           | 22.64%                       | 5.43%                     | 4.55%                     |
| 1989 | 26.84%           | 33.70%                           |                           | 14.40%                       | 23.51%                    | 24.43%                    |
| 1990 | -0.21%           | 1.74%                            |                           | 1.70%                        | 7.62%                     | -2.12%                    |
| 1991 | 42.09%           | 100.03%                          |                           | 38.67%                       | 41.44%                    | 97.41%                    |
| 1992 | 7.00%            | 3.48%                            | 30.90%                    | 25.00%                       | -0.54%                    | -1.80%                    |
| 1993 | 19.54%           | 28.81%                           | 19.19%                    | 63.78%                       | 9.24%                     | 25.34%                    |
| 1994 | -1.30%           | 22.76%                           | -7.43%                    | -8.68%                       | 6.10%                     | 5.56%                     |
| 1995 | 36.42%           | 41.65%                           | 47.83%                    | 11.89%                       | 40.39%                    | 50.09%                    |
| 1996 | 33.24%           | 36.57%                           | 17.17%                    | 19.39%                       | 32.54%                    | 42.65%                    |
| 1997 | 24.01%           | 31.40%                           | 41.87%                    | -7.80%                       | 31.43%                    | 26.46%                    |
| 1998 | 18.36%           | 32.99%                           | 3.71%                     | 11.94%                       | 41.05%                    | 58.05%                    |
| 1999 | 16.88%           | 104.12%                          | -5.80%                    | 7.35%                        | 42.04%                    | 94.04%                    |
| 2000 | 9.11%            | -5.22%                           | 27.00%                    | 3.64%                        | 4.82%                     | -2.65%                    |

|                      |         |         |        |         |         |         |
|----------------------|---------|---------|--------|---------|---------|---------|
| 2001                 | -14.99% | 1.04%   | 41.34% | -0.14%  | -9.96%  | -12.25% |
| 2002                 | -17.18% | -13.89% | -0.16% | -13.39% | -18.38% | -19.77% |
| 2003                 | 19.87%  | 46.49%  | 33.38% | 37.32%  | 24.45%  | 35.14%  |
| 2004                 | 4.39%   | 27.17%  | 19.89% | 30.30%  | 14.75%  | 10.87%  |
| (through<br>3/31/05) | -3.16%  | 1.09%   | 1.79%  | -0.42%  | -3.50%  | -4.78%  |

<TABLE>  
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Index Total Returns

| YEAR                 | S&P 500 Index | FT Index | Hang Seng | DJIA    | NASDAQ Composite Index | Dow Jones Select Dividend Index | Cumulative Index Returns (3) |
|----------------------|---------------|----------|-----------|---------|------------------------|---------------------------------|------------------------------|
| <S>                  | <C>           | <C>      | <C>       | <C>     | <C>                    | <C>                             | <C>                          |
| 1979                 | 18.22%        | 3.59%    | 77.99%    | 10.60%  |                        |                                 | 30.73%                       |
| 1980                 | 32.11%        | 31.77%   | 65.48%    | 21.90%  |                        |                                 | 39.72%                       |
| 1981                 | -4.92%        | -5.30%   | -12.34%   | -3.61%  |                        |                                 | -7.08%                       |
| 1982                 | 21.14%        | 0.42%    | -48.01%   | 26.85%  |                        |                                 | -6.91%                       |
| 1983                 | 22.28%        | 21.94%   | -2.04%    | 25.82%  |                        |                                 | 15.24%                       |
| 1984                 | 6.22%         | 2.15%    | 42.61%    | 1.29%   |                        |                                 | 15.35%                       |
| 1985                 | 31.77%        | 54.74%   | 50.95%    | 33.28%  |                        |                                 | 46.32%                       |
| 1986                 | 18.31%        | 24.36%   | 51.16%    | 27.00%  | 7.26%                  |                                 | 34.18%                       |
| 1987                 | 5.33%         | 37.13%   | -6.84%    | 5.66%   | -5.26%                 |                                 | 11.99%                       |
| 1988                 | 16.64%        | 9.00%    | 21.04%    | 16.03%  | 15.41%                 |                                 | 15.36%                       |
| 1989                 | 31.35%        | 20.07%   | 10.59%    | 32.09%  | 19.26%                 |                                 | 20.92%                       |
| 1990                 | -3.30%        | 11.03%   | 11.71%    | -0.73%  | -17.80%                |                                 | 7.34%                        |
| 1991                 | 30.40%        | 8.77%    | 50.68%    | 24.19%  | 56.84%                 |                                 | 27.88%                       |
| 1992                 | 7.62%         | -3.13%   | 34.73%    | 7.39%   | 15.45%                 | 22.65%                          | 12.99%                       |
| 1993                 | 9.95%         | 19.22%   | 124.95%   | 16.87%  | 14.75%                 | 14.59%                          | 53.68%                       |
| 1994                 | 1.34%         | 1.97%    | -29.34%   | 5.03%   | -3.20%                 | -0.19%                          | -7.45%                       |
| 1995                 | 37.22%        | 16.21%   | 27.52%    | 36.67%  | 39.92%                 | 42.80%                          | 26.80%                       |
| 1996                 | 22.82%        | 18.35%   | 37.86%    | 28.71%  | 22.71%                 | 25.08%                          | 28.31%                       |
| 1997                 | 33.21%        | 14.78%   | -17.69%   | 24.82%  | 21.64%                 | 37.83%                          | 7.30%                        |
| 1998                 | 28.57%        | 12.32%   | -2.60%    | 18.03%  | 39.63%                 | 4.33%                           | 9.25%                        |
| 1999                 | 20.94%        | 15.14%   | 71.34%    | 27.06%  | 85.59%                 | -4.08%                          | 37.85%                       |
| 2000                 | -9.08%        | -16.14%  | -9.32%    | -4.70%  | -39.29%                | 24.86%                          | -10.05%                      |
| 2001                 | -11.88%       | -22.81%  | -22.45%   | -5.45%  | -21.05%                | 13.09%                          | -16.90%                      |
| 2002                 | -22.04%       | -29.33%  | -15.52%   | -14.94% | -31.53%                | -3.94%                          | -19.93%                      |
| 2003                 | 28.49%        | 25.80%   | 41.23%    | 28.04%  | 50.70%                 | 30.16%                          | 31.69%                       |
| 2004                 | 10.80%        | 20.60%   | 16.85%    | 5.23%   | 9.11%                  | 18.14%                          | 14.23%                       |
| (through<br>3/31/05) | -2.14%        | 2.78%    | -4.59%    | -2.05%  | -7.95%                 | -1.51%                          | -1.29%                       |

<FN>

- (1) The Strategy Stocks for each Strategy for a given year consist of stock selected by applying the respective strategy as of the beginning of the period. The Global Target 15 Strategy merely averages the Total Return of the stocks which comprise the Five Lowest Priced Stocks of the Ten Highest Dividend Yielding Stocks in the FT Index, Hang Seng Index and the DJIA, respectively.
- (2) Total return represents the sum of the change in market value of each group of stocks between the first and last trading day of a period plus the total dividends paid on each group of stocks during the period divided by the opening market value of each group of stocks as of the first trading day of a period. Total return does not take into consideration any taxes. Total return assumes that all dividends are reinvested semi-annually (with the exception of the FT Index and the Hang Seng Index from 12/31/78 through 12/31/86, during which time annual reinvestment was assumed and the NASDAQ Composite Index which shows only price appreciation prior to 1995), and all returns are stated in terms of the United States dollar. Based on the year-by-year returns contained in the table through 12/31/04, over the period listed for the NASDAQ(R) Target 15 Strategy the average annual total return is 21.12%, and the average annual total return for its corresponding index, the NASDAQ Composite Index, is 10.75%; in addition, over the period listed above, the DART 10 Strategy achieved an average annual total return of 15.28%, and the average annual total return for its corresponding index, the DJIA, is 14.24%; the Dow(sm) Dividend Strategy achieved an average total return of 19.32%, and the average total return for its corresponding index, the Dow Jones Select Dividend Index, is 16.41%; the S&P(R) Target 24 Strategy achieved an average annual total return of 15.40%, and the average annual total return over a 19-year period for its corresponding index, the S&P 500 Index, is 12.23%; the Global Target 15 Strategy achieved an average annual total return of 16.34%, and the average annual total return for its corresponding index, a combination of the FT Index, the Hang Seng Index and the DJIA, is 13.87% and the Value Line(R) Target 25 Strategy achieved an average annual total return of 24.44%, and the average annual total return over a 20-year period for its corresponding index, the S&P 500 Index, is 13.14%. For the seven year period between January 1, 1972 and December 31, 1978, the DART 10 Strategy achieved an annual total return of 22.14% in

1972, -3.72% in 1973, -8.53% in 1974, 55.96% in 1975, 33.48% in 1976, -3.41% in 1977 and -3.40% in 1978; the DJIA achieved an annual total return of 18.38% in 1972, -13.20% in 1973, -23.64% in 1974, 44.46% in 1975, 22.80% in 1976, -12.91% in 1977 and 2.66% in 1978; and the S&P 500 Index achieved an

annual total return of 18.89% in 1972, -14.57% in 1973, -26.33% in 1974, 36.84% in 1975, 23.64% in 1976 and -7.25% in 1977 and 6.49% in 1978. Although each Fund seeks to achieve a better performance than its respective index as a whole, there can be no assurance that a Fund will achieve a better performance.

(3) Cumulative Index Returns represent the average of the annual returns of the stocks contained in the FT Index, Hang Seng Index and DJIA. Cumulative Index Returns do not represent an actual index.

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</TABLE>

There can be no assurance that any Fund will outperform the DJIA or any other index shown. Investors should not rely on the preceding financial information as an indication of the past or future performance of a Fund. This information may be used in advertisements.

ADDITIONAL INFORMATION

SHAREHOLDER INQUIRIES

All inquiries regarding the Company should be directed to the Company at (800) 621-1675 or by writing the Company at 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532.

FINANCIAL STATEMENTS

The audited financial statements and notes thereto for the Fund, contained in the Annual Report to Shareholders dated December 31, 2004, are incorporated by reference into this SAI and have been audited by Ernst & Young LLP, independent registered public accounting firm, whose report also appears in the Annual Report and is also incorporated by reference herein. No other parts of the Annual Report are incorporated by reference herein.

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FIRST DEFINED PORTFOLIO FUND, LLC  
ANNUAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004  
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DECEMBER 31, 2004

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HOW TO READ THIS REPORT

This report contains information that can help you evaluate your investment. It includes details about each portfolio and presents data and analysis that provide insight into each portfolio's performance and investment approach.

By reading the letter from the Fund's President, James A. Bowen, together with the market overview and discussion of each portfolio's performance, you will obtain an understanding of how the market environment affected its performance. The statistical information that follows can help you understand a portfolio's performance compared to that of relevant market benchmarks.

It is important to keep in mind that the opinions expressed by Mr. Bowen and First Trust Advisors L.P. personnel are just that: informed opinions. They should not be considered to be promises or advice. The opinions, like the statistics, cover the period through the date on the cover of this report. Of course, the risks of investing in the portfolios are spelled out in the prospectus.

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SHAREHOLDER LETTER  
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FIRST DEFINED PORTFOLIO FUND, LLC  
ANNUAL REPORT  
DECEMBER 31, 2004

Dear Shareholders:

In 2004, nine out of the eleven equity portfolios in the First Defined Portfolio Fund, LLC (the "Fund") generated positive total returns. We are particularly pleased that seven out of eleven posted returns that outpaced the S&P 500 Index. The bull market in stocks is now two years old and we believe that the U.S. economic expansion, now three years old, is strong and sustainable despite some formidable obstacles.

According to the latest estimate from the Blue Chip Economic Indicators, 2004 GDP growth in the U.S. should come in around 4.4%, up from 3.1% in 2003. In our opinion, this is very encouraging considering the ongoing war in Iraq and its role in pushing energy prices higher. Crude oil futures reached a high of \$55.17 in 2004, according to data from Bloomberg. The average for the year was \$41.43. Economists estimate that for every \$10 change in the price of a barrel of crude oil, GDP growth adjusts approximately 0.5% up or down, and in the case of 2004 it was down. High energy prices act as a tax on the consumer and businesses. The more we pay for our energy, the less discretionary dollars are available to be pumped into the economy.

One of the top stories in the economy throughout 2004 was the strong showing by the manufacturing sector. If you recall, it was consumer spending, particularly in the housing market, that kept the U.S. economy propped up during the shallow recession of 2001. According to the Institute for Supply Management, the manufacturing sector grew for the 19th consecutive month in December. The ISM Index of manufacturing activity averaged a reading above 60 for all of 2004. A reading above 50 indicates that activity is expanding. As good of a decade as the 1990s was for Corporate America, the index never registered a reading of 60 even for a single month. The index actually traded above 60 for nine consecutive months from November 2003 through July 2004. That was the longest period of growth above 60 since the 12-month stretch from July 1972 through June 1973.

Over the past 16 months, the U.S. has added nearly 2.5 million people to the workforce. Since consumer spending accounts for roughly two-thirds of our annual GDP in the U.S., which is currently in the vicinity of \$11.6 trillion, having more workers on the payrolls, in our opinion, is a positive for Corporate America.

As always, our approach to investing on behalf of the Fund is based on the belief that a disciplined buy-and-hold philosophy best suits the long-term investor. The companies selected for our defined sector portfolios are researched and evaluated using database screening techniques, fundamental analysis, and the judgement of our research analysts. We believe that financial markets set the price of securities based upon expectations for future cash flows. It is our contention that successful investors tend to select stocks of companies where management is able to exceed cash flow expectations. Likewise, portfolios derived from indexes will continue to employ unique quantitative strategies that combine historical evidence with common sense to give investors an opportunity to obtain returns greater than that of the actual indexes.

Thank you for your continued interest in the portfolios within our Fund.

Sincerely,

/S/ JAMES A. BOWEN  
James A. Bowen  
President of the First Defined  
Portfolio Fund, LLC  
February 18, 2005

Page 1

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OVERVIEW OF THE MARKET  
-----

FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

MARKET OVERVIEW  
-----

Based on the first ten months of the year, it looked as though large-cap stocks were going to net investors very little in the way of gains in 2004. Year-to-date through October, the DJIA, S&P 500 and Nasdaq 100 Indexes had generated total returns of -2.5%, +3.1% and +1.5%, respectively. The performance of the DJIA Index was negatively impacted by the sharp sell-off in Merck in late September over the Vioxx scare and its voluntary recall. Thanks to a post-election rally, the DJIA, S&P 500 and Nasdaq 100 Indexes posted total returns of +5.3%, +10.9% and +10.7%, respectively, in 2004. The return on the S&P 500 Index was slightly better than the +10.4% average annual total return posted by "Large Company" stocks between 1926 and 2004, according to data from Ibbotson Associates.

But large-cap stocks aren't the only option for investors. In fact, both small and mid-cap stocks have outperformed large-caps over the past six calendar years. From 1999-2004, the S&P 500 Index posted an average annual total return of +1.3%, vs. +10.4% for the S&P 400 Index (Mid Cap) and +11.7% for the S&P 600 Index (Small Cap). In 2004, the S&P 400 and S&P 600 Indexes returned +16.5% and +22.7%, respectively, easily outpacing the S&P 500 Index's +10.9% return. It should be noted that the estimated earnings growth for small and mid-cap stocks was higher than that of large-caps in 2004. According to Thomson First Call, year-end estimates showed 19% earnings growth for the firms in the S&P 500 Index, vs. 20% for those in the S&P 400 Index and 26% for those in the S&P 600 Index.

Due primarily to the ongoing weakness in the U.S. dollar, which began its slide in 2002, investors poured \$57.9 billion into international equity funds and another \$15.6 billion into global equity funds in 2004, according to AMG Data Services. That is a huge jump in inflows over last year's take. In 2003, investors allocated \$25.4 billion to international equity funds and just \$2.9 billion to global equity funds. The Morgan Stanley Capital International Developed Markets World Index posted a respectable total return of +14.7% in 2004.

One theme gaining some momentum in the market is stock dividends. If you recall back in May 2003, President Bush signed into law the Jobs & Growth Tax Relief Reconciliation Act of 2003. One of the provisions in the law lowered the tax rate on qualified stock dividends to a maximum rate of 15% through 2008. Today, as a result of this tax reform, we are seeing more and more companies either initiating a dividend or increasing the amount of an existing dividend. Of the roughly 7,000 publicly traded companies who report dividend payments to Standard & Poor's Corporation, 167 companies increased their payout in December, a 22.8% increase over the 136 posted in December 2003, according to Standard & Poor's Corporation. In 2004, there were 1,745 dividend increases, up 7.1% from the 1,630 increases in 2003. It was the largest number of dividend increases for a calendar year since 1998. Companies still have room for more increases moving forward. The dividend yield on the S&P 500 Index has been below 2.0% since the end of 1996. It was above 3.0% as recently as 1991.

In addition to dividends, we saw a bit of a revival in the IPO market. As of mid-December, there had been 252 common stock IPOs brought to market in the U.S. in 2004, totaling \$46.8 billion. This was up substantially from the 80 deals that raised \$14 billion in 2003, according to CBSMarketWatch.com. With respect to mergers, in the fourth quarter of 2004, \$250 billion worth of mergers were completed, pushing the year's total to \$809 billion, a 49% jump over 2003, according to Thomson Financial. Close to 60% of the deals in 2004 were paid for with cash, versus about 35% in 2000, according to Bank of America.

Perhaps the most encouraging sign that Corporate America is healthy heading into 2005 is the fact that, including financial firms, the companies in the S&P 500 Index are currently holding a record \$2 trillion in cash and cash equivalents.

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 PERFORMANCE SUMMARY  
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FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT  
 DEFINED TARGET PORTFOLIOS

TARGET MANAGED VIP PORTFOLIO

The Target Managed VIP Portfolio posted a total return of +12.3% in 2004, which slightly outperformed the Russell 3000 Index's total return of +12.0%. The Net Asset Value (NAV) increased from \$8.73 to \$9.80 during the calendar year. One hundred and two stocks advanced and twenty-two declined. The top performing stocks were the following: Urban Outfitters (+139.7%), Advanced Medical Optics (+109.4%), Cognizant Technology Solutions (+85.5%), Ameristar Casinos (+78.9%) and Pacificare Health Systems (+67.2%). The worst performing stocks were the following: Foundry Networks (-51.8%), Hot Topic (-41.6%), Applied Films (-34.7%), United Online (-31.3%) and Intel (-26.6%).

The Target Managed VIP portfolio was helped by strong performance from the consumer discretionary and financial services holdings in the portfolio. The consumer discretionary holdings, which had a neutral weighting relative to the benchmark to start the year, benefited from the strength in consumer spending as Coach, Electronic Arts and Urban Outfitters were the greatest contributors to performance on a weighted basis. The financial services holdings benefited from solid performance across the board as all 14 holdings posted positive returns for the year with 11 of those beating the relevant sector benchmark return. The portfolio return was negatively impacted by the auto & transportation sector holdings, which underperformed and were overweighted relative to the benchmark index. General Motors, a large weighting for the portfolio, lagged the market due to fierce competition and questions about its financial health which resulted in a downgrade of its debt toward the end of the year. Two of the portfolios largest holdings, Intel and Cisco, also lagged the market significantly as investors questioned their long-term growth prospects.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

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 ANNUAL INVESTMENT RETURNS  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                              |        |
|------------------------------|--------|
| 1999*                        |        |
| Target Managed VIP Portfolio | -19.6% |
| Dow Jones Industrial Avg.**  | 9.0%   |
| Russell 3000 Index***        | 12.6%  |
| 2000                         |        |
| Target Managed VIP Portfolio | 7.2%   |
| Dow Jones Industrial Avg.**  | -4.7%  |
| Russell 3000 Index***        | -7.5%  |
| 2001                         |        |
| Target Managed VIP Portfolio | -5.0%  |
| Dow Jones Industrial Avg.**  | -5.5%  |

|                              |        |
|------------------------------|--------|
| Russell 3000 Index***        | -11.4% |
| 2002                         |        |
| Target Managed VIP Portfolio | -21.0% |
| Dow Jones Industrial Avg.**  | -15.0% |
| Russell 3000 Index***        | -21.5% |
| 2003                         |        |
| Target Managed VIP Portfolio | 34.9%  |
| Dow Jones Industrial Avg.**  | 28.3%  |
| Russell 3000 Index***        | 31.1%  |
| 2004                         |        |
| Target Managed VIP Portfolio | 12.3%  |
| Dow Jones Industrial Avg.**  | 5.3%   |
| Russell 3000 Index***        | 12.0%  |

-----  
GROWTH OF A \$10,000 INITIAL INVESTMENT  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
<CAPTION>

|                              | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|
| <S>                          | <C>      |
| Target Managed VIP Portfolio | \$10,000 | \$8,040  | \$8,620  | \$8,190  | \$6,470  | \$8,730  | \$9,800  |
| Dow Jones Industrial Avg.**  | 10,000   | 10,896   | 10,382   | 9,816    | 8,343    | 10,700   | 11,271   |
| Russell 3000 Index***        | 10,000   | 11,262   | 10,420   | 9,229    | 7,241    | 9,500    | 10,631   |

</TABLE>

Page 3

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PERFORMANCE SUMMARY - (CONTINUED)

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FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

TARGET MANAGED VIP PORTFOLIO (CONTINUED)

<TABLE>  
<CAPTION>

-----  
RETURN COMPARISON PERIODS ENDED DEC. 31, 2004

|                              | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|------------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
| <S>                          | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| Target Managed VIP Portfolio | 10/6/99        | -2.0%                   | -0.4%   | 4.0%                               | 12.3%                      |
| Dow Jones Industrial Avg.**  |                | 12.7                    | 2.3   | 0.7                                | 5.3                        |
| Russell 3000 Index***        |                | 6.3                     | 1.2   | -1.2                               | 12.0                       |

<FN>

\*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.

\*\*The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928. (Bloomberg)

\*\*\*The Russell 3000 Index is composed of 3,000 large U.S. companies, as determined by market capitalization. This portfolio represents approximately 98% of the investable U.S. equity market. (Bloomberg)

</FN>  
</TABLE>

1. Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from the DowSM Target 5 Portfolio to the Target Managed VIP Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided reflect the Fund's performance prior to the name change and the change of the primary investment strategy.

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|  |      |
|--|------|
| DIVERSIFIED TELECOMMUNICATION SERVICES .....   | 7.1% |
| HOUSEHOLD DURABLES .....                       | 6.8% |
| WIRELESS TELECOMMUNICATION SERVICES .....      | 6.5% |
| DIVERSIFIED FINANCIAL SERVICES .....           | 5.9% |
| COMMUNICATIONS EQUIPMENT .....                 | 5.2% |
| SOFTWARE .....                                 | 5.1% |
| OIL & GAS .....                                | 5.1% |
| COMMERCIAL BANKS .....                         | 5.1% |
| SPECIALTY RETAIL .....                         | 4.4% |
| HEALTH CARE PROVIDERS & SERVICES .....         | 4.2% |
| HEALTH CARE EQUIPMENT & SUPPLIES .....         | 4.0% |
| CONSUMER FINANCE .....                         | 3.4% |
| AUTOMOBILES .....                              | 3.4% |
| CAPITAL MARKETS .....                          | 2.7% |
| SEMICONDUCTORS & SEMICONDUCTOR EQUIPMENT ..... | 2.7% |
| TEXTILES, APPAREL & LUXURY GOODS .....         | 2.4% |
| HOTELS, RESTAURANTS & LEISURE .....            | 2.2% |
| ELECTRIC UTILITIES .....                       | 2.2% |
| MULTI-UTILITIES & UNREGULATED POWER .....      | 2.2% |
| TOBACCO .....                                  | 2.2% |
| COMMERCIAL SERVICES & SUPPLIES .....           | 2.0% |
| MACHINERY .....                                | 1.8% |
| IT SERVICES .....                              | 1.7% |
| BEVERAGES .....                                | 1.6% |
| INDUSTRIAL CONGLOMERATES .....                 | 1.3% |
| MULTILINE RETAIL .....                         | 1.0% |
| AEROSPACE & DEFENSE .....                      | 0.9% |
| INSURANCE .....                                | 0.8% |
| ELECTRONIC EQUIPMENT & INSTRUMENTS .....       | 0.6% |
| HOUSEHOLD PRODUCTS .....                       | 0.5% |
| PHARMACEUTICALS .....                          | 0.5% |
| CHEMICALS .....                                | 0.5% |
| THRIFTS & MORTGAGE FINANCE .....               | 0.5% |
| COMPUTERS & PERIPHERALS .....                  | 0.5% |
| BUILDING PRODUCTS .....                        | 0.4% |
| AIR FREIGHT & LOGISTICS .....                  | 0.4% |
| INTERNET SOFTWARE & SERVICES .....             | 0.4% |
| REAL ESTATE .....                              | 0.4% |
| ENERGY EQUIPMENT & SERVICES .....              | 0.3% |
| PERSONAL PRODUCTS .....                        | 0.3% |
| ROAD & RAIL .....                              | 0.3% |
| CONSTRUCTION MATERIALS .....                   | 0.2% |
| BIOTECHNOLOGY .....                            | 0.1% |
| ELECTRICAL EQUIPMENT .....                     | 0.1% |
| AUTO COMPONENTS .....                          | 0.1% |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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PERFORMANCE SUMMARY - (CONTINUED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

DOWSM DART 10 PORTFOLIO

The DowSM Dart 10 Portfolio posted a total return of +3.8% in 2004, which lagged the Dow Jones Industrial Average's total return of +5.3%. The Net Asset Value (NAV) increased from \$8.37 to \$8.69 during the calendar year. Seven stocks advanced and three declined. The top performing stocks were the following: Eastman Kodak (+27.9%), Home Depot (+21.5%), Altria Group (+18.4%) and American Express (+17.6%). The worst performing stocks were the following: Merck (-27.8%) and General Motors (-21.5%).

The Dow DART 10 Portfolio underperformed the Dow Jones Industrial Average in 2004. While the portfolio had a higher weighting in the consumer discretionary sector, its performance reflected a top performer (Eastman Kodak) and a bottom performer (General Motors) and lagged its peers in the S&P 500 Consumer Discretionary Index. Also, the telecommunications service sector allocation in the portfolio held two lagging performers (SBC & AT&T) relative to the telecom sector as a whole which outperformed the Dow Jones Industrial Average and the S&P 500 Index. Lastly, while the only health care position in the Dow DART 10 looked to be moving flat through most the year, late September news on possible

health risks due to a Merck drug dropped the stock price 26.8% in one day. It did not recover from the drop by the close of the year.

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 ANNUAL INVESTMENT RETURNS  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                             |        |
|-----------------------------|--------|
| 1999*                       |        |
| DowSM DART 10 Portfolio     | -7.8%  |
| Dow Jones Industrial Avg.** | 9.0%   |
| 2000                        |        |
| DowSM DART 10 Portfolio     | 8.7%   |
| Dow Jones Industrial Avg.** | -4.7%  |
| 2001                        |        |
| DowSM DART 10 Portfolio     | -14.8% |
| Dow Jones Industrial Avg.** | -5.5%  |
| 2002                        |        |
| DowSM DART 10 Portfolio     | -18.3% |
| Dow Jones Industrial Avg.** | -15.0% |
| 2003                        |        |
| DowSM DART 10 Portfolio     | 19.9%  |
| Dow Jones Industrial Avg.** | 28.3%  |
| 2004                        |        |
| DowSM DART 10 Portfolio     | 3.8%   |
| Dow Jones Industrial Avg.** | 5.3%   |

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 GROWTH OF A \$10,000 INITIAL INVESTMENT  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
 <CAPTION>

|                             | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|-----------------------------|----------|----------|----------|----------|----------|----------|----------|
| <S>                         | <C>      |
| DowSM DART 10 Portfolio     | \$10,000 | \$9,220  | \$10,020 | \$8,540  | \$6,980  | \$8,370  | \$8,690  |
| Dow Jones Industrial Avg.** | 10,000   | 10,896   | 10,382   | 9,816    | 8,348    | 10,700   | 11,271   |

</TABLE>

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 PERFORMANCE SUMMARY - (CONTINUED)

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

DOWSM DART 10 PORTFOLIO (CONTINUED)

<TABLE>  
 <CAPTION>

-----  
 RETURN COMPARISON

PERIODS ENDED DEC. 31, 2004

|                        | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
| <S>                    | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| DowSMDART 10 Portfolio | 10/6/99        | -13.1%                  | -2.6%   | -1.2%                              | 3.8%                       |

&lt;FN&gt;

\*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.

\*\*The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928. (Bloomberg)

&lt;/FN&gt;

&lt;/TABLE&gt;

PORTFOLIO COMPONENTS+  
December 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|  |       |
|--|-------|
| Diversified Telecommunication Services ..... | 18.8% |
| Leisure Equipment & Products .....           | 12.3% |
| Specialty Retail .....                       | 11.7% |
| Consumer Finance .....                       | 11.3% |
| Tobacco .....                                | 11.0% |
| Chemicals .....                              | 10.4% |
| Diversified Financial Services .....         | 10.3% |
| Automobiles .....                            | 7.3%  |
| Pharmaceuticals .....                        | 6.9%  |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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PERFORMANCE SUMMARY - (CONTINUED)

FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

## GLOBAL TARGET 15 PORTFOLIO

The Global Target 15 Portfolio posted a total return of +25.4% in 2004, which significantly outperformed the Morgan Stanley Capital International Developed Markets World Index's total return of +14.7%. The Net Asset Value (NAV) increased from \$11.05 to \$13.86 during the calendar year. Fourteen stocks advanced and one declined. All five of the sectors in both the Financial Times Industrial Ordinary Share Index and Hang Seng Index advanced. The top performing stocks were the following: EMI Group (+86.3%), Tate & Lyle (+73.0%), Cosco Pacific (+60.7%), BAE Systems (+54.0%) and P&O DFD (+47.1%). The only stock that fell was AT&T Corp. (-0.6%).

Performance in 2004 was driven by the portfolio's FT 30 holdings, which benefited from both strong underlying business fundamentals and the British pound's 7.4% rise relative to the U.S. dollar over the course of the year. The five Financial Times Stock Exchange 30 Index ("FTSE 30") holdings were up on average 63.2% in 2004, greatly outperforming the FTSE 30 return of 20.6%. The portfolio also benefited from strong performance in transportation infrastructure stocks, an overweight position for the portfolio. The DJIA components of the portfolio gained an average of 6.1% for 2004, slightly beating the DJIA return of 5.2% but trailing the portfolio as a whole. The portfolio was held back by underperformance in telecommunication services stocks (AT&T and SBC), an overweight position in the portfolio.

\*All returns are in U.S. dollars.

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ANNUAL INVESTMENT RETURNS  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                                      |        |
|--------------------------------------|--------|
| 1999*                                |        |
| Global Target 15 Portfolio           | -2.9%  |
| MSCI Developed Markets World Index** | 14.1%  |
| 2000                                 |        |
| Global Target 15 Portfolio           | 2.00%  |
| MSCI Developed Markets World Index** | -13.2% |

|      |                                      |        |
|------|--------------------------------------|--------|
| 2001 | Global Target 15 Portfolio           | -2.4%  |
|      | MSCI Developed Markets World Index** | -16.8% |
| 2002 | Global Target 15 Portfolio           | -14.7% |
|      | MSCI Developed Markets World Index** | -19.9% |
| 2003 | Global Target 15 Portfolio           | 34.1%  |
|      | MSCI Developed Markets World Index** | 33.1%  |
| 2004 | Global Target 15 Portfolio           | 25.4%  |
|      | MSCI Developed Markets World Index** | 14.7%  |

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GROWTH OF A \$10,000 INITIAL INVESTMENT  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
<CAPTION>

|                                      | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|
|                                      | -----    | -----    | -----    | -----    | -----    | -----    | -----    |
| <S>                                  | <C>      |
| Global Target 15 Portfolio           | \$10,000 | \$9,710  | \$9,900  | \$9,660  | \$8,240  | \$11,050 | \$13,860 |
| MSCI Developed Markets World Index** | 10,000   | 11,411   | 9,908    | 8,241    | 6,602    | 8,788    | 10,081   |

</TABLE>

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PERFORMANCE SUMMARY - (CONTINUED)

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FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

GLOBAL TARGET 15 PORTFOLIO (CONTINUED)

<TABLE>  
<CAPTION>

RETURN COMPARISON

PERIODS ENDED DEC. 31, 2004

|                                      | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|--------------------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
|                                      | -----          | -----                   | -----   | -----                              | -----                      |
| <S>                                  | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| Global Target 15 Portfolio           | 10/6/99        | 38.6%                   | 6.4%  | 7.4%                               | 25.4%                      |
| MSCI Developed Markets World Index** |                | -0.7                    | -0.1  | -2.4                               | 14.7                       |

<FN>

\*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.

\*\*The Morgan Stanley Capital International Developed Markets World Index ("MSCI Developed Markets World Index") is based on the share prices of approximately 1,600 companies listed on stock exchanges in the twenty-two countries that make up the MSCI National Indices. (Bloomberg)

</FN>  
</TABLE>

PORTFOLIO COMPONENTS+  
December 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|  |       |
|--|-------|
| Industrial Conglomerates               | 18.9% |
| Transportation Infrastructure          | 15.2% |
| Diversified Telecommunication Services | 10.3% |
| Media                                  | 9.4%  |
| Food Products                          | 8.6%  |
| Aerospace & Defense                    | 7.8%  |

|                                      |      |
|--------------------------------------|------|
| Oil & Gas .....                      | 6.7% |
| Road & Rail .....                    | 6.3% |
| Real Estate .....                    | 6.2% |
| Diversified Financial Services ..... | 5.6% |
| Auto Components .....                | 5.0% |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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PERFORMANCE SUMMARY - (CONTINUED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

S&P TARGET 24 PORTFOLIO

The S&P Target 24 Portfolio posted a total return of +13.7% in 2004, which outperformed the S&P 500 Index's total return of +10.9%. The Net Asset Value (NAV) increased from \$7.62 to \$8.66 during the calendar year. Twenty-one stocks advanced and three declined. The top performing stocks were the following: Burlington Resources (+58.5%), UnitedHealth Group (+51.4%), Moody's (+44.1%), Occidental Petroleum (+41.3%) and Waters Corp. (+41.1%). The worst performing stock was Cisco (-20.3%).

The S&P Target 24 slightly outperformed the S&P 500 Index. Financials, health care, and energy, making up almost half of the portfolio's weighting, led the way for the S&P Target 24's performance. Each of the three sectors outperformed their peer group as a whole as measured by their respective S&P 500 sector indexes' performance. The highly weighted information technology sector produced a flat return within the S&P 500, but outperformed the S&P Target 24's technology allocation due to Cisco Systems poor performance and heavy weighting in the sector and portfolio. Industrials' and telecommunications services' performance within the S&P Target 24 also underperformed their peers within the S&P 500 Index.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

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ANNUAL INVESTMENT RETURNS  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                         |        |
|-------------------------|--------|
| 1999*                   |        |
| S&P Target 24 Portfolio | 18.3%  |
| S&P 500 Index**         | 11.2%  |
| 2000                    |        |
| S&P Target 24 Portfolio | -19.4% |
| S&P 500 Index**         | -9.1%  |
| 2001                    |        |
| S&P Target 24 Portfolio | -24.6% |
| S&P 500 Index**         | -11.9% |
| 2002                    |        |
| S&P Target 24 Portfolio | -14.6% |
| S&P 500 Index**         | -22.1% |
| 2003                    |        |
| S&P Target 24 Portfolio | 24.1%  |
| S&P 500 Index**         | 28.7%  |
| 2004                    |        |
| S&P Target 24 Portfolio | 13.7%  |
| S&P 500 Index**         | 10.9%  |

-----  
GROWTH OF A \$10,000 INITIAL INVESTMENT  
Oct. 6, 1999-Dec. 31, 2004

<TABLE>  
 <CAPTION>

|                         | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|-------------------------|----------|----------|----------|----------|----------|----------|----------|
| <S>                     | <C>      |
| S&P Target 24 Portfolio | \$10,000 | \$11,830 | \$9,540  | \$7,190  | \$6,140  | \$7,260  | \$8,660  |
| S&P 500 Index**         | 10,000   | 11,115   | 10,104   | 8,903    | 6,935    | 8,920    | 9,895    |

</TABLE>

PERFORMANCE SUMMARY - (CONTINUED)

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

S&P TARGET 24 PORTFOLIO (CONTINUED)

<TABLE>  
 <CAPTION>

RETURN COMPARISON PERIODS ENDED DEC. 31, 2004

|                         | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|-------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
| <S>                     | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| S&P Target 24 Portfolio | 10/6/99        | -13.4%                  | -2.7%   | -6.0%                              | 13.7%                      |
| S&P 500 Index**         |                | -1.1                    | -0.2  | -2.3                               | 10.9                       |

<FN>  
 \*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.  
 \*\*The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. (Bloomberg)

</FN>  
 </TABLE>  
 1. Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from the S&P Target 10 Portfolio to the S&P Target 24 Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided reflect the Fund's performance prior to the name change and the change of the primary investment strategy.

PORTFOLIO COMPONENTS+  
 December 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|  |       |
|--|-------|
| Capital Markets                        | 16.0% |
| Communications Equipment               | 12.0% |
| Health Care Providers & Services       | 10.5% |
| Diversified Financial Services         | 9.8%  |
| Beverages                              | 9.6%  |
| Industrial Conglomerates               | 7.7%  |
| Oil & Gas                              | 7.4%  |
| Health Care Equipment & Supplies       | 7.3%  |
| Textiles, Apparel & Luxury Goods       | 4.9%  |
| Hotels, Restaurants & Leisure          | 4.0%  |
| Diversified Telecommunication Services | 2.3%  |
| Personal Products                      | 1.9%  |
| Specialty Retail                       | 1.8%  |
| Commercial Services & Supplies         | 1.7%  |
| Software                               | 1.6%  |
| Wireless Telecommunications Services   | 1.1%  |
| Machinery                              | 0.4%  |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

-----  
 PERFORMANCE SUMMARY - (CONTINUED)  
 -----

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

NASDAQ(R) TARGET 15 PORTFOLIO

The Nasdaq(R) Target 15 Portfolio posted a total return of -2.7% in 2004, which significantly under-performed the Nasdaq 100 Index's total return of +10.7%. The Net Asset Value (NAV) fell from \$9.29 to \$9.04 during the calendar year. Nine stocks advanced and six declined. The top performing stocks were the following: Adobe Systems (+60.8%), PETSMART (+49.9%), Symantec (+49.3%), Patterson Companies (+35.6%) and Electronic Arts (+29.4%). The worst performing stocks were the following: Intel (-26.6%), Cisco (-20.3%), SanDisk (-18.4%), Gentex (-14.8%) and American Power Conversion (-11.0%).

Last year was a disappointing year for the NASDAQ Target 15 portfolio. Strong performance from the portfolio's software holdings (25.4% of the portfolio at 12/31/04) was unable to make up for the poor performance of the portfolio's two largest holdings (Cisco & Intel). The portfolio's software holdings returned on average 38%, led by a 60.8% gain in Adobe. Both Cisco and Intel finished 2004 in the bottom quintile of performance for all NASDAQ 100 constituents.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

-----  
 ANNUAL INVESTMENT RETURNS  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                               |        |
|-------------------------------|--------|
| 1999*                         |        |
| NASDAQ(R) Target 15 Portfolio | 46.0%  |
| NASDAQ 100 Index***           | 46.4%  |
| 2000                          |        |
| NASDAQ(R) Target 15 Portfolio | -11.8% |
| NASDAQ 100 Index***           | -36.8% |
| 2001                          |        |
| NASDAQ(R) Target 15 Portfolio | -28.2% |
| NASDAQ 100 Index***           | -32.6% |
| 2002                          |        |
| NASDAQ(R) Target 15 Portfolio | -26.2% |
| NASDAQ 100 Index***           | -37.5% |
| 2003                          |        |
| NASDAQ(R) Target 15 Portfolio | 36.0%  |
| NASDAQ 100 Index***           | 49.5%  |
| 2004                          |        |
| NASDAQ(R) Target 15 Portfolio | -2.7%  |
| NASDAQ 100 Index***           | 10.7%  |

-----  
 GROWTH OF A \$10,000 INITIAL INVESTMENT  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
 <CAPTION>

|                              | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|
|                              | -----    | -----    | -----    | -----    | -----    | -----    | -----    |
| <S>                          | <C>      |
| Nasdaq(R)Target 15 Portfolio | \$10,000 | \$14,600 | \$12,880 | \$9,250  | \$6,830  | \$9,290  | \$9,040  |
| Nasdaq 100 Index***          | 10,000   | 14,644   | 9,251    | 6,234    | 3,894    | 5,820    | 6,447    |

</TABLE>

-----  
 PERFORMANCE SUMMARY - (CONTINUED)  
 -----

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

NASDAQ(R) TARGET 15 PORTFOLIO (CONTINUED)

<TABLE>  
 <CAPTION>

RETURN COMPARISON

PERIODS ENDED DEC. 31, 2004

|                              | INCEPTION<br>DATE | CUMULATIVE<br>TOTAL<br>RETURN | AVERAGE ANNUAL<br>TOTAL RETURN<br>(SINCE INCEPTION) | 5 YEAR<br>AVERAGE ANNUAL<br>TOTAL RETURN | 1 YEAR<br>ANNUAL<br>TOTAL RETURN |
|------------------------------|-------------------|-------------------------------|---|--|----------------------------------|
| <S>                          | <C>               | <C>                           | <C>   | <C>                                      | <C>                              |
| Nasdaq(R)Target 15 Portfolio | 10/6/99           | -9.6%                         | -1.9%   | -9.1%                                    | -2.7%                            |
| Nasdaq 100 Index***          |                   | -35.5                         | -8.0  | -15.1                                    | 10.7                             |

<FN>  
 \*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.  
 \*\*\*The Nasdaq 100 Index is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international issues listed on the NASDAQ. (Bloomberg)

</FN>  
 </TABLE>

PORTFOLIO COMPONENTS+  
 December 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|  |       |
|--|-------|
| Software .....                                 | 25.8% |
| Communications Equipment .....                 | 20.2% |
| Semiconductors & Semiconductor Equipment ..... | 18.4% |
| Wireless Telecommunication Services .....      | 16.3% |
| Specialty Retail .....                         | 9.8%  |
| Household Durables .....                       | 3.4%  |
| Computers & Peripherals .....                  | 2.0%  |
| Health Care - Providers & Services .....       | 1.4%  |
| Biotechnology .....                            | 1.0%  |
| Electrical Equipment .....                     | 0.9%  |
| Auto Components .....                          | 0.8%  |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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 PERFORMANCE SUMMARY - (CONTINUED)  
 -----

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

FIRST TRUST 10 UNCOMMON VALUES PORTFOLIO

The First Trust 10 Uncommon Values Portfolio posted a total return of +11.4% in 2004, which outperformed the S&P 500 Index's total return of +10.9%. The Net Asset Value (NAV) increased from \$4.67 to \$5.20 during the calendar year. In the first half of 2004, five stocks advanced and five declined. In the second half of 2004, which began with the 2004 selections on June 25th, six stocks advanced and four declined.

The top performing stocks in the FIRST HALF of 2004 were the following: Burlington Resources (+31.7%), Teva Pharmaceutical Industries (+19.3%) and Jetblue Airways (+9.0%). The worst performing stocks were the following: Amgen (-12.4%), Hewlett-Packard (-8.7%), Nextel Communications (-4.4%) and U.S. Bancorp (-4.3%). The top performing stocks in the SECOND HALF of 2004 were the following: UnitedHealth Group (+42.6%), Phelps Dodge (+27.9%), EchoStar Communications (+15.2%), MBNA (+10.5%) and Tyco Int'l (+10.5%). The worst performing stocks were the following: Teva Pharmaceutical Industries (-11.2%), Cendant (-2.5%) and Illinois Tool Works (-2.2%).

First half performance was boosted by Burlington Resources as rising crude oil prices pushed the stock to all-time highs. Results were tempered by poor performance from the portfolio's three technology and telecommunication holdings

(Cisco, Nextel & Hewlett-Packard). Following the mid-year portfolio update and rebalance, second half performance benefited from UnitedHealth Group and Phelps Dodge. UnitedHealth reached all-time highs by the end of the year following a temporary setback after New York Attorney General Elliot Spitzer announced an investigation of the insurance industry. Phelps Dodge benefited from rising commodity prices due to continued global economic growth, especially in Asia. Second half performance was hurt by the portfolio's one pharmaceutical holding (Teva Pharmaceuticals) as generic drug stocks lost investor favor due to increased competition and pricing concerns.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

-----  
 ANNUAL INVESTMENT RETURNS  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                                |        |
|--------------------------------|--------|
| 1999*                          |        |
| First Trust 10 Uncommon Values | 14.0%  |
| S&P 500 Index**                | 11.2%  |
| 2000                           |        |
| First Trust 10 Uncommon Values | -26.4% |
| S&P 500 Index**                | -9.1%  |
| 2001                           |        |
| First Trust 10 Uncommon Values | -35.6% |
| S&P 500 Index**                | -11.9% |
| 2002                           |        |
| First Trust 10 Uncommon Values | -36.9% |
| S&P 500 Index**                | -22.1% |
| 2003                           |        |
| First Trust 10 Uncommon Values | 37.0%  |
| S&P 500 Index**                | 28.7%  |
| 2004                           |        |
| First Trust 10 Uncommon Values | 11.4%  |
| S&P 500 Index**                | 10.9%  |

-----  
 GROWTH OF A \$10,000 INITIAL INVESTMENT  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
 <CAPTION>

|                                | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|
| <S>                            | <C>      |
| First Trust 10 Uncommon Values | \$10,000 | \$11,400 | \$8,390  | \$5,400  | \$3,410  | \$4,670  | \$5,200  |
| S&P500 Index**                 | 10,000   | 11,115   | 10,104   | 8,903    | 6,935    | 8,920    | 9,895    |

</TABLE>

-----  
 PERFORMANCE SUMMARY - (CONTINUED)  
 -----

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

FIRST TRUST 10 UNCOMMON VALUES PORTFOLIO (CONTINUED)

<TABLE>  
 <CAPTION>

|  | INCEPTION<br>DATE | CUMULATIVE<br>TOTAL<br>RETURN | AVERAGE ANNUAL<br>TOTAL RETURN<br>(SINCE INCEPTION) | 5 YEAR<br>AVERAGE ANNUAL<br>TOTAL RETURN | 1 YEAR<br>ANNUAL<br>TOTAL RETURN |
|--|-------------------|-------------------------------|---|--|----------------------------------|
| <S>                                      |                   | <C>                           | <C>   | <C>                                      | <C>                              |
| First Trust 10 Uncommon Values Portfolio | 10/6/99           | -48.0%                        | -11.7%  | -14.5%                                   | 11.4%                            |
| S&P 500 Index**                          |                   | -1.1                          | -0.2  | -2.3                                     | 10.9                             |

&lt;FN&gt;

\*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.

\*\*The Standard &amp; Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. (Bloomberg)

&lt;/FN&gt;

&lt;/TABLE&gt;

## PORTFOLIO COMPONENTS+

December 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|  |       |
|--|-------|
| Health Care - Providers & Services ..... | 13.1% |
| Metals & Mining .....                    | 11.9% |
| Media .....                              | 10.2% |
| Consumer Finance .....                   | 10.2% |
| Industrial Conglomerates .....           | 9.9%  |
| Food & Staples Retailing .....           | 9.9%  |
| Insurance .....                          | 9.0%  |
| Machinery .....                          | 8.9%  |
| Commercial Services & Supplies .....     | 8.8%  |
| Pharmaceuticals .....                    | 8.1%  |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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## PERFORMANCE SUMMARY - (CONTINUED)

FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

## VALUE LINE(R) TARGET 25 PORTFOLIO

The Value Line(R) Target 25 Portfolio posted a total return of +21.6% in 2004, which significantly outperformed the Russell 3000 Index's total return of 12.0%. The Net Asset Value (NAV) increased from \$3.34 to \$4.06 during the calendar year. Twenty-three stocks advanced and four declined. There were two spin-offs during the year. The top performing stocks were the following: Urban Outfitters (+139.7%), Cognizant Technology Solutions (+85.5%), Pacificare Health Systems (+67.2%), Eagle Materials (+61.2%) and Patina Oil & Gas (+54.3%). The worst performing stocks were the following: Foundry Networks (-51.8%), Hot Topic (-41.6%), AAR (-8.9%) and eResearch Technology (-6.5%).

The Value Line Target 25 outperformed the S&P 500 Index due to an overweighting in consumer discretionary sector (more than half the portfolio). This high weighting of the consumer discretionary sector in the Value Line Target 25 was mostly due to homebuilders (one-third of the portfolio) and apparel retail, accessories & luxury (one-sixth of the portfolio). The consumer discretionary holdings within the portfolio more than doubled the performance of its peers as measured by the S&P 500 Consumer Discretionary Indexes' performance. This outperformance and overweighting of consumer discretionary (homebuilders & apparel), coupled with the outperformance of the lower weighted sectors of information technology, health care, and energy where more than enough to overcome the highly weighted, lagging return of Nextel Communications to produce a high return relative to the S&P 500 Index.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

ANNUAL INVESTMENT RETURNS  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

|                                   |        |
|-----------------------------------|--------|
| 1999*                             |        |
| Value Line(R) Target 25 Portfolio | 63.3%  |
| Russell 3000 Index****            | 12.6%  |
| 2000                              |        |
| Value Line(R) Target 25 Portfolio | -42.9% |
| Russell 3000 Index****            | -7.5%  |
| 2001                              |        |
| Value Line(R) Target 25 Portfolio | -55.5% |
| Russell 3000 Index****            | -11.4% |
| 2002                              |        |
| Value Line(R) Target 25 Portfolio | -42.9% |
| Russell 3000 Index****            | -21.5% |
| 2003                              |        |
| Value Line(R) Target 25 Portfolio | 40.9%  |
| Russell 3000 Index****            | 31.1%  |
| 2004                              |        |
| Value Line(R) Target 25 Portfolio | 21.6%  |
| Russell 3000 Index****            | 12.0%  |

-----  
 GROWTH OF A \$10,000 INITIAL INVESTMENT  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
 <CAPTION>

|                                   | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|
|                                   | -----    | -----    | -----    | -----    | -----    | -----    | -----    |
| <S>                               | <C>      |
| Value Line(R) Target 25 Portfolio | \$10,000 | \$16,330 | \$9,320  | \$4,150  | \$2,370  | \$3,340  | \$4,060  |
| Russell 3000 Index****            | 10,000   | 11,262   | 10,420   | 9,229    | 7,241    | 9,500    | 10,631   |

</TABLE>

-----  
 PERFORMANCE SUMMARY - (CONTINUED)

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

VALUE LINE(R) TARGET 25 PORTFOLIO (CONTINUED)

<TABLE>  
 <CAPTION>

|                                   | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|-----------------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
| <S>                               | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| Value Line(R) Target 25 Portfolio | 10/6/99        | -59.4%                  | -15.8%  | -24.3%                             | 21.6%                      |
| Russell 3000 Index ****           |                | 6.3                     | 1.2   | -1.2                               | 12.0                       |

<FN>  
 \*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.  
 \*\*\*\*The Russell 3000 Index is composed of 3000 large U.S. companies, as determined by market capitalization. This portfolio represents approximately 98% of the investable U.S. equity market. (Bloomberg)

</FN>  
 </TABLE>  
 1. Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from the First Trust Internet Portfolio to the Value Line(R) Target 25 Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided reflect the Fund's performance prior to the name change and the change of the primary investment strategy.

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|   |       |
|---|-------|
| Household Durables .....                  | 24.3% |
| Wireless Telecommunication Services ..... | 21.8% |
| Specialty Retail .....                    | 12.3% |
| Textiles, Apparel & Luxury Goods .....    | 10.7% |
| Multiline Retail .....                    | 6.6%  |
| Health Care Providers & Services .....    | 5.8%  |
| IT Services .....                         | 5.5%  |
| Commercial Services .....                 | 3.6%  |
| Oil & Gas .....                           | 2.6%  |
| Aerospace & Defense .....                 | 2.3%  |
| Automobiles .....                         | 2.2%  |
| Communications Equipment .....            | 1.7%  |
| Construction Materials .....              | 0.6%  |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

Page 16

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PERFORMANCE SUMMARY - (CONTINUED)  
-----

FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

FIRST TRUST ENERGY PORTFOLIO

The First Trust Energy Portfolio posted a total return of +32.0% in 2004, which outperformed the Russell 1000 Integrated Oil Index's total return of +28.8%, but lagged the Russell 1000 Other Energy Index's total return of +39.7%. The Net Asset Value (NAV) increased from \$14.20 to \$18.75 during the calendar year. Twenty-four stocks advanced and one declined.

The following S&P group returns reflect how energy stocks fared in 2004: Oil & Gas Drilling (+45.1%), Oil-Exploration & Production (+34.9%), Oil & Gas Equipment & Services (+31.9%) and Integrated Oil & Gas (+28.8%).

The year-over-year estimated earnings growth rate for the companies in the S&P ENERGY INDEX rose by 50% in 2004, according to Thomson First Call. Actual earnings growth rates were +63% and -35% for 2003 and 2002, respectively.

The top performing stocks were the following: Valero Energy (+97.6%), Canadian Natural Resources (+71.2%), Cal Dive Int'l (+68.9%), National-Oilwell (+57.8%) and Maverick Tube (+57.4%). The only stock that fell was PetroChina (-1.4%).

Crude oil futures in New York closed 2004 at \$43.45 per barrel, up significantly from \$32.52 at the end of 2003, according to Bloomberg. During the year the price was as high as \$55.17 (10/26) and as low as \$32.48 (2/6). The average for 2004 was \$41.43. Natural Gas futures in New York closed 2004 at \$6.15 per mmmBtu (10,000 million British thermal units), down slightly from \$6.19 at the end of 2003. During the year the price was as high as \$8.75 (11/3) and as low as \$4.57 (9/10). The average for 2004 was \$6.17.

OPEC has announced that it has abandoned its oil trading range of \$22-\$28 per barrel, held steady for several years, in favor of a \$40 price target. The high price of oil has been a boon for oil companies all over the globe as the world's 10 largest oil companies earned in the vicinity of \$100 billion in profits in 2004, according to the New York Times. Some oil companies have announced they intend to distribute a percentage of their windfalls in the form of dividends, while others may buy back stock or pare down debt.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

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ANNUAL INVESTMENT RETURNS  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

1999\*  
FirstTrust Energy Portfolio 12.3%

|                                    |        |
|------------------------------------|--------|
| Russell 1000 Integrated Oil Index+ | 3.1%   |
| Russell 1000 Other Energy Index++  | 6.2%   |
| 2000                               |        |
| FirstTrust Energy Portfolio        | 41.3%  |
| Russell 1000 Integrated Oil Index+ | 12.6%  |
| Russell 1000 Other Energy Index++  | 69.1%  |
| 2001                               |        |
| FirstTrust Energy Portfolio        | -28.9% |
| Russell 1000 Integrated Oil Index+ | -10.6% |
| Russell 1000 Other Energy Index++  | -43.3% |
| 2002                               |        |
| FirstTrust Energy Portfolio        | -4.5%  |
| Russell 1000 Integrated Oil Index+ | -12.7% |
| Russell 1000 Other Energy Index++  | -20.6% |
| 2003                               |        |
| FirstTrust Energy Portfolio        | 31.7%  |
| Russell 1000 Integrated Oil Index+ | 26.9%  |
| Russell 1000 Other Energy Index++  | 26.1%  |
| 2004                               |        |
| FirstTrust Energy Portfolio        | 32.0%  |
| Russell 1000 Integrated Oil Index+ | 28.8%  |
| Russell 1000 Other Energy Index++  | 39.7%  |

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PERFORMANCE SUMMARY - (CONTINUED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

FIRST TRUST ENERGY PORTFOLIO (CONTINUED)  
-----

GROWTH OF A \$10,000 INITIAL INVESTMENT  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
<CAPTION>

|                                    | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|
|                                    | -----    | -----    | -----    | -----    | -----    | -----    | -----    |
| <S>                                | <C>      |
| First Trust Energy Portfolio       | \$10,000 | \$11,230 | \$15,870 | \$11,290 | \$10,780 | \$14,200 | \$18,750 |
| Russell 1000 Integrated Oil Index+ | 10,000   | 10,307   | 11,601   | 10,377   | 9,061    | 11,500   | 14,812   |
| Russell 1000 Other Energy Index++  | 10,000   | 10,617   | 17,953   | 10,174   | 8,082    | 10,190   | 14,238   |

</TABLE>

<TABLE>  
<CAPTION>

-----  
RETURN COMPARISON

PERIODS ENDED DEC. 31, 2004

|                                    | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|------------------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
|                                    | -----          | -----                   | -----   | -----                              | -----                      |
| <S>                                | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| First Trust Energy Portfolio       | 10/6/99        | 87.5%                   | 12.7%   | 10.8%                              | 32.0%                      |
| Russell 1000 Integrated Oil Index+ |                | 48.1                    | 7.8   | 7.5                                | 28.8                       |
| Russell 1000 Other Energy Index++  |                | 42.4                    | 7.0   | 6.0                                | 39.7                       |

<FN>  
\* The 1999 return applies to the time period from 10/6/1999 to 12/31/1999. +  
The Russell 1000 Integrated Oil Index is a capitalization-weighted index of  
companies involved in all parts of the exploration, production, and  
refining process. (Bloomberg)  
++ The Russell 1000 Other Energy Index is a capitalization-weighted index of  
companies in the energy-related businesses other than integrated oils.  
(Bloomberg)  
</FN>  
</TABLE>

PORTFOLIO COMPONENTS+  
December 31, 2004

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

Oil & Gas ..... 67.9%  
Energy Equipment & Services ..... 32.1%

+ Percentages are based upon total investments. Please note that the percentages  
shown on the Portfolio of Investments are based on net assets.

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-----  
PERFORMANCE SUMMARY - (CONTINUED)  
-----

FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

FIRST TRUST FINANCIAL SERVICES PORTFOLIO

The First Trust Financial Services Portfolio posted a total return of +15.5% in  
2004, which outperformed the Russell 1000 Financial Services Index's total  
return of +13.2%. The Net Asset Value (NAV) increased from \$13.30 to \$15.36  
during the calendar year. Twenty-eight stocks advanced and two declined.

The following S&P group returns reflect how financial stocks fared in 2004:  
Banks (+14.4%), Property & Casualty (+10.5%), Diversified Financials (+8.2%) and  
Insurance Brokers (-22.5%).

The year-over-year earnings growth rate for the companies in the S&P FINANCIAL  
INDEX was 12% in 2004, according to Thomson First Call. Actual earnings growth  
rates were 18% and 17% for 2003 and 2002, respectively.

The top performing stocks were the following: Countrywide Financial (+48.1%),  
Manulife Financial (+45.7%), Capital One Financial (+37.6%), ING Group (+36.1%)  
and Popular, Inc. (+31.9%). The two stocks that fell were Morgan Stanley (-2.2%)  
and American Int'l Group (-0.5%).

Though the numbers are not officially in yet for 2004, the Securities Industry  
Association has reported that the securities industry will raise an estimated  
\$2.9 trillion for U.S. companies in 2004 via the underwriting of stocks and  
bonds. It marks the second consecutive year of nearly \$3 trillion raised. To  
place this level of activity into perspective, over the past five years the  
securities industry has raised approximately \$12.8 trillion for U.S. companies,  
an amount that surpasses the \$12.4 trillion raised for the 30-year period from  
1970-1999.

The banking industry experienced some pressure on profits in 2004 due to a 26%  
decline in mortgage activity, according to the Mortgage Banker Association. The  
insurance industry appears to be on solid footing despite enduring four  
hurricanes in 2004 that generated claims totaling \$20.5 billion. It appears as  
though premium increases are only averaging about 3% to 4%. According to the  
Insurance Information Institute, the insurance industry generated its first  
underwriting profit in 2004 since 1978 and its best return on equity since 1997.

All of the data on this page represents past performance, which cannot be used  
to predict future returns that may be achieved by this investment fund. Total  
return and share price will fluctuate, so an investor's shares, when redeemed,  
may be worth more or less than when purchased. Returns assume reinvestment of  
dividends.

-----  
ANNUAL INVESTMENT RETURNS  
Oct. 6, 1999-Dec. 31, 2004  
-----

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

1999\*  
FirstTrust Financial Services Portfolio 4.9%

|   |        |
|---|--------|
| Russell 1000 Financial Services Index**** | 3.9%   |
| 2000                                      |        |
| FirstTrust Financial Services Portfolio   | 24.8%  |
| Russell 1000 Financial Services Index**** | 26.2%  |
| 2001                                      |        |
| FirstTrust Financial Services Portfolio   | -10.8% |
| Russell 1000 Financial Services Index**** | -14.1% |
| 2002                                      |        |
| FirstTrust Financial Services Portfolio   | -14.4% |
| Russell 1000 Financial Services Index**** | -15.3% |
| 2003                                      |        |
| FirstTrust Financial Services Portfolio   | 33.0%  |
| Russell 1000 Financial Services Index**** | 30.5%  |
| 2004                                      |        |
| FirstTrust Financial Services Portfolio   | 15.5%  |
| Russell 1000 Financial Services Index**** | 13.2%  |

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 PERFORMANCE SUMMARY - (CONTINUED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

FIRST TRUST FINANCIAL SERVICES PORTFOLIO (CONTINUED)

-----  
 GROWTH OF A \$10,000 INITIAL INVESTMENT  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
 EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

<TABLE>  
 <CAPTION>

|   | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|---|----------|----------|----------|----------|----------|----------|----------|
| <S>                                       | <C>      |
| First Trust Financial Services Portfolio  | \$10,000 | \$10,490 | \$13,090 | \$11,680 | \$10,000 | \$13,300 | \$15,350 |
| Russell 1000 Financial Services Index**** | 10,000   | 10,389   | 13,115   | 11,268   | 9,544    | 12,454   | 14,098   |

</TABLE>

<TABLE>  
 <CAPTION>

-----  
 RETURN COMPARISON PERIODS ENDED DEC. 31, 2004

|   | INCEPTION<br>DATE | CUMULATIVE<br>TOTAL<br>RETURN | AVERAGE ANNUAL<br>TOTAL RETURN<br>(SINCE INCEPTION) | 5 YEAR<br>AVERAGE ANNUAL<br>TOTAL RETURN | 1 YEAR<br>ANNUAL<br>TOTAL RETURN |
|---|-------------------|-------------------------------|---|--|----------------------------------|
| <S>                                       | <C>               | <C>                           | <C>   | <C>                                      | <C>                              |
| First Trust Financial Services Portfolio  | 10/6/99           | 53.5%                         | 8.5%  | 7.9%                                     | 15.5%                            |
| Russell 1000 Financial Services Index**** |                   | 44.1                          | 7.2   | 6.3                                      | 13.2                             |

<FN>  
 \*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.  
 \*\*\*\*The Russell 1000 Financial Services Index is a capitalization-weighted  
 index of companies that provide financial services. (Bloomberg)

</FN>  
 </TABLE>

PORTFOLIO COMPONENTS+  
 December 31, 2004

[GRAPHIC OMITTED]

|                                      |       |
|--------------------------------------|-------|
| Insurance .....                      | 29.7% |
| Commercial Banks .....               | 30.7% |
| Capital Markets .....                | 17.2% |
| Diversified Financial Services ..... | 8.3%  |
| Consumer Finance .....               | 7.2%  |
| Thrifths & Mortgage Finance .....    | 6.9%  |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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 PERFORMANCE SUMMARY - (CONTINUED)  
 -----

FIRST DEFINED PORTFOLIO FUND, LLC  
 2004 ANNUAL REPORT

FIRST TRUST PHARMACEUTICAL PORTFOLIO

The First Trust Pharmaceutical Portfolio posted a total return of -0.7% in 2004, which lagged the Russell 1000 Healthcare Index's total return of +2.4%. The Net Asset Value (NAV) fell from \$10.35 to \$10.28 during the calendar year. Eleven stocks advanced and nine declined.

The following S&P group returns reflect how health care stocks fared in 2004: Biotechnology (+7.6%) and Pharmaceuticals (-7.4%).

The year-over-year earnings growth rate for the companies in the S&P HEALTH CARE INDEX was 10% in 2004, according to Thomson First Call. Actual earnings growth rates were 11% and 8% for 2003 and 2002, respectively.

The top performing stocks were the following: Biogen (+81.5%), Novo Nordisk A/S (+34.6%), Johnson & Johnson (+25.2%), Novartis (+12.0%) and Abbott Laboratories (+9.7%). The worst performing stocks were the following: Mylan Laboratories (-29.6%), Merck (-27.8%), Forest Laboratories (-27.4%), AstraZeneca PLC (-23.4%) and Pfizer (-22.3%).

The U.S. spent nearly \$1.8 trillion on health care in 2004, which amounts to about 15.5% of our annual gross domestic product (GDP), according to UBS Securities. For comparative purposes, other industrialized nations spend more like 8% to 10% of annual GDP on health care costs.

IMS Health reported that drug sales increased 9% to about \$234 billion in 2004. It marked the first year since 1994 that drug sales posted a single-digit gain. Despite the fact that drug costs account for about 10%-11% of overall health care costs, a great deal of focus continues to be placed on the industry by politicians and the media. The issue of importing drugs from Canada and Europe is part of the ongoing debate over runaway costs.

With R&D spending on new drugs rising to \$33.2 billion in 2003, more and more pharmaceutical companies are forging collaborations with biotechnology companies. As of early December 2004, pharmaceutical companies had entered into 451 licensing and investment deals with biotechnology companies, up from 314 such deals in 2003, according to Biotechnology Industry Association.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

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 ANNUAL INVESTMENT RETURNS  
 Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                                     |        |
|-------------------------------------|--------|
| 1999*                               |        |
| First Trust Phamaceutical Portfolio | 3.7%   |
| Russell 1000 Healthcare Index****   | -2.2%  |
| 2000                                |        |
| First Trust Phamaceutical Portfolio | 30.6%  |
| Russell 1000 Healthcare Index****   | 34.2%  |
| 2001                                |        |
| First Trust Phamaceutical Portfolio | -10.9% |

|                                     |        |
|-------------------------------------|--------|
| Russell 1000 Healthcare Index****   | -12.1% |
| 2002                                |        |
| First Trust Phamaceutical Portfolio | -28.3% |
| Russell 1000 Healthcare Index****   | -20.4% |
| 2003                                |        |
| First Trust Phamaceutical Portfolio | 19.7%  |
| Russell 1000 Healthcare Index****   | 17.6%  |
| 2004                                |        |
| First Trust Phamaceutical Portfolio | -0.7%  |
| Russell 1000 Healthcare Index****   | 2.4%   |

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PERFORMANCE SUMMARY - (CONTINUED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

FIRST TRUST PHARMACEUTICAL PORTFOLIO (CONTINUED)

<TABLE>  
<CAPTION>

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                                      | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|
| <S>                                  | <C>      |
| First Trust Pharmaceutical Portfolio | \$10,000 | \$10,370 | \$13,540 | \$12,060 | \$8,650  | \$10,350 | \$10,280 |
| Russell 1000 Healthcare Index****    | 10,000   | 9,776    | 13,121   | 11,535   | 9,178    | 10,794   | 11,056   |

</TABLE>

<TABLE>  
<CAPTION>

RETURN COMPARISON

PERIODS ENDED DEC. 31, 2004

|                                      | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|--------------------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
| <S>                                  | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| First Trust Pharmaceutical Portfolio | 10/6/99        | 2.8%                    | 0.5%  | -0.2%                              | -0.7%                      |
| Russell 1000 Healthcare Index****    |                | 8.2                     | 1.5   | 2.5                                | 2.4                        |

<FN>

\*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.

\*\*\*\*The Russell 1000 Healthcare Index is a capitalization-weighted index of companies involved in medical services or health care. (Bloomberg)

</FN>

</TABLE>

PORTFOLIO COMPONENTS+  
December 31, 2004

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                       |       |
|-----------------------|-------|
| Pharmaceuticals ..... | 89.1% |
| Biotechnology .....   | 10.9% |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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PERFORMANCE SUMMARY - (CONTINUED)  
-----

FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

FIRST TRUST TECHNOLOGY PORTFOLIO

The First Trust Technology Portfolio posted a total return of +1.2% in 2004, which slightly lagged the Russell 1000 Technology Index's total return of +1.9%. The Net Asset Value (NAV) increased from \$4.97 to \$5.03 during the calendar year. Seventeen stocks advanced and eight declined.

The following S&P group returns reflect how technology stocks fared in 2004: Computers & Peripherals (+15.5%), Software & Services (+11.0%) and Communications-Equipment (+3.0%).

The year-over-year earnings growth rate for the companies in the S&P INFORMATION TECHNOLOGY INDEX rose an estimated +43% in 2004, according to Thompson First Call. Actual earnings growth rates were +120% and -1% for 2003 and 2002, respectively.

The top performing stocks were the following: Adobe Systems (+60.8%), QUALCOMM (+58.2%), Symantec (+49.3%), Check Point Software (+46.1%) and Juniper Network (+45.6%). The worst performing stocks were the following: Intel (-26.6%), Applied Materials (-23.8%), Veritas Software (-22.9%), Cisco Systems (-20.3%) and SanDisk (-18.4%).

U.S. spending on information technology rose 12.3% in 2004, to \$484.3 billion, according to the Commerce Department. It was a level not seen since 2000 when \$467.6 billion was spent on tech products and services at the height of the dot-com craze. Spending probably would not have been quite this robust had it not been for the incentives provided by the Bush tax cuts in 2003. In particular, businesses were given the opportunity to accelerate the depreciation on equipment purchased by the end of 2004.

Semiconductors, a good barometer of tech demand, saw worldwide sales of semiconductors rise to a record \$213 billion in 2004, a year-on-year increase of 28% percent from the \$166.4 billion recorded in 2003, according to the Semiconductor Industry Association. Worldwide sales for computer hardware (PCs, servers, storage, networking and peripherals) rose 4.8% to around \$362 billion in 2004, according to International Data Corp. Worldwide sales of new software licenses and technical support were just shy of \$137 billion in 2004, according to Gartner Inc.

All of the data on this page represents past performance, which cannot be used to predict future returns that may be achieved by this investment fund. Total return and share price will fluctuate, so an investor's shares, when redeemed, may be worth more or less than when purchased. Returns assume reinvestment of dividends.

-----  
ANNUAL INVESTMENT RETURNS  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                                   |        |
|-----------------------------------|--------|
| 1999*                             |        |
| First Trust Technology Portfolio  | 34.1%  |
| Russell 1000 Technology Index**** | 32.2%  |
| 2000                              |        |
| First Trust Technology Portfolio  | -23.6% |
| Russell 1000 Technology Index**** | -34.0% |
| 2001                              |        |
| First Trust Technology Portfolio  | -43.5% |
| Russell 1000 Technology Index**** | -29.9% |
| 2002                              |        |
| First Trust Technology Portfolio  | -41.5% |
| Russell 1000 Technology Index**** | -38.7% |
| 2003                              |        |
| First Trust Technology Portfolio  | 46.6%  |
| Russell 1000 Technology Index**** | 49.0%  |
| 2004                              |        |
| First Trust Technology Portfolio  | 1.2%   |
| Russell 1000 Technology Index**** | 1.9%   |

PERFORMANCE SUMMARY - (CONTINUED)

FIRST DEFINED PORTFOLIO FUND, LLC  
2004 ANNUAL REPORT

FIRST TRUST TECHNOLOGY PORTFOLIO (CONTINUED)

<TABLE>  
<CAPTION>

GROWTH OF A \$10,000 INITIAL INVESTMENT  
Oct. 6, 1999-Dec. 31, 2004

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|                                   | 10/6/99  | 12/31/99 | 12/31/00 | 12/31/01 | 12/31/02 | 12/31/03 | 12/31/04 |
|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|
| <S>                               | <C>      |
| First Trust Technology Portfolio  | \$10,000 | \$13,410 | \$10,250 | \$5,790  | \$3,390  | \$4,970  | \$5,030  |
| Russell 1000 Technology Index**** | 10,000   | 13,216   | 8,721    | 6,118    | 3,750    | 5,590    | 5,691    |

</TABLE>

<TABLE>  
<CAPTION>

RETURN COMPARISON

PERIODS ENDED DEC. 31, 2004

|                                   | INCEPTION DATE | CUMULATIVE TOTAL RETURN | AVERAGE ANNUAL TOTAL RETURN (SINCE INCEPTION) | 5 YEAR AVERAGE ANNUAL TOTAL RETURN | 1 YEAR ANNUAL TOTAL RETURN |
|-----------------------------------|----------------|-------------------------|---|------------------------------------|----------------------------|
| <S>                               | <C>            | <C>                     | <C>   | <C>                                | <C>                        |
| First Trust Technology Portfolio  | 10/6/99        | -49.7%                  | -12.3%  | -17.8%                             | 1.2%                       |
| Russell 1000 Technology Index**** |                | -43.1                   | -10.2   | -15.5                              | 1.9                        |

<FN>  
\*The 1999 return applies to the time period from 10/6/1999 to 12/31/1999.  
\*\*\*\*The Russell 1000 Technology Index is a capitalization-weighted index of companies that serve the electronics and computer industries or that manufacture products based on the latest applied science. (Bloomberg)

</FN>  
</TABLE>

PORTFOLIO COMPONENTS+  
December 31, 2004

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

|  |       |
|--|-------|
| Software .....                                 | 38.1% |
| Communications Equipment .....                 | 17.5% |
| Computers & Peripherals .....                  | 16.3% |
| Semiconductors & Semiconductor Equipment ..... | 15.0% |
| IT Services .....                              | 10.1% |
| Internet Services & Software .....             | 3.0%  |

+ Percentages are based upon total investments. Please note that the percentages shown on the Portfolio of Investments are based on net assets.

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FIRST DEFINED PORTFOLIO FUND, LLC  
UNDERSTANDING YOUR FUND EXPENSES

As a shareholder of the Target Managed VIP Portfolio, The DowSM DART 10 Portfolio, Global Target 15 Portfolio, S&P Target 24 Portfolio, NASDAQ(R) Target 15 Portfolio, First Trust 10 Uncommon Values Portfolio, Value Line (R) Target 25 Portfolio, First Trust Energy Portfolio, First Trust Financial Services Portfolio, First Trust Pharmaceutical Portfolio, and First Trust Technology Portfolio (the "Funds"), you incur two types of costs: (1) transaction costs; and (2) ongoing costs, including management fees, distribution and/or service fees, and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period of July 1, 2004 to December 31, 2004.

ACTUAL EXPENSES

The first three columns of the table below provide information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the third column under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The next three columns of the table below provide information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads). Therefore, the hypothetical section of the table is useful in comparing ongoing costs only, and will not help you compare the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

<TABLE>  
<CAPTION>

|   | ACTUAL                                      |  |   | HYPOTHETICAL<br>(5% RETURN BEFORE EXPENSES) |  |   |                  |
|---|---|--|---|---|--|---|------------------|
|   | BEGINNING<br>ACCOUNT<br>VALUE<br>07/01/2004 | ENDING<br>ACCOUNT<br>VALUE<br>12/31/2004 | EXPENSES<br>PAID DURING<br>PERIOD*<br>07/01/2004-<br>12/31/2004 | BEGINNING<br>ACCOUNT<br>VALUE<br>07/01/2004 | ENDING<br>ACCOUNT<br>VALUE<br>12/31/2004 | EXPENSES<br>PAID DURING<br>PERIOD*<br>07/01/2004-<br>12/31/2004 | EXPENSE<br>RATIO |
| <S>   | <C>   | <C>                                      | <C>   | <C>   | <C>                                      | <C>   | <C>              |
| Target Managed VIP Portfolio .....                | \$1,000                                     | \$1,110                                  | \$7.80  | \$1,000                                     | \$1,018                                  | \$7.46  | 1.47%            |
| The DowSM DART 10 Portfolio .....                 | 1,000                                       | 1,077                                    | 7.67  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| Global Target 15 Portfolio .....                  | 1,000                                       | 1,187                                    | 8.08  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| S&P Target 24 Portfolio .....                     | 1,000                                       | 1,072                                    | 7.66  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| NASDAQ(R)Target 15 Portfolio .....                | 1,000                                       | 1,006                                    | 7.41  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| First Trust 10 Uncommon Values<br>Portfolio ..... | 1,000                                       | 1,083                                    | 7.17  | 1,000                                       | 1,018                                    | 6.95  | 1.37             |
| Value Line(R)Target 25 Portfolio .....            | 1,000                                       | 1,194                                    | 8.11  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| First Trust Energy Portfolio .....                | 1,000                                       | 1,169                                    | 8.01  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| First Trust Financial Services<br>Portfolio ..... | 1,000                                       | 1,108                                    | 7.79  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| First Trust Pharmaceutical Portfolio .            | 1,000                                       | 1,005                                    | 7.41  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |
| First Trust Technology Portfolio .....            | 1,000                                       | 1,008                                    | 7.42  | 1,000                                       | 1,018                                    | 7.46  | 1.47             |

<FN>  
\* Expenses are equal to each Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by the 184 days in the most recent fiscal half-year, divided by 366 days in the year (to reflect the one-half year period).

</FN>  
</TABLE>

TARGET MANAGED VIP PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                | MARKET<br>VALUE                               |
|-----------------------|---|
| -----                 |   |
| COMMON STOCKS - 98.3% |   |
|                       | DIVERSIFIED TELECOMMUNICATION SERVICES - 6.9% |
| 1,831                 | ALLTEL Corp. .... \$ 107,590                  |
| 156,412               | AT&T Corp. .... 2,981,212                     |

|         |   |           |
|---------|---|-----------|
| 11,078  | BellSouth Corp. ....  | 307,858   |
| 25,845  | BT Group PLC, Sponsored ADR .....                             | 1,021,653 |
| 120,218 | SBC Communications, Inc. ....                                 | 3,098,018 |
|         |   | -----     |
|         |   | 7,516,331 |
|         |   | -----     |
|         | HOUSEHOLD DURABLES - 6.7%                                     |           |
| 20,014  | Centex Corp. ....   | 1,192,434 |
| 38,181  | D.R. Horton, Inc. ....  | 1,539,076 |
| 8,512   | Garmin Ltd. ....  | 517,870   |
| 7,291   | Hovnanian Enterprises, Inc., Class A* .....                   | 361,050   |
| 20,256  | Lennar Corp., Class A .....                                   | 1,148,110 |
| 5,137   | M.D.C. Holdings, Inc. ....                                    | 444,042   |
| 19,969  | Pulte Homes, Inc. ....  | 1,274,022 |
| 5,455   | Standard Pacific Corp. ....                                   | 349,884   |
| 8,023   | The Ryland Group, Inc. ....                                   | 461,644   |
|         |   | -----     |
|         |   | 7,288,132 |
|         |   | -----     |
|         | WIRELESS TELECOMMUNICATION SERVICES - 6.4%                    |           |
| 231,635 | Nextel Communications, Inc., Class A* .....                   | 6,949,050 |
|         |   | -----     |
|         | DIVERSIFIED FINANCIAL SERVICES - 5.8%                         |           |
| 37,639  | ING Group NV, Sponsored ADR .....                             | 1,138,580 |
| 85,597  | JPMorgan Chase & Company .....                                | 3,339,139 |
| 20,501  | Moody's Corp. ....  | 1,780,512 |
|         |   | -----     |
|         |   | 6,258,231 |
|         |   | -----     |
|         | COMMUNICATIONS EQUIPMENT - 5.1%                               |           |
| 275,123 | Cisco Systems, Inc.* .....                                    | 5,309,874 |
| 20,170  | Foundry Networks, Inc.* .....                                 | 265,437   |
|         |   | -----     |
|         |   | 5,575,311 |
|         |   | -----     |
|         | SOFTWARE - 5.0%   |           |
| 18,565  | Adobe Systems, Inc. ....                                      | 1,164,768 |
| 7,270   | Citrix Systems, Inc.* .....                                   | 178,333   |
| 27,810  | Electronic Arts, Inc.* .....                                  | 1,715,321 |
| 47,845  | Informatica Corp.* .....                                      | 388,501   |
| 16,921  | JDA Software Group, Inc.* .....                               | 230,464   |
| 20,573  | Progress Software Corp.* .....                                | 480,380   |
| 47,981  | Symantec Corp.* .....   | 1,235,991 |
|         |   | -----     |
|         |   | 5,393,758 |
|         |   | -----     |
|         | OIL & GAS - 5.0%  |           |
| 7,780   | Apache Corp. ....   | 393,435   |
| 9,603   | Burlington Resources, Inc. ....                               | 417,731   |
| 9,191   | ENI SPA, Sponsored ADR .....                                  | 1,156,595 |
| 39,806  | Magnum Hunter Resources, Inc.* .....                          | 513,497   |
| 9,217   | Occidental Petroleum Corp. ....                               | 537,904   |
| 10,846  | Patina Oil & Gas Corp. ....                                   | 406,725   |
| 16,656  | Royal Dutch Petroleum Company .....                           | 955,721   |
| 19,505  | Shell Transport & Trading Company PLC,<br>Sponsored ADR ..... | 1,002,557 |
|         |   | -----     |
|         |   | 5,384,165 |
|         |   | -----     |

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See Notes to Financial Statements.

TARGET MANAGED VIP PORTFOLIO - (CONTINUED)  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                      |   | MARKET<br>VALUE |
|-----------------------------|---|-----------------|
| -----                       |   | -----           |
| COMMON STOCKS - (CONTINUED) |   |                 |
|                             | COMMERCIAL BANKS - 5.0%                   |                 |
| 37,340                      | ABN AMRO Holding NV, Sponsored ADR .....  | \$ 993,244      |
| 24,066                      | Barclays PLC, Sponsored ADR .....         | 1,099,335       |
| 43,845                      | Fortis, Sponsored ADR .....               | 1,212,783       |
| 22,202                      | HBOS PLC, Sponsored ADR .....             | 1,084,397       |
| 26,941                      | Lloyds TSB Group PLC, Sponsored ADR ..... | 991,159         |
|                             |   | -----           |
|                             |   | 5,380,918       |
|                             |   | -----           |
|                             | SPECIALTY RETAIL - 4.3%                   |                 |

|        |  |           |
|--------|--|-----------|
| 13,673 | Chico's FAS, Inc.* .....                 | 622,532   |
| 26,692 | CSK Auto Corp.* .....                    | 446,824   |
| 22,630 | Foot Locker, Inc. ....                   | 609,426   |
| 11,137 | GameStop Corp., Class A* .....           | 249,023   |
| 7,365  | Hot Topic, Inc.* .....                   | 126,604   |
| 7,664  | Jos. A. Bank Clothiers, Inc.* .....      | 216,891   |
| 6,499  | PETSMART, Inc. ....                      | 230,909   |
| 9,886  | RadioShack Corp. ....                    | 325,052   |
| 38,362 | Staples, Inc. ....                       | 1,293,183 |
| 12,494 | Urban Outfitters, Inc.* .....            | 554,734   |
|        |  | -----     |
|        |  | 4,675,178 |
|        |  | -----     |
|        | HEALTH CARE PROVIDERS & SERVICES - 4.1%  |           |
| 9,082  | eResearch Technology, Inc.* .....        | 143,950   |
| 13,317 | PacificCare Health Systems, Inc.* .....  | 752,677   |
| 4,858  | Patterson Companies, Inc.* .....         | 210,789   |
| 17,455 | Per-Se Technologies, Inc.* .....         | 276,313   |
| 27,946 | Province Healthcare Company* .....       | 624,593   |
| 11,529 | Sunrise Senior Living, Inc.* .....       | 534,484   |
| 21,545 | UnitedHealth Group, Inc. ....            | 1,896,606 |
|        |  | -----     |
|        |  | 4,439,412 |
|        |  | -----     |
|        | HEALTH CARE EQUIPMENT & SUPPLIES - 4.0%  |           |
| 17,011 | Advanced Medical Optics, Inc.* .....     | 699,832   |
| 15,075 | Integra LifeSciences Holdings* .....     | 556,720   |
| 14,730 | PolyMedica Corp. ....                    | 549,282   |
| 12,503 | St. Jude Medical, Inc.* .....            | 524,251   |
| 9,681  | Ventana Medical Systems, Inc.* .....     | 619,487   |
| 1,966  | Waters Corp.* .....                      | 91,989    |
| 19,331 | Wright Medical Group, Inc.* .....        | 550,933   |
| 8,874  | Zimmer Holdings, Inc.* .....             | 710,985   |
|        |  | -----     |
|        |  | 4,303,479 |
|        |  | -----     |
|        | CONSUMER FINANCE - 3.4%                  |           |
| 64,873 | American Express Company .....           | 3,656,891 |
|        |  | -----     |
|        | AUTOMOBILES - 3.3%                       |           |
| 18,918 | DaimlerChrysler AG .....                 | 909,010   |
| 58,502 | General Motors Corp. ....                | 2,343,590 |
| 9,147  | Thor Industries, Inc. ....               | 338,896   |
|        |  | -----     |
|        |  | 3,591,496 |
|        |  | -----     |
|        | CAPITAL MARKETS - 2.7%                   |           |
| 15,061 | Federated Investors, Inc., Class B ..... | 457,855   |
| 34,934 | Franklin Resources, Inc. ....            | 2,433,153 |
|        |  | -----     |
|        |  | 2,891,008 |
|        |  | -----     |

See Notes to Financial Statements.

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TARGET MANAGED VIP PORTFOLIO - (CONTINUED)  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                      |  | MARKET<br>VALUE |
|-----------------------------|--|-----------------|
| -----                       |  | -----           |
| COMMON STOCKS - (CONTINUED) |  |                 |
|                             | SEMICONDUCTORS & SEMICONDUCTOR<br>EQUIPMENT - 2.6% |                 |
| 122,179                     | Intel Corp. ....                                   | \$ 2,857,767    |
|                             |  | -----           |
|                             | TEXTILES, APPAREL & LUXURY GOODS - 2.4%            |                 |
| 29,554                      | Coach, Inc.* .....                                 | 1,666,846       |
| 9,811                       | NIKE, Inc., Class B .....                          | 889,759         |
|                             |  | -----           |
|                             |  | 2,556,605       |
|                             |  | -----           |
|                             | HOTELS, RESTAURANTS & LEISURE - 2.2%               |                 |
| 15,645                      | Ameristar Casinos, Inc. ....                       | 674,456         |
| 12,238                      | IHOP Corp. ....                                    | 512,650         |
| 20,900                      | International Game Technology .....                | 718,542         |
| 17,192                      | Isle of Capri Casinos, Inc.* .....                 | 440,975         |
|                             |  | -----           |
|                             |  | 2,346,623       |

|  |  |           |
|--|--|-----------|
| ELECTRIC UTILITIES - 2.2%                  |  |           |
| 45,827                                     | Endesa SA, Sponsored ADR .....                       | 1,066,394 |
| 25,667                                     | Enel SPA, Sponsored ADR .....                        | 1,268,977 |
|  |  | -----     |
|  |  | 2,335,371 |
| MULTI-UTILITIES & UNREGULATED POWER - 2.1% |  |           |
| 24,066                                     | National Grid Transco PLC, Sponsored ADR .....       | 1,154,927 |
| 43,401                                     | Suez SA, ADR .....                                   | 1,160,977 |
|  |  | -----     |
|  |  | 2,315,904 |
| TOBACCO - 2.1%                             |  |           |
| 31,538                                     | British American Tobacco PLC, Sponsored<br>ADR ..... | 1,092,792 |
| 22,125                                     | Imperial Tobacco Group PLC, ADR .....                | 1,222,406 |
|  |  | -----     |
|  |  | 2,315,198 |
| COMMERCIAL SERVICES & SUPPLIES - 1.9%      |  |           |
| 6,503                                      | Apollo Group, Inc., Class A* .....                   | 524,857   |
| 20,121                                     | Corrections Corp. of America* .....                  | 813,895   |
| 7,148                                      | ITT Educational Services, Inc.* .....                | 339,887   |
| 10,897                                     | School Specialty, Inc.* .....                        | 420,188   |
|  |  | -----     |
|  |  | 2,098,827 |
| MACHINERY - 1.7%                           |  |           |
| 13,843                                     | Actuant Corp., Class A* .....                        | 721,912   |
| 13,263                                     | Barnes Group, Inc. ....                              | 351,602   |
| 2,737                                      | Pall Corp. ....                                      | 79,236    |
| 18,754                                     | Reliance Steel & Aluminum Company .....              | 730,656   |
|  |  | -----     |
|  |  | 1,883,406 |
| IT SERVICES - 1.7%                         |  |           |
| 36,642                                     | CIBER, Inc.* .....                                   | 353,229   |
| 20,234                                     | Cognizant Technology Solutions Corp.* .....          | 856,505   |
| 9,794                                      | SRA International, Inc., Class A* .....              | 628,775   |
|  |  | -----     |
|  |  | 1,838,509 |

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See Notes to Financial Statements.

TARGET MANAGED VIP PORTFOLIO - (CONTINUED)  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                                    |                                       | MARKET<br>VALUE |
|---|---------------------------------------|-----------------|
| -----                                     |                                       | -----           |
| COMMON STOCKS - (CONTINUED)               |                                       |                 |
| BEVERAGES - 1.6%                          |                                       |                 |
| 1,201                                     | Brown-Forman Corp., Class B .....     | \$ 58,465       |
| 32,045                                    | PepsiCo, Inc. ....                    | 1,672,749       |
|   |                                       | -----           |
|   |                                       | 1,731,214       |
| INDUSTRIAL CONGLOMERATES - 1.3%           |                                       |                 |
| 17,080                                    | 3M Company .....                      | 1,401,756       |
| MULTILINE RETAIL - 0.9%                   |                                       |                 |
| 21,771                                    | Nordstrom, Inc. ....                  | 1,017,359       |
| AEROSPACE & DEFENSE - 0.9%                |                                       |                 |
| 9,703                                     | AAR Corp.* .....                      | 132,155         |
| 3,881                                     | Engineered Support Systems, Inc. .... | 229,833         |
| 12,802                                    | Moog, Inc., Class A* .....            | 580,570         |
|   |                                       | -----           |
|   |                                       | 942,558         |
| INSURANCE - 0.8%                          |                                       |                 |
| 51,590                                    | Prudential PLC, Sponsored ADR .....   | 897,666         |
| ELECTRONIC EQUIPMENT & INSTRUMENTS - 0.6% |                                       |                 |
| 12,078                                    | Dionex Corp.* .....                   | 684,460         |
| HOUSEHOLD PRODUCTS - 0.6%                 |                                       |                 |

|        |  |         |
|--------|--|---------|
| 19,168 | Rayovac Corp.* .....                       | 585,774 |
|        | PHARMACEUTICALS - 0.5%                     |         |
| 9,449  | Able Laboratories, Inc.* .....             | 214,965 |
| 10,985 | Bentley Pharmaceuticals, Inc.* .....       | 118,089 |
| 13,161 | Noven Pharmaceuticals, Inc.* .....         | 224,526 |
|        |  | 557,580 |
|        | CHEMICALS - 0.5%                           |         |
| 18,495 | Symyx Technologies, Inc.* .....            | 556,330 |
|        | THRIFTS & MORTGAGE FINANCE - 0.5%          |         |
| 16,333 | BankUnited Financial Corp., Class A* ..... | 521,839 |
|        | COMPUTERS & PERIPHERALS - 0.5%             |         |
| 8,583  | Applied Films Corp.* .....                 | 185,050 |
| 12,628 | SanDisk Corp.* .....                       | 315,321 |
|        |  | 500,371 |
|        | BUILDING PRODUCTS - 0.4%                   |         |
| 17,124 | Griffon Corp.* .....                       | 462,348 |
|        | AIR FREIGHT & LOGISTICS - 0.4%             |         |
| 21,439 | Pacer International, Inc.* .....           | 455,793 |
|        | INTERNET SOFTWARE & SERVICES - 0.4%        |         |
| 36,897 | United Online, Inc.* .....                 | 425,422 |
|        | REAL ESTATE - 0.4%                         |         |
| 16,771 | Saxon Capital, Inc. ....                   | 402,336 |
|        | ENERGY EQUIPMENT & SERVICES - 0.3%         |         |
| 12,663 | Tetra Technologies, Inc.* .....            | 358,363 |
|        | PERSONAL PRODUCTS - 0.3%                   |         |
| 8,837  | Avon Products, Inc. ....                   | 341,992 |

See Notes to Financial Statements.

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TARGET MANAGED VIP PORTFOLIO - (CONTINUED)  
 PORTFOLIO OF INVESTMENTS  
 DECEMBER 31, 2004

| SHARES                      |   | MARKET<br>VALUE |
|-----------------------------|---|-----------------|
| COMMON STOCKS - (CONTINUED) |   |                 |
|                             | ROAD & RAIL - 0.3%                          |                 |
| 12,073                      | Genesee & Wyoming Inc., Class A* .....      | \$ 339,614      |
|                             | CONSTRUCTION MATERIALS - 0.2%               |                 |
| 510                         | Eagle Materials, Inc. ....                  | 44,039          |
| 1,528                       | Eagle Materials, Inc., Class B .....        | 128,810         |
|                             |   | 172,849         |
|                             | BIOTECHNOLOGY - 0.1%                        |                 |
| 2,222                       | Invitrogen Corp.* .....                     | 149,163         |
|                             | ELECTRICAL EQUIPMENT - 0.1%                 |                 |
| 6,457                       | American Power Conversion Corp. ....        | 138,180         |
|                             | AUTO COMPONENTS - 0.1%                      |                 |
| 3,501                       | Gentex Corp. ....                           | 129,607         |
|                             | TOTAL COMMON STOCKS .....                   | 106,624,144     |
|                             | (Cost \$94,067,968)                         |                 |
|                             | TOTAL INVESTMENTS - 98.3% .....             | 106,624,144     |
|                             | (Cost \$94,067,968)                         |                 |
|                             | NET OTHER ASSETS & LIABILITIES - 1.7% ..... | 1,848,796       |

NET ASSETS - 100.0% ..... \$108,472,940  
 =====

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 \* Non-income producing security.  
 ADR American Depository Receipt

Page 30 See Notes to Financial Statements.

THE DOW SM DART 10 PORTFOLIO  
 PORTFOLIO OF INVESTMENTS  
 DECEMBER 31, 2004

| SHARES                |  | MARKET<br>VALUE |
|-----------------------|--|-----------------|
| -----                 |  |                 |
| COMMON STOCKS - 97.0% |  |                 |
|                       | DIVERSIFIED TELECOMMUNICATION SERVICES - 18.2% |                 |
| 59,821                | AT&T Corp. ....                                | \$ 1,140,188    |
| 45,983                | SBC Communications, Inc. ....                  | 1,184,982       |
|                       |  | -----           |
|                       |  | 2,325,170       |
|                       |  | -----           |
|                       | LEISURE EQUIPMENT & PRODUCTS - 12.0%           |                 |
| 47,292                | Eastman Kodak Company ....                     | 1,525,167       |
|                       |  | -----           |
|                       | SPECIALTY RETAIL - 11.4%                       |                 |
| 33,959                | The Home Depot, Inc. ....                      | 1,451,408       |
|                       |  | -----           |
|                       | CONSUMER FINANCE - 11.0%                       |                 |
| 24,815                | American Express Company ....                  | 1,398,821       |
|                       |  | -----           |
|                       | TOBACCO - 10.6%                                |                 |
| 22,186                | Altria Group, Inc. ....                        | 1,355,565       |
|                       |  | -----           |
|                       | CHEMICALS - 10.1%                              |                 |
| 26,188                | E.I. du Pont de Nemours and Company ....       | 1,284,521       |
|                       |  | -----           |
|                       | DIVERSIFIED FINANCIAL SERVICES - 10.0%         |                 |
| 32,741                | JPMorgan Chase & Company ....                  | 1,277,226       |
|                       |  | -----           |
|                       | AUTOMOBILES - 7.0%                             |                 |
| 22,380                | General Motors Corp. ....                      | 896,543         |
|                       |  | -----           |
|                       | PHARMACEUTICALS - 6.7%                         |                 |
| 26,342                | Merck & Company, Inc. ....                     | 846,632         |
|                       |  | -----           |
|                       | TOTAL COMMON STOCKS .....                      | 12,361,053      |
|                       | (Cost \$11,633,962)                            | -----           |
|                       | TOTAL INVESTMENTS - 97.0% .....                | 12,361,053      |
|                       | (Cost \$11,633,962)                            | -----           |
|                       | NET OTHER ASSETS & LIABILITIES - 3.0% .....    | 387,622         |
|                       |  | -----           |
|                       | NET ASSETS - 100.0% .....                      | \$ 12,748,675   |
|                       |  | =====           |

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 See Notes to Financial Statements. Page 31

GLOBAL TARGET 15 PORTFOLIO  
 PORTFOLIO OF INVESTMENTS  
 DECEMBER 31, 2004

| SHARES                |  | MARKET<br>VALUE |
|-----------------------|--|-----------------|
| -----                 |  |                 |
| COMMON STOCKS - 97.9% |  |                 |

|   |   |               |
|---|---|---------------|
| UNITED KINGDOM - 37.1%                      |   |               |
| 388,534                                     | BAE Systems PLC .....                                       | \$ 1,719,407  |
| 409,782                                     | EMI Group PLC .....   | 2,084,863     |
| 244,419                                     | GKN PLC .....   | 1,109,801     |
| 210,647                                     | Tate & Lyle PLC .....                                       | 1,911,902     |
| 275,771                                     | The Peninsular & Oriental Steam Navigation<br>Company ..... | 1,575,123     |
|   |   | -----         |
|   |   | 8,401,096     |
|   |   | -----         |
| HONG KONG - 32.7%                           |   |               |
| 516,019                                     | Cheung Kong Infrastructure Holdings Ltd. ....               | 1,490,420     |
| 464,000                                     | Citic Pacific Ltd. ....                                     | 1,319,280     |
| 863,000                                     | Cosco Pacific Ltd. ....                                     | 1,787,571     |
| 891,680                                     | Hang Lung Properties Ltd. ....                              | 1,376,629     |
| 880,000                                     | MTR Corp. Ltd. ....   | 1,409,544     |
|   |   | -----         |
|   |   | 7,383,444     |
|   |   | -----         |
| UNITED STATES - 28.1%                       |   |               |
| 58,205                                      | AT&T Corp. ....   | 1,109,387     |
| 28,652                                      | Exxon Mobil Corp. ....                                      | 1,468,702     |
| 37,942                                      | General Electric Company .....                              | 1,384,883     |
| 31,841                                      | JPMorgan Chase & Company .....                              | 1,242,118     |
| 44,733                                      | SBC Communications, Inc. ....                               | 1,152,769     |
|   |   | -----         |
|   |   | 6,357,859     |
|   |   | -----         |
| TOTAL COMMON STOCKS .....                   |   | 22,142,399    |
|   |   | -----         |
| (Cost \$19,622,203)                         |   |               |
| TOTAL INVESTMENTS - 97.9% .....             |   | 22,142,399    |
| (Cost \$19,622,203)                         |   |               |
| NET OTHER ASSETS & LIABILITIES - 2.1% ..... |   | 475,407       |
|   |   | -----         |
| NET ASSETS - 100.0% .....                   |   | \$ 22,617,806 |
|   |   | =====         |

INDUSTRY DIVERSIFICATION AS A PERCENTAGE OF NET ASSETS:

|  |        |
|--|--------|
| Industrial Conglomerates .....               | 18.5%  |
| Transportation Infrastructure .....          | 14.9   |
| Diversified Telecommunication Services ..... | 10.1   |
| Media .....                                  | 9.2    |
| Food Products .....                          | 8.4    |
| Aerospace & Defense .....                    | 7.6    |
| Oil & Gas .....                              | 6.5    |
| Road & Rail .....                            | 6.2    |
| Real Estate .....                            | 6.1    |
| Diversified Financial Services .....         | 5.5    |
| Auto Components .....                        | 4.9    |
| Net Other Assets and Liabilities .....       | 2.1    |
|  | -----  |
|  | 100.0% |
|  | =====  |

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See Notes to Financial Statements.

S&P TARGET 24 PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                  |  | MARKET     |
|-------------------------|--|------------|
| -----                   |  | VALUE      |
| -----                   |  | -----      |
| COMMON STOCKS - 98.6%   |  |            |
| CAPITAL MARKETS - 15.7% |  |            |
| 11,618                  | Federated Investors, Inc., Class B ..... | \$ 353,187 |
| 26,923                  | Franklin Resources, Inc. ....            | 1,875,187  |
|                         |  | -----      |
|                         |  | 2,228,374  |

|   |  |           |
|---|--|-----------|
| COMMUNICATIONS EQUIPMENT - 11.9%              |  |           |
| 86,939  | Cisco Systems, Inc.* .....                       | 1,677,923 |
| HEALTH CARE PROVIDERS & SERVICES - 10.3%      |  |           |
| 16,603  | UnitedHealth Group, Inc. ....                    | 1,461,562 |
| DIVERSIFIED FINANCIAL SERVICES - 9.7%         |  |           |
| 15,805  | Moody's Corp. ....                               | 1,372,664 |
| BEVERAGES - 9.4%                              |  |           |
| 933   | Brown-Forman Corp., Class B .....                | 45,418    |
| 24,705  | PepsiCo, Inc. ....                               | 1,289,601 |
|   |  | 1,335,019 |
| INDUSTRIAL CONGLOMERATES - 7.6%               |  |           |
| 13,162  | 3M Company .....                                 | 1,080,205 |
| OIL & GAS - 7.3%                              |  |           |
| 5,994   | Apache Corp. ....                                | 303,117   |
| 7,412   | Burlington Resources, Inc. ....                  | 322,422   |
| 7,086   | Occidental Petroleum Corp. ....                  | 413,539   |
|   |  | 1,039,078 |
| HEALTH CARE EQUIPMENT & SUPPLIES - 7.2%       |  |           |
| 9,653   | St. Jude Medical, Inc.* .....                    | 404,750   |
| 1,501   | Waters Corp.* .....                              | 70,232    |
| 6,845   | Zimmer Holdings, Inc.* .....                     | 548,422   |
|   |  | 1,023,404 |
| TEXTILES, APPAREL & LUXURY GOODS - 4.8%       |  |           |
| 7,554   | NIKE, Inc., Class B .....                        | 685,072   |
| HOTELS, RESTAURANTS & LEISURE - 3.9%          |  |           |
| 16,100  | International Game Technology .....              | 553,518   |
| DIVERSIFIED TELECOMMUNICATION SERVICES - 2.3% |  |           |
| 1,398   | ALLTEL Corp. ....                                | 82,147    |
| 8,533   | BellSouth Corp. ....                             | 237,132   |
|   |  | 319,279   |
| PERSONAL PRODUCTS - 1.9%                      |  |           |
| 6,832   | Avon Products, Inc. ....                         | 264,398   |
| SPECIALTY RETAIL - 1.8%                       |  |           |
| 7,603   | RadioShack Corp. ....                            | 249,987   |
| COMMERCIAL SERVICES & SUPPLIES - 1.7%         |  |           |
| 2,983   | Apollo Group, Inc., Class A* .....               | 240,758   |
| SOFTWARE - 1.6%                               |  |           |
| 3,658   | Electronic Arts, Inc.* .....                     | 225,625   |
| 3,764   | Seagate Technology, Inc. (Escrow Shares)*+ ..... | 0         |
|   |  | 225,625   |

See Notes to Financial Statements.

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S&P TARGET 24 PORTFOLIO - (CONTINUED)  
 PORTFOLIO OF INVESTMENTS  
 DECEMBER 31, 2004

| SHARES                                     |   | MARKET VALUE |
|--|---|--------------|
| COMMON STOCKS - (CONTINUED)                |   |              |
| WIRELESS TELECOMMUNICATION SERVICES - 1.1% |   |              |
| 4,955                                      | Nextel Communications, Inc., Class A* ..... | \$ 148,650   |
| MACHINERY - 0.4%                           |   |              |
| 2,116                                      | Fall Corp. ....                             | 61,258       |
| TOTAL COMMON STOCKS .....                  |   | 13,966,774   |

(Cost \$12,770,809)

|   |               |
|---|---------------|
| TOTAL INVESTMENTS - 98.6% .....             | 13,966,774    |
| (Cost \$12,770,809)                         |               |
| NET OTHER ASSETS & LIABILITIES - 1.4% ..... | 191,252       |
| NET ASSETS - 100.0% .....                   | \$ 14,158,026 |
|   | =====         |

\* Non-income producing security.

+ Security is fair valued and market value is determined in accordance with procedures established by the Board of Trustees.

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See Notes to Financial Statements.

NASDAQ(R) TARGET 15 PORTFOLIO PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                |   | MARKET     |
|-----------------------|---|------------|
| -----                 |   | VALUE      |
| -----                 |   | -----      |
| COMMON STOCKS - 98.4% |   |            |
|                       | SOFTWARE - 25.4%                                    |            |
| 8,291                 | Adobe Systems, Inc. ....                            | \$ 520,177 |
| 3,244                 | Citrix Systems, Inc.* .....                         | 79,575     |
| 10,294                | Electronic Arts, Inc.* .....                        | 634,934    |
| 21,404                | Symantec Corp.* .....                               | 551,367    |
|                       |   | -----      |
|                       |   | 1,786,053  |
|                       |   | -----      |
|                       | COMMUNICATIONS EQUIPMENT - 19.9%                    |            |
| 72,409                | Cisco Systems, Inc.* .....                          | 1,397,494  |
|                       |   | -----      |
|                       | SEMICONDUCTORS & SEMICONDUCTOR<br>EQUIPMENT - 18.1% |            |
| 54,507                | Intel Corp. ....                                    | 1,274,919  |
|                       |   | -----      |
|                       | WIRELESS TELECOMMUNICATION SERVICES - 16.0%         |            |
| 37,565                | Nextel Communications, Inc., Class A* .....         | 1,126,950  |
|                       |   | -----      |
|                       | SPECIALTY RETAIL - 9.7%                             |            |
| 2,899                 | PETSMART, Inc. ....                                 | 103,002    |
| 17,102                | Staples, Inc. ....                                  | 576,508    |
|                       |   | -----      |
|                       |   | 679,510    |
|                       |   | -----      |
|                       | HOUSEHOLD DURABLES - 3.3%                           |            |
| 3,802                 | Garmin Ltd. ....                                    | 231,314    |
|                       |   | -----      |
|                       | COMPUTERS & PERIPHERALS - 2.0%                      |            |
| 5,625                 | SanDisk Corp.* .....                                | 140,456    |
|                       |   | -----      |
|                       | HEALTH CARE PROVIDERS & SERVICES - 1.3%             |            |
| 2,172                 | Patterson Companies, Inc.* .....                    | 94,243     |
|                       |   | -----      |
|                       | BIOTECHNOLOGY - 1.0%                                |            |
| 992                   | Invitrogen Corp.* .....                             | 66,593     |
|                       |   | -----      |
|                       | ELECTRICAL EQUIPMENT - 0.9%                         |            |
| 2,883                 | American Power Conversion Corp. ....                | 61,696     |
|                       |   | -----      |
|                       | AUTO COMPONENTS - 0.8%                              |            |
| 1,563                 | Gentex Corp. ....                                   | 57,862     |
|                       |   | -----      |
|                       | TOTAL COMMON STOCKS .....                           | 6,917,090  |
|                       |   | -----      |
|                       | (Cost \$6,663,255)                                  |            |
|                       | TOTAL INVESTMENTS - 98.4% .....                     | 6,917,090  |
|                       | (Cost \$6,663,255)                                  |            |
|                       | NET OTHER ASSETS & LIABILITIES - 1.6% .....         | 110,918    |

NET ASSETS - 100.0% ..... \$ 7,028,008  
=====

\* Non-income producing security.

See Notes to Financial Statements.

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FIRST TRUST 10 UNCOMMON VALUES PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                 |  | MARKET<br>VALUE |
|------------------------|--|-----------------|
| COMMON STOCKS - 100.0% |  |                 |
|                        | HEALTH CARE PROVIDERS & SERVICES - 13.1%                           |                 |
| 14,588                 | UnitedHealth Group, Inc. ....                                      | \$ 1,284,182    |
|                        | METALS & MINING - 11.9%  |                 |
| 11,757                 | Phelps Dodge Corp. ....  | 1,163,002       |
|                        | MEDIA - 10.2%  |                 |
| 30,023                 | EchoStar Communications Corp., Class A .....                       | 997,964         |
|                        | CONSUMER FINANCE - 10.2%   |                 |
| 35,308                 | MBNA Corp. ....  | 995,333         |
|                        | INDUSTRIAL CONGLOMERATES - 9.9%                                    |                 |
| 27,243                 | Tyco International Ltd. ....                                       | 973,665         |
|                        | FOOD & STAPLES RETAILING - 9.9%                                    |                 |
| 21,545                 | CVS Corp. ....   | 971,033         |
|                        | INSURANCE - 9.0%   |                 |
| 10,443                 | The Progressive Corp. ....   | 885,984         |
|                        | MACHINERY - 8.9%   |                 |
| 9,435                  | Illinois Tool Works, Inc. ....                                     | 874,436         |
|                        | COMMERCIAL SERVICES & SUPPLIES - 8.8%                              |                 |
| 36,894                 | Cendant Corp. ....   | 862,582         |
|                        | PHARMACEUTICALS - 8.1%   |                 |
|                        | 26,562 Teva Pharmaceutical Industries Ltd.,<br>Sponsored ADR ..... | 793,141         |
|                        | TOTAL COMMON STOCKS .....  | 9,801,322       |
|                        | (Cost \$8,960,122)   |                 |
|                        | TOTAL INVESTMENTS - 100.0% .....                                   | 9,801,322       |
|                        | (Cost \$8,960,122)   |                 |
|                        | NET OTHER ASSETS & LIABILITIES - 0.0% .....                        | 1,544           |
|                        | NET ASSETS - 100.0% .....  | \$ 9,802,866    |

ADR American Depository Receipt

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See Notes to Financial Statements.

VALUE LINE(R) TARGET 25 PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES                |  | MARKET<br>VALUE |
|-----------------------|--|-----------------|
| COMMON STOCKS - 94.3% |  |                 |

|         |   |            |
|---------|---|------------|
|         | HOUSEHOLD DURABLES - 22.9%                  |            |
| 14,772  | Centex Corp. ....                           | \$ 880,116 |
| 28,202  | D.R. Horton, Inc. ....                      | 1,136,822  |
| 5,363   | Hovnanian Enterprises, Inc., Class A* ....  | 265,576    |
| 14,923  | Lennar Corp., Class A ....                  | 845,836    |
| 3,795   | M.D.C. Holdings, Inc. ....                  | 328,040    |
| 14,727  | Pulte Homes, Inc. ....                      | 939,582    |
| 4,019   | Standard Pacific Corp. ....                 | 257,779    |
| 5,917   | The Ryland Group, Inc. ....                 | 340,464    |
|         |   | -----      |
|         |   | 4,994,215  |
|         |   | -----      |
|         | WIRELESS TELECOMMUNICATION SERVICES - 20.5% |            |
| 148,786 | Nextel Communications, Inc., Class A* ....  | 4,463,580  |
|         |   | -----      |
|         | SPECIALTY RETAIL - 11.6%                    |            |
| 18,106  | Chico's FAS, Inc.* ....                     | 824,366    |
| 29,938  | Foot Locker, Inc. ....                      | 806,230    |
| 9,768   | Hot Topic, Inc.* ....                       | 167,912    |
| 16,506  | Urban Outfitters, Inc.* ....                | 732,867    |
|         |   | -----      |
|         |   | 2,531,375  |
|         |   | -----      |
|         | TEXTILES, APPAREL & LUXURY GOODS- 10.1%     |            |
| 39,089  | Coach, Inc.* ....                           | 2,204,620  |
|         |   | -----      |
|         | MULTILINE RETAIL - 6.2%                     |            |
| 28,808  | Nordstrom, Inc. ....                        | 1,346,198  |
|         |   | -----      |
|         | HEALTH CARE PROVIDERS & SERVICES - 5.5%     |            |
| 12,018  | eResearch Technology, Inc.* ....            | 190,485    |
| 17,632  | PacifiCare Health Systems, Inc.* ....       | 996,561    |
|         |   | -----      |
|         |   | 1,187,046  |
|         |   | -----      |
|         | IT SERVICES - 5.2%                          |            |
| 26,812  | Cognizant Technology Solutions Corp.* ....  | 1,134,952  |
|         |   | -----      |
|         | COMMERCIAL SERVICES - 3.3%                  |            |
| 3,478   | Apollo Group, Inc., Class A* ....           | 280,709    |
| 9,442   | ITT Educational Services, Inc.* ....        | 448,967    |
|         |   | -----      |
|         |   | 729,676    |
|         |   | -----      |
|         | OIL & GAS - 2.5%                            |            |
| 14,311  | Patina Oil & Gas Corp. ....                 | 536,662    |
|         |   | -----      |
|         | AEROSPACE & DEFENSE - 2.2%                  |            |
| 12,850  | AAR Corp.* ....                             | 175,017    |
| 5,142   | Engineered Support Systems, Inc. ....       | 304,509    |
|         |   | -----      |
|         |   | 479,526    |
|         |   | -----      |
|         | AUTOMOBILES - 2.1%                          |            |
| 12,142  | Thor Industries, Inc. ....                  | 449,861    |
|         |   | -----      |
|         | COMMUNICATIONS EQUIPMENT - 1.6%             |            |
| 26,667  | Foundry Networks, Inc.* ....                | 350,938    |
|         |   | -----      |

See Notes to Financial Statements.

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VALUE LINE (R) TARGET 25 PORTFOLIO - (CONTINUED)  
 PORTFOLIO OF INVESTMENTS  
 DECEMBER 31, 2004

| SHARES |                                     | MARKET<br>VALUE |
|--------|-------------------------------------|-----------------|
| -----  |                                     | -----           |
|        | COMMON STOCKS - (CONTINUED)         |                 |
|        | CONSTRUCTION MATERIALS - 0.6%       |                 |
| 326    | Eagle Materials, Inc. ....          | \$ 28,150       |
| 1,129  | Eagle Materials, Inc., Class B .... | 95,175          |
|        |                                     | -----           |
|        |                                     | 123,325         |
|        |                                     | -----           |
|        | TOTAL COMMON STOCKS .....           | 20,531,974      |
|        |                                     | -----           |

(Cost \$17,431,970)

|   |               |
|---|---------------|
| TOTAL INVESTMENTS - 94.3% .....             | 20,531,974    |
| (Cost \$17,431,970)                         |               |
| NET OTHER ASSETS & LIABILITIES - 5.7% ..... | 1,232,530     |
|   | -----         |
| NET ASSETS - 100.0% .....                   | \$ 21,764,504 |
|   | =====         |

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\* Non-income producing security.  
ADR American Depository Receipt

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See Notes to Financial Statements.

FIRST TRUST ENERGY PORTFOLIO  
PORTFOLIO OF INVESTMENTS  
DECEMBER 31, 2004

| SHARES  | MARKET<br>VALUE |
|---|-----------------|
| -----   | -----           |
| COMMON STOCKS - 98.2%                         |                 |
| OIL & GAS - 66.7%                             |                 |
| 2,817 Apache Corp. ....                       | \$ 142,456      |
| 3,822 Canadian Natural Resources Ltd. ....    | 163,467         |
| 2,597 ChevronTexaco Corp. ....                | 136,369         |
| 1,722 ConocoPhillips .....                    | 149,521         |
| 3,980 Devon Energy Corp. ....                 | 154,902         |
| 1,304 ENI SPA, Sponsored ADR .....            | 164,095         |
| 3,005 Exxon Mobil Corp. ....                  | 154,036         |
| 3,471 Marathon Oil Corp. ....                 | 130,544         |
| 2,797 Petro-Canada .....                      | 142,703         |
| 2,652 PetroChina Company Ltd., ADR .....      | 142,386         |
| 3,728 Pioneer Natural Resources Company ..... | 130,853         |
| 2,374 Royal Dutch Petroleum Company .....     | 136,220         |
| 4,558 Suncor Energy, Inc. ....                | 161,353         |
| 2,355 The Houston Exploration Company* .....  | 132,610         |
| 1,274 Total SA, Sponsored ADR .....           | 139,936         |
| 3,546 Valero Energy Corp. ....                | 160,989         |
| 4,390 XTO Energy, Inc. ....                   | 155,318         |
|   | -----           |
|   | 2,497,758       |
|   | -----           |
| ENERGY EQUIPMENT & SERVICES - 31.5%           |                 |
| 2,647 BJ Services Company .....               | 123,191         |
| 3,688 Cal Dive International, Inc.* .....     | 150,286         |
| 4,768 Maverick Tube Corp.* .....              | 144,470         |
| 3,998 National-Oilwell, Inc.* .....           | 141,090         |
| 3,236 Noble Corp.* .....                      | 160,959         |
| 7,756 Patterson-UTI Energy, Inc. ....         | 150,854         |
| 2,541 Precision Drilling Corp.* .....         | 159,575         |
| 2,920 Weatherford International Ltd.* .....   | 149,796         |
|   | -----           |
|   | 1,180,221       |
|   | -----           |
| TOTAL COMMON STOCKS .....                     | 3,677,979       |
|   | -----           |
| (Cost \$2,523,698)                            |                 |
| TOTAL INVESTMENTS - 98.2% .....               | 3,677,979       |
| (Cost \$2,523,698)                            |                 |
| NET OTHER ASSETS & LIABILITIES - 1.8% .....   | 68,781          |
|   | -----           |
| NET ASSETS - 100.0% .....                     | \$ 3,746,760    |
|   | =====           |

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\* Non-income producing security.  
ADR American Depository Receipt

See Notes to Financial Statements.

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| SHARES                                |   | MARKET<br>VALUE |
|---------------------------------------|---|-----------------|
| -----                                 |   |                 |
| COMMON STOCKS - 99.1%                 |   |                 |
| COMMERCIAL BANKS - 30.4%              |   |                 |
| 3,302                                 | Bank of America Corp. ....                  | \$ 155,161      |
| 3,005                                 | Compass Bancshares, Inc. ....               | 146,253         |
| 3,142                                 | First Horizon National Corp. ....           | 135,452         |
| 5,103                                 | North Fork Bancorporation, Inc. ....        | 147,221         |
| 6,794                                 | Popular, Inc. ....                          | 195,871         |
| 4,778                                 | TCF Financial Corp. ....                    | 153,565         |
| 5,060                                 | U.S. Bancorp ....                           | 158,479         |
| 3,108                                 | Wachovia Corp. ....                         | 163,481         |
| 2,524                                 | Wells Fargo & Company ....                  | 156,867         |
|                                       |   | -----           |
|                                       |   | 1,412,350       |
|                                       |   | -----           |
| INSURANCE - 29.5%                     |   |                 |
| 3,622                                 | AFLAC, Inc. ....                            | 144,300         |
| 1,949                                 | Ambac Financial Group, Inc. ....            | 160,071         |
| 1,953                                 | American International Group, Inc. ....     | 128,254         |
| 1,821                                 | Everest Re Group, Ltd. ....                 | 163,089         |
| 3,208                                 | Manulife Financial Corp. ....               | 148,210         |
| 2,440                                 | MBIA, Inc. ....                             | 154,403         |
| 4,092                                 | MetLife, Inc. ....                          | 165,767         |
| 5,943                                 | Old Republic International Corp. ....       | 150,358         |
| 2,969                                 | The Allstate Corp. ....                     | 153,557         |
|                                       |   | -----           |
|                                       |   | 1,368,009       |
|                                       |   | -----           |
| CAPITAL MARKETS - 17.1%               |   |                 |
| 1,676                                 | Bear Stearns Companies, Inc. ....           | 171,472         |
| 1,371                                 | Goldman Sachs Group, Inc. ....              | 142,639         |
| 1,854                                 | Lehman Brothers Holdings, Inc. ....         | 162,188         |
| 2,739                                 | Merrill Lynch & Company, Inc. ....          | 163,710         |
| 2,758                                 | Morgan Stanley ....                         | 153,124         |
|                                       |   | -----           |
|                                       |   | 793,133         |
|                                       |   | -----           |
| DIVERSIFIED FINANCIAL SERVICES - 8.2% |   |                 |
| 3,143                                 | Citigroup, Inc. ....                        | 151,430         |
| 4,141                                 | ING Group NV, Sponsored ADR ....            | 125,265         |
| 2,659                                 | JPMorgan Chase & Company ....               | 103,727         |
|                                       |   | -----           |
|                                       |   | 380,422         |
|                                       |   | -----           |
| CONSUMER FINANCE - 7.1%               |   |                 |
| 2,005                                 | Capital One Financial Corp. ....            | 168,841         |
| 5,701                                 | MBNA Corp. ....                             | 160,711         |
|                                       |   | -----           |
|                                       |   | 329,552         |
|                                       |   | -----           |
| THRIFTS & MORTGAGE FINANCE - 6.8%     |   |                 |
| 4,208                                 | Countrywide Financial Corp. ....            | 155,738         |
| 2,614                                 | Golden West Financial Corp. ....            | 160,552         |
|                                       |   | -----           |
|                                       |   | 316,290         |
|                                       |   | -----           |
|                                       | TOTAL COMMON STOCKS .....                   | 4,599,756       |
|                                       |   | -----           |
|                                       | (Cost \$3,542,489)                          |                 |
|                                       | TOTAL INVESTMENTS - 99.1% .....             | 4,599,756       |
|                                       | (Cost \$3,542,489)                          |                 |
|                                       | NET OTHER ASSETS & LIABILITIES - 0.9% ..... | 43,187          |
|                                       |   | -----           |
|                                       | NET ASSETS - 100.0% .....                   | \$ 4,642,943    |
|                                       |   | =====           |

FIRST TRUST PHARMACEUTICAL PORTFOLIO  
 PORTFOLIO OF INVESTMENTS  
 DECEMBER 31, 2004

| SHARES                  |   | MARKET<br>VALUE |
|-------------------------|---|-----------------|
| -----                   |   |                 |
| COMMON STOCKS - 98.5%   |   |                 |
| PHARMACEUTICALS - 87.8% |   |                 |
| 4,368                   | Abbott Laboratories .....                                   | \$ 203,767      |
| 3,830                   | AstraZeneca PLC, Sponsored ADR .....                        | 139,374         |
| 5,133                   | Barr Pharmaceuticals, Inc.* .....                           | 233,757         |
| 7,300                   | Bristol-Myers Squibb Company .....                          | 187,026         |
| 7,321                   | Endo Pharmaceuticals Holdings, Inc.* .....                  | 153,887         |
| 3,043                   | Forest Laboratories, Inc.* .....                            | 136,509         |
| 4,239                   | GlaxoSmithKline PLC, Sponsored ADR .....                    | 200,886         |
| 3,150                   | Johnson & Johnson .....                                     | 199,773         |
| 7,629                   | K-V Pharmaceutical Company, Class A* .....                  | 168,219         |
| 2,474                   | Lilly (Eli) & Company .....                                 | 140,400         |
| 3,271                   | Merck & Company, Inc. ....                                  | 105,130         |
| 8,543                   | Mylan Laboratories, Inc. ....                               | 151,040         |
| 3,916                   | Novartis AG, ADR .....                                      | 197,915         |
| 3,380                   | Novo Nordisk A/S, Sponsored ADR .....                       | 183,399         |
| 5,025                   | Pfizer, Inc. ....   | 135,122         |
| 5,386                   | Sanofi-Synthelabo SA, Sponsored ADR .....                   | 215,709         |
| 5,144                   | Teva Pharmaceutical Industries Ltd.,<br>Sponsored ADR ..... | 153,600         |
| 4,633                   | Wyeth .....   | 197,320         |
|                         |   | -----           |
|                         |   | 3,102,833       |
|                         |   | -----           |
| BIOTECHNOLOGY - 10.7%   |   |                 |
| 3,043                   | Amgen, Inc.* .....  | 195,208         |
| 2,765                   | Biogen Idec, Inc.* .....                                    | 184,177         |
|                         |   | -----           |
|                         |   | 379,385         |
|                         |   | -----           |
|                         | TOTAL COMMON STOCKS .....                                   | 3,482,218       |
|                         |   | -----           |
|                         | (Cost \$3,363,748)  |                 |
|                         | TOTAL INVESTMENTS - 98.5% .....                             | 3,482,218       |
|                         | (Cost \$3,363,748)  |                 |
|                         | NET OTHER ASSETS & LIABILITIES - 1.5% .....                 | 52,603          |
|                         |   | -----           |
|                         | NET ASSETS - 100.0% .....                                   | \$ 3,534,821    |
|                         |   | =====           |

\* Non-income producing security.  
 ADR American Depository Receipt

See Notes to Financial Statements.

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FIRST TRUST TECHNOLOGY PORTFOLIO  
 PORTFOLIO OF INVESTMENTS  
 DECEMBER 31, 2004

| SHARES                |   | MARKET<br>VALUE |
|-----------------------|---|-----------------|
| -----                 |   |                 |
| COMMON STOCKS - 97.1% |   |                 |
| SOFTWARE - 37.0%      |   |                 |
| 1,452                 | Adobe Systems, Inc. ....                      | \$ 91,099       |
| 2,788                 | Check Point Software Technologies Ltd.* ..... | 68,668          |
| 1,100                 | Cognos, Inc.* .....                           | 48,466          |
| 1,444                 | Electronic Arts, Inc.* .....                  | 89,066          |
| 2,144                 | Microsoft Corp. ....                          | 57,266          |
| 4,293                 | Oracle Corp.* .....                           | 58,900          |
| 1,631                 | SAP AG, Sponsored ADR .....                   | 72,107          |
| 3,140                 | Symantec Corp.* .....                         | 80,886          |

|       |   |              |
|-------|---|--------------|
| 2,086 | VERITAS Software Corp.* .....                       | 59,555       |
|       |   | -----        |
|       |   | 626,013      |
|       |   | -----        |
|       | COMMUNICATIONS EQUIPMENT - 17.0%                    |              |
| 3,298 | Cisco Systems, Inc.* .....                          | 63,651       |
| 3,000 | Juniper Networks, Inc.* .....                       | 81,570       |
| 3,281 | Nokia Corp., Sponsored ADR .....                    | 51,413       |
| 2,132 | QUALCOMM, Inc. ....                                 | 90,397       |
|       |   | -----        |
|       |   | 287,031      |
|       |   | -----        |
|       | COMPUTERS & PERIPHERALS - 15.8%                     |              |
| 1,645 | Dell, Inc.* .....                                   | 69,321       |
| 5,529 | EMC Corp.* .....                                    | 82,216       |
| 792   | Lexmark International, Inc.* .....                  | 67,320       |
| 1,962 | SanDisk Corp.* .....                                | 48,991       |
|       |   | -----        |
|       |   | 267,848      |
|       |   | -----        |
|       | SEMICONDUCTORS & SEMICONDUCTOR<br>EQUIPMENT - 14.5% |              |
| 3,584 | Applied Materials, Inc.* .....                      | 61,286       |
| 1,865 | Broadcom Corp., Class A* .....                      | 60,202       |
| 2,646 | Intel Corp. ....                                    | 61,890       |
| 1,476 | Maxim Integrated Products, Inc. ....                | 62,568       |
|       |   | -----        |
|       |   | 245,946      |
|       |   | -----        |
|       | IT SERVICES - 9.8%                                  |              |
| 1,500 | Accenture Ltd.* .....                               | 40,500       |
| 1,171 | Affiliated Computer Services, Inc., Class A* ....   | 70,483       |
| 1,949 | SunGard Data Systems, Inc.* .....                   | 55,215       |
|       |   | -----        |
|       |   | 166,198      |
|       |   | -----        |
|       | INTERNET SERVICES & SOFTWARE - 3.0%                 |              |
| 2,500 | Open Text Corp.* .....                              | 50,125       |
|       |   | -----        |
|       | TOTAL COMMON STOCKS .....                           | 1,643,161    |
|       |   | -----        |
|       | (Cost \$1,351,557)                                  |              |
|       | TOTAL INVESTMENTS - 97.1% .....                     | 1,643,161    |
|       | (Cost \$1,351,557)                                  |              |
|       | NET OTHER ASSETS & LIABILITIES - 2.9% .....         | 49,823       |
|       |   | -----        |
|       | NET ASSETS - 100.0% .....                           | \$ 1,692,984 |
|       |   | =====        |

\* Non-income producing security.  
ADR American Depository Receipt

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FIRST DEFINED PORTFOLIO FUND, LLC  
STATEMENTS OF ASSETS AND LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004

<TABLE>  
<CAPTION>

|  | TARGET<br>MANAGED VIP<br>PORTFOLIO | THE DOWSM<br>DART 10<br>PORTFOLIO | GLOBAL<br>TARGET 15<br>PORTFOLIO | S&P<br>TARGET 24<br>PORTFOLIO |
|--|------------------------------------|-----------------------------------|----------------------------------|-------------------------------|
| <S>  | <C>                                | <C>                               | <C>                              | <C>                           |
| ASSETS:                                    |                                    |                                   |                                  |                               |
| Investments, at market value               |                                    |                                   |                                  |                               |
| (See portfolios of investments) (a): ..... | \$106,624,144                      | \$12,361,053                      | \$22,142,399                     | \$13,966,774                  |
| Cash .....                                 | 2,773,770                          | 351,359                           | 594,156                          | 181,275                       |
| Dividends receivable .....                 | 117,684                            | 41,902                            | 41,290                           | 15,259                        |

|   |                      |                     |                     |                     |
|---|----------------------|---------------------|---------------------|---------------------|
| Interest receivable .....   | 1,958                | 163                 | 1,023               | 409                 |
| Receivable for Membership Interest sold .....   | 485,009              | 23,519              | 65,694              | 25,138              |
| Other assets .....  | --                   | --                  | 2,185               | --                  |
| Receivable from advisor .....   | --                   | --                  | 4,047               | 201                 |
| <b>Total Assets .....</b>   | <b>110,002,565</b>   | <b>12,777,996</b>   | <b>22,850,794</b>   | <b>14,189,056</b>   |
| <b>LIABILITIES:</b>   |                      |                     |                     |                     |
| Payable for Membership Interest redeemed .....  | --                   | --                  | --                  | --                  |
| Payable for investment securities purchased .....   | 1,351,876            | --                  | 191,082             | --                  |
| Investment advisory fee payable .....   | 39,718               | 497                 | --                  | --                  |
| Payable to administrator .....  | 2,191                | 284                 | 463                 | 301                 |
| Distribution fees payable .....   | 21,069               | 2,735               | 4,448               | 2,892               |
| Accrued audit fees .....  | 9,818                | 9,818               | 9,818               | 9,818               |
| Membership Interest servicing fee payable .....   | 70,806               | 9,511               | 14,200              | 9,845               |
| Printing fees payable .....   | 2,139                | 2,139               | 2,138               | 2,139               |
| Custodian fee payable .....   | 22,783               | 1,347               | 6,835               | 2,884               |
| Accrued legal fees .....  | 1,765                | 1,765               | 1,765               | 1,765               |
| Accrued expenses and other payables .....   | 7,460                | 1,225               | 2,239               | 1,386               |
| <b>Total Liabilities .....</b>  | <b>1,529,625</b>     | <b>29,321</b>       | <b>232,988</b>      | <b>31,030</b>       |
| <b>NET ASSETS .....</b>   | <b>\$108,472,940</b> | <b>\$12,748,675</b> | <b>\$22,617,806</b> | <b>\$14,158,026</b> |
| (a) Investments, at cost .....  | \$ 94,067,968        | \$11,633,962        | \$19,622,203        | \$12,770,809        |
| <b>NET ASSETS CONSIST OF:</b>   |                      |                     |                     |                     |
| Undistributed net investment income/(accumulated net investment loss) .                             | \$ 150,630           | \$ 329,736          | \$ 438,268          | \$ (34,231)         |
| Accumulated net realized gain/(loss) on investments sold and<br>foreign currency transactions ..... | 2,678,116            | (856,559)           | 514,902             | (491,110)           |
| Net unrealized appreciation of investments and foreign<br>currency transactions .....               | 12,556,176           | 727,091             | 2,521,001           | 1,195,965           |
| Paid-in capital .....   | 93,088,018           | 12,548,407          | 19,143,635          | 13,487,402          |
| <b>Net Assets .....</b>   | <b>\$108,472,940</b> | <b>\$12,748,675</b> | <b>\$22,617,806</b> | <b>\$14,158,026</b> |
| <b>NET ASSET VALUE, offering price and redemption price of</b>                                      |                      |                     |                     |                     |
| Membership Interest outstanding .....   | \$ 9.80              | \$ 8.69             | \$ 13.86            | \$ 8.66             |
| <b>Number of Membership Interests outstanding .....</b>   | <b>11,072,237</b>    | <b>1,467,706</b>    | <b>1,632,318</b>    | <b>1,634,196</b>    |

</TABLE>

<TABLE>  
<CAPTION>

FIRST TRUST

|  | NASDAQ (R)<br>10<br>UNCOMMON<br>VALUE<br>LINE (R)<br>FIRST<br>TRUST<br>TARGET<br>15<br>VALUES<br>TARGET<br>25<br>ENERGY<br>PORTFOLIO<br>PORTFOLIO<br>PORTFOLIO<br>PORTFOLIO |                  |                   |                  |
|--|---|------------------|-------------------|------------------|
| <S>  | <C>   | <C>              | <C>               | <C>              |
| <b>ASSETS:</b>   |   |                  |                   |                  |
| Investments, at market value<br>(See portfolios of investments) (a): ..... | \$ 6,917,090  | \$ 9,801,322     | \$ 20,531,974     | \$ 3,677,979     |
| Cash .....   | 113,253   | 8,774            | 1,006,612         | 69,067           |
| Dividends receivable .....   | 104   | 9,625            | 1,541             | 1,013            |
| Interest receivable .....  | 141   | 20               | 611               | 79               |
| Receivable for Membership Interest sold .....                              | 15,360  | 5,410            | 265,296           | 14,057           |
| Other assets .....   | --  | --               | --                | --               |
| Receivable from advisor .....  | 4,415   | 3,307            | --                | 2,798            |
| <b>Total Assets .....</b>  | <b>7,050,363</b>  | <b>9,828,458</b> | <b>21,806,034</b> | <b>3,764,993</b> |
| <b>LIABILITIES:</b>  |   |                  |                   |                  |
| Payable for Membership Interest redeemed .....                             | --  | --               | --                | --               |
| Payable for investment securities purchased .....                          | --  | --               | --                | --               |
| Investment advisory fee payable .....                                      | --  | --               | 7,379             | --               |

|   |                     |                     |                      |                     |
|---|---------------------|---------------------|----------------------|---------------------|
| Payable to administrator .....  | 152                 | 214                 | 414                  | 81                  |
| Distribution fees payable .....   | 1,461               | 2,054               | 3,986                | --                  |
| Accrued audit fees .....  | 9,818               | 9,818               | 9,818                | 9,818               |
| Membership Interest servicing fee payable .....   | 5,174               | 7,813               | 11,691               | 3,151               |
| Printing fees payable .....   | 2,139               | 2,139               | 2,139                | 2,139               |
| Custodian fee payable .....   | 1,067               | 769                 | 2,868                | 519                 |
| Accrued legal fees .....  | 1,765               | 1,765               | 1,765                | 1,765               |
| Accrued expenses and other payables .....   | 779                 | 1,020               | 1,470                | 760                 |
| <b>Total Liabilities .....</b>  | <b>22,355</b>       | <b>25,592</b>       | <b>41,530</b>        | <b>18,233</b>       |
| <b>NET ASSETS .....</b>   | <b>\$ 7,028,008</b> | <b>\$ 9,802,866</b> | <b>\$ 21,764,504</b> | <b>\$ 3,746,760</b> |
| (a) Investments, at cost .....  | \$ 6,663,255        | \$ 8,960,122        | \$ 17,431,970        | \$ 2,523,698        |
| NET ASSETS CONSIST OF:  |                     |                     |                      |                     |
| Undistributed net investment income/(accumulated net investment loss) .                             | \$ (265,123)        | \$ (371,594)        | \$ (164,630)         | \$ (15,058)         |
| Accumulated net realized gain/(loss) on investments sold and<br>foreign currency transactions ..... | (2,330,901)         | (16,737,104)        | (155,842)            | 156,532             |
| Net unrealized appreciation of investments and foreign<br>currency transactions .....               | 253,835             | 841,200             | 3,100,004            | 1,154,281           |
| Paid-in capital .....   | 9,370,197           | 26,070,364          | 18,984,972           | 2,451,005           |
| <b>Net Assets .....</b>   | <b>\$ 7,028,008</b> | <b>\$ 9,802,866</b> | <b>\$ 21,764,504</b> | <b>\$ 3,746,760</b> |
| NET ASSET VALUE, offering price and redemption price of   |                     |                     |                      |                     |
| Membership Interest outstanding .....   | \$ 9.04             | \$ 5.20             | \$ 4.06              | \$ 18.75            |
| Number of Membership Interests outstanding .....  | 777,015             | 1,886,248           | 5,360,659            | 199,799             |

</TABLE>

<TABLE>  
<CAPTION>

|   | FIRST TRUST<br>FINANCIAL<br>SERVICES<br>PORTFOLIO | FIRST TRUST<br>PHARMACEUTICAL<br>PORTFOLIO | FIRST TRUST<br>TECHNOLOGY<br>PORTFOLIO |
|---|---|--|--|
| <S>   | <C>   | <C>  | <C>                                    |
| ASSETS:   |   |  |  |
| Investments, at market value<br>(See portfolios of investments) (a): .....                          | \$ 4,599,756                                      | \$ 3,482,218                               | \$ 1,643,161                           |
| Cash .....  | 44,219  | 70,842                                     | 61,994                                 |
| Dividends receivable .....  | 6,888   | 3,047                                      | 167                                    |
| Interest receivable .....   | 81  | 77   | 98                                     |
| Receivable for Membership Interest sold .....   | 6,745   | --   | --                                     |
| Other assets .....  | --  | --   | --                                     |
| Receivable from advisor .....   | 4,255   | 4,005                                      | 4,245                                  |
| <b>Total Assets .....</b>   | <b>4,661,944</b>                                  | <b>3,560,189</b>                           | <b>1,709,665</b>                       |
| LIABILITIES:  |   |  |  |
| Payable for Membership Interest redeemed .....  | --  | 7,491                                      | 382                                    |
| Payable for investment securities purchased .....   | --  | --   | --                                     |
| Investment advisory fee payable .....   | --  | --   | --                                     |
| Payable to administrator .....  | 101   | 76   | 37                                     |
| Distribution fees payable .....   | --  | --   | --                                     |
| Accrued audit fees .....  | 9,818   | 9,818                                      | 9,818                                  |
| Membership Interest servicing fee payable .....   | 3,714   | 2,812                                      | 1,379                                  |
| Printing fees payable .....   | 2,139   | 2,139                                      | 2,139                                  |
| Custodian fee payable .....   | 537   | 511  | 493                                    |
| Accrued legal fees .....  | 1,765   | 1,765                                      | 1,765                                  |
| Accrued expenses and other payables .....   | 927   | 756  | 668                                    |
| <b>Total Liabilities .....</b>  | <b>19,001</b>                                     | <b>25,368</b>                              | <b>16,681</b>                          |
| <b>NET ASSETS .....</b>   | <b>\$ 4,642,943</b>                               | <b>\$ 3,534,821</b>                        | <b>\$ 1,692,984</b>                    |
| (a) Investments, at cost .....  | \$ 3,542,489                                      | \$ 3,363,748                               | \$ 1,351,557                           |
| NET ASSETS CONSIST OF:  |   |  |  |
| Undistributed net investment income/(accumulated net investment loss) .                             | \$ 42,966   | \$ (46,310)                                | \$ (89,433)                            |
| Accumulated net realized gain/(loss) on investments sold and<br>foreign currency transactions ..... | 23,182  | (841,050)                                  | (1,661,482)                            |
| Net unrealized appreciation of investments and foreign<br>currency transactions .....               | 1,057,267   | 118,470                                    | 291,604                                |
| Paid-in capital .....   | 3,519,528   | 4,303,711                                  | 3,152,295                              |
| <b>Net Assets .....</b>   | <b>\$ 4,642,943</b>                               | <b>\$ 3,534,821</b>                        | <b>\$ 1,692,984</b>                    |
| NET ASSET VALUE, offering price and redemption price of   |   |  |  |
| Membership Interest outstanding .....   | \$ 15.36  | \$ 10.28                                   | \$ 5.03                                |

Number of Membership Interests outstanding ..... 302,369 343,984 336,870  
=====

</TABLE>

Page 44-45 See Notes to Financial Statements.

FIRST DEFINED PORTFOLIO FUND, LLC  
STATEMENTS OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2004

<TABLE>  
<CAPTION>

|   | TARGET<br>MANAGED VIP<br>PORTFOLIO | THE DOWSM<br>DART 10<br>PORTFOLIO | GLOBAL<br>TARGET 15<br>PORTFOLIO | S&P<br>TARGET 24<br>PORTFOLIO |
|---|------------------------------------|-----------------------------------|----------------------------------|-------------------------------|
| <S>   | <C>                                | <C>                               | <C>                              | <C>                           |
| <b>INVESTMENT INCOME:</b>   |                                    |                                   |                                  |                               |
| Dividends .....   | \$ 721,836                         | \$ 223,018                        | \$ 333,323                       | \$ 77,295                     |
| Foreign withholding tax on dividend income .....  | --                                 | --                                | (14,293)                         | --                            |
| Interest income .....   | 9,177                              | 1,581                             | 3,648                            | 1,609                         |
| <b>Total investment income .....</b>  | <b>731,013</b>                     | <b>224,599</b>                    | <b>322,678</b>                   | <b>78,904</b>                 |
| <b>EXPENSES:</b>  |                                    |                                   |                                  |                               |
| Investment advisory fee .....   | 273,869                            | 40,744                            | 53,074                           | 49,650                        |
| Administration fee .....  | 44,509                             | 11,804                            | 14,024                           | 13,030                        |
| Fund accounting fee .....   | 95,296                             | 25,420                            | 30,182                           | 28,041                        |
| Distribution fee .....  | 96,758                             | 13,577                            | 19,405                           | 16,091                        |
| Trustees' fees and expenses .....   | 13,858                             | (2,158)                           | (122)                            | 92                            |
| Legal fees .....  | 6,671                              | 6,556                             | 6,565                            | 6,547                         |
| Audit fees .....  | 10,842                             | 10,842                            | 10,842                           | 10,842                        |
| Custodian fees .....  | 195,679                            | 13,082                            | 52,852                           | 26,513                        |
| Membership Interest servicing fee .....   | 185,622                            | 33,628                            | 40,794                           | 39,636                        |
| Printing fees .....   | 3,691                              | 3,565                             | 3,575                            | 3,556                         |
| Other .....   | 15,569                             | 1,197                             | 5,051                            | 2,518                         |
| Fees waived by administrator .....  | (84,048)                           | (17,952)                          | (22,479)                         | (20,173)                      |
| Fees waived and expenses reimbursed by investment advisor .....                             | (190,272)                          | (40,668)                          | (84,049)                         | (54,844)                      |
| <b>Total expenses .....</b>   | <b>668,044</b>                     | <b>99,637</b>                     | <b>129,714</b>                   | <b>121,499</b>                |
| <b>NET INVESTMENT INCOME/(LOSS) .....</b>   | <b>62,969</b>                      | <b>124,962</b>                    | <b>192,964</b>                   | <b>(42,595)</b>               |
| <b>NET REALIZED AND UNREALIZED GAIN/(LOSS)<br/>ON INVESTMENTS AND FOREIGN CURRENCY:</b>     |                                    |                                   |                                  |                               |
| Realized gain/(loss) from:  |                                    |                                   |                                  |                               |
| Securities .....  | 3,850,128                          | 222,237                           | 718,348                          | 1,013,900                     |
| Foreign currency transactions .....   | --                                 | --                                | (2,197)                          | --                            |
| Change in unrealized appreciation/(depreciation) of:  |                                    |                                   |                                  |                               |
| Securities .....  | 7,898,114                          | 398,814                           | 2,022,611                        | 368,516                       |
| Foreign currency translation of other assets and liabilities in<br>foreign currencies ..... | --                                 | --                                | 805                              | --                            |
| <b>Net realized and unrealized gain/(loss) on investments .....</b>                         | <b>11,748,242</b>                  | <b>621,051</b>                    | <b>2,739,567</b>                 | <b>1,382,416</b>              |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS<br/>RESULTING FROM OPERATIONS .....</b>            | <b>\$ 11,811,211</b>               | <b>\$ 746,013</b>                 | <b>\$ 2,932,531</b>              | <b>\$ 1,339,821</b>           |

</TABLE>

<TABLE>  
<CAPTION>

NASDAQ (R)  
10  
UNCOMMON  
VALUE  
LINE (R)  
FIRST  
TRUST  
TARGET 15  
VALUES  
TARGET 25  
ENERGY  
PORTFOLIO  
PORTFOLIO  
PORTFOLIO  
PORTFOLIO

|  | <C>              | <C>               | <C>                 | <C>               |
|--|------------------|-------------------|---------------------|-------------------|
| <b>&lt;S&gt;</b>   |                  |                   |                     |                   |
| <b>INVESTMENT INCOME:</b>  |                  |                   |                     |                   |
| Dividends .....  | \$ 13,530        | \$ 117,512        | \$ 26,094           | \$ 42,104         |
| Foreign withholding tax on dividend income .....   | --               | --                | --                  | --                |
| Interest income .....  | 744              | 319               | 2,523               | 414               |
| <b>Total investment income .....</b>   | <b>14,274</b>    | <b>117,831</b>    | <b>28,617</b>       | <b>42,518</b>     |
| <b>EXPENSES:</b>   |                  |                   |                     |                   |
| Investment advisory fee .....  | 31,429           | 56,226            | 50,512              | 20,263            |
| Administration fee .....   | 10,152           | 12,650            | 13,096              | 8,845             |
| Fund accounting fee .....  | 21,890           | 27,230            | 28,178              | 19,097            |
| Distribution fee .....   | 9,175            | 23,561            | 17,103              | --                |
| Trustees' fees and expenses .....  | (2,638)          | (38,425)          | (2,735)             | 465               |
| Legal fees .....   | 6,547            | 6,552             | 6,562               | 6,543             |
| Audit fees .....   | 10,842           | 10,842            | 10,842              | 10,842            |
| Custodian fees .....   | 11,680           | 10,480            | 26,005              | 5,989             |
| Membership Interest servicing fee .....  | 28,055           | 40,492            | 37,921              | 19,011            |
| Printing fees .....  | 3,556            | 3,561             | 3,572               | 3,551             |
| Other .....  | 1,681            | (1,981)           | 1,256               | 2,687             |
| Fees waived by administrator .....   | (14,445)         | (19,364)          | (20,148)            | (11,944)          |
| Fees waived and expenses reimbursed by investment advisor .....                          | (40,847)         | (3,200)           | (48,615)            | (35,718)          |
| <b>Total expenses .....</b>  | <b>77,077</b>    | <b>128,624</b>    | <b>123,549</b>      | <b>49,631</b>     |
| <b>NET INVESTMENT INCOME/(LOSS) .....</b>  | <b>(62,803)</b>  | <b>(10,793)</b>   | <b>(94,932)</b>     | <b>(7,113)</b>    |
| <b>NET REALIZED AND UNREALIZED GAIN/(LOSS)</b>   |                  |                   |                     |                   |
| <b>ON INVESTMENTS AND FOREIGN CURRENCY:</b>  |                  |                   |                     |                   |
| Realized gain/(loss) from:   |                  |                   |                     |                   |
| Securities .....   | 1,217,686        | 1,287,409         | 1,329,992           | 438,155           |
| Foreign currency transactions .....  | --               | --                | --                  | --                |
| Change in unrealized appreciation/(depreciation) of:                                     |                  |                   |                     |                   |
| Securities .....   | (1,138,148)      | (389,901)         | 1,766,601           | 525,558           |
| Foreign currency translation of other assets and liabilities in foreign currencies ..... | --               | --                | --                  | --                |
| <b>Net realized and unrealized gain/(loss) on investments .....</b>                      | <b>79,538</b>    | <b>897,508</b>    | <b>3,096,593</b>    | <b>963,713</b>    |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS</b>   |                  |                   |                     |                   |
| <b>RESULTING FROM OPERATIONS .....</b>   | <b>\$ 16,735</b> | <b>\$ 886,715</b> | <b>\$ 3,001,661</b> | <b>\$ 956,600</b> |

</TABLE>

<TABLE>  
<CAPTION>

|   | FIRST TRUST<br>FINANCIAL<br>SERVICES<br>PORTFOLIO | FIRST TRUST<br>PHARMACEUTICAL<br>PORTFOLIO | FIRST TRUST<br>TECHNOLOGY<br>PORTFOLIO |
|---|---|--|--|
| <S>   | <C>   | <C>  | <C>                                    |
| <b>INVESTMENT INCOME:</b>                                       |   |  |  |
| Dividends .....   | \$ 88,969   | \$ 56,087                                  | \$ 10,140                              |
| Foreign withholding tax on dividend income .....                | --  | --   | --                                     |
| Interest income .....   | 344   | 366  | 450                                    |
| <b>Total investment income .....</b>                            | <b>89,313</b>                                     | <b>56,453</b>                              | <b>10,590</b>                          |
| <b>EXPENSES:</b>  |   |  |  |
| Investment advisory fee .....                                   | 27,658  | 22,650                                     | 10,752                                 |
| Administration fee .....  | 9,479   | 8,855                                      | 7,529                                  |
| Fund accounting fee .....                                       | 20,452  | 19,119                                     | 16,286                                 |
| Distribution fee .....  | --  | --   | --                                     |
| Trustees' fees and expenses .....                               | 819   | (1,784)                                    | (2,605)                                |
| Legal fees .....  | 6,544   | 6,542                                      | 6,540                                  |
| Audit fees .....  | 10,842  | 10,842                                     | 10,842                                 |
| Custodian fees .....  | 6,413   | 6,091                                      | 5,773                                  |
| Membership Interest servicing fee .....                         | 25,098  | 21,151                                     | 12,592                                 |
| Printing fees .....   | 3,552   | 3,550                                      | 3,548                                  |
| Other .....   | 1,403   | 444  | 1,089                                  |
| Fees waived by administrator .....                              | (13,132)  | (11,882)                                   | (9,295)                                |
| Fees waived and expenses reimbursed by investment advisor ..... | (31,339)  | (29,959)                                   | (36,607)                               |
| <b>Total expenses .....</b>                                     | <b>67,789</b>                                     | <b>55,619</b>                              | <b>26,444</b>                          |
| <b>NET INVESTMENT INCOME/(LOSS) .....</b>                       | <b>21,524</b>                                     | <b>834</b>                                 | <b>(15,854)</b>                        |
| <b>NET REALIZED AND UNREALIZED GAIN/(LOSS)</b>                  |   |  |  |
| <b>ON INVESTMENTS AND FOREIGN CURRENCY:</b>                     |   |  |  |
| Realized gain/(loss) from:                                      |   |  |  |

|  |            |             |          |
|--|------------|-------------|----------|
| Securities .....   | 376,567    | 17,826      | 48,786   |
| Foreign currency transactions .....  | --         | --          | --       |
| Change in unrealized appreciation/(depreciation) of:                                     |            |             |          |
| Securities .....   | 245,375    | (58,479)    | (33,439) |
| Foreign currency translation of other assets and liabilities in foreign currencies ..... | --         | --          | --       |
| Net realized and unrealized gain/(loss) on investments .....                             | 621,942    | (40,653)    | 15,347   |
| NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS .....                    | \$ 643,466 | \$ (39,819) | \$ (507) |

</TABLE>

Page 46-47

See Notes to Financial Statements.

FIRST DEFINED PORTFOLIO FUND, LLC  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2004

<TABLE>  
<CAPTION>

|  | TARGET<br>MANAGED VIP<br>PORTFOLIO | THE DOWSM<br>DART 10<br>PORTFOLIO | GLOBAL<br>TARGET 15<br>PORTFOLIO | S&P<br>TARGET 24<br>PORTFOLIO |
|--|------------------------------------|-----------------------------------|----------------------------------|-------------------------------|
| <S>  | <C>                                | <C>                               | <C>                              | <C>                           |
| Net investment income/(loss) .....   | \$ 62,969                          | \$ 124,962                        | \$ 192,964                       | \$ (42,595)                   |
| Net realized gain from investments sold and foreign currency transactions .....  | 3,850,128                          | 222,237                           | 716,151                          | 1,013,900                     |
| Net change in unrealized appreciation/(depreciation) of securities and foreign currency transactions during the year ..... | 7,898,114                          | 398,814                           | 2,023,416                        | 368,516                       |
| Net increase/(decrease) in net assets resulting from operations ..   | 11,811,211                         | 746,013                           | 2,932,531                        | 1,339,821                     |
| Net increase/(decrease) in net assets from Membership Interest transactions .....  | 76,173,503                         | 7,734,570                         | 16,635,527                       | 7,264,076                     |
| Net increase/(decrease) in net assets .....  | 87,984,714                         | 8,480,583                         | 19,568,058                       | 8,603,897                     |
| NET ASSETS:  |                                    |                                   |                                  |                               |
| Beginning of year .....  | 20,488,226                         | 4,268,092                         | 3,049,748                        | 5,554,129                     |
| End of year .....  | \$108,472,940                      | \$ 12,748,675                     | \$ 22,617,806                    | \$ 14,158,026                 |
| Undistributed net investment income/(accumulated net investment loss) at end of year .....                                 | \$ 150,630                         | \$ 329,736                        | \$ 438,268                       | \$ (34,231)                   |

</TABLE>

<TABLE>  
<CAPTION>

FIRST TRUST

|  | NASDAQ (R)<br>10<br>UNCOMMON<br>VALUE<br>LINE (R)<br>FIRST<br>TRUST<br>TARGET<br>15<br>VALUES<br>TARGET<br>25<br>ENERGY<br>PORTFOLIO<br>PORTFOLIO<br>PORTFOLIO<br>PORTFOLIO |             |             |            |
|--|---|-------------|-------------|------------|
| <S>  | <C>   | <C>         | <C>         | <C>        |
| Net investment income/(loss) .....   | \$ (62,803)   | \$ (10,793) | \$ (94,932) | \$ (7,113) |
| Net realized gain from investments sold and foreign currency transactions .....  | 1,217,686   | 1,287,409   | 1,329,992   | 438,155    |
| Net change in unrealized appreciation/(depreciation) of securities and foreign currency transactions during the year ..... | (1,138,148)   | (389,901)   | 1,766,601   | 525,558    |

|  |              |              |               |              |
|--|--------------|--------------|---------------|--------------|
| Net increase/(decrease) in net assets resulting from operations ..                         | 16,735       | 886,715      | 3,001,661     | 956,600      |
| Net increase/(decrease) in net assets from Membership                                      |              |              |               |              |
| Interest transactions .....  | 1,938,438    | (570,612)    | 13,827,303    | (48,851)     |
| Net increase/(decrease) in net assets .....  | 1,955,173    | 316,103      | 16,828,964    | 907,749      |
| NET ASSETS:  |              |              |               |              |
| Beginning of year .....  | 5,072,835    | 9,486,763    | 4,935,540     | 2,839,011    |
| End of year .....  | \$ 7,028,008 | \$ 9,802,866 | \$ 21,764,504 | \$ 3,746,760 |
| Undistributed net investment income/(accumulated net investment loss) at end of year ..... | \$ (265,123) | \$ (371,594) | \$ (164,630)  | \$ (15,058)  |

</TABLE>

<TABLE>  
<CAPTION>

|  | FIRST TRUST<br>FINANCIAL<br>SERVICES<br>PORTFOLIO | FIRST TRUST<br>PHARMACEUTICAL<br>PORTFOLIO | FIRST TRUST<br>TECHNOLOGY<br>PORTFOLIO |
|--|---|--|--|
| <S>  | <C>   | <C>  | <C>                                    |
| Net investment income/(loss) .....   | \$ 21,524   | \$ 834                                     | \$ (15,854)                            |
| Net realized gain from investments sold and foreign currency transactions .....  | 376,567   | 17,826                                     | 48,786                                 |
| Net change in unrealized appreciation/(depreciation) of securities and foreign currency transactions during the year ..... | 245,375   | (58,479)                                   | (33,439)                               |
| Net increase/(decrease) in net assets resulting from operations ..   | 643,466   | (39,819)                                   | (507)                                  |
| Net increase/(decrease) in net assets from Membership  |   |  |  |
| Interest transactions .....  | (763,476)   | (546,265)                                  | (379,666)                              |
| Net increase/(decrease) in net assets .....  | (120,010)   | (586,084)                                  | (380,173)                              |
| NET ASSETS:  |   |  |  |
| Beginning of year .....  | 4,762,953   | 4,120,905                                  | 2,073,157                              |
| End of year .....  | \$ 4,642,943                                      | \$ 3,534,821                               | \$ 1,692,984                           |
| Undistributed net investment income/(accumulated net investment loss) at end of year .....                                 | \$ 42,966   | \$ (46,310)                                | \$ (89,433)                            |

</TABLE>

FIRST DEFINED PORTFOLIO FUND, LLC  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2003

<TABLE>  
<CAPTION>

|   | TARGET<br>MANAGED VIP<br>PORTFOLIO | THE DOWSM<br>DART 10<br>PORTFOLIO | GLOBAL<br>TARGET 15<br>PORTFOLIO | S&P<br>TARGET 24<br>PORTFOLIO |
|---|------------------------------------|-----------------------------------|----------------------------------|-------------------------------|
| <S>   | <C>                                | <C>                               | <C>                              | <C>                           |
| Net investment income/(loss) .....  | \$ 63,954                          | \$ 94,571                         | \$ 85,674                        | \$ 22,288                     |
| Net realized gain/(loss) from investments sold and foreign currency transactions .....                      | (797,463)                          | (668,362)                         | (285,078)                        | (785,702)                     |
| Net change in unrealized appreciation of securities and foreign currency transactions during the year ..... | 5,670,826                          | 1,279,321                         | 977,124                          | 1,820,713                     |
| Net increase in net assets resulting from operations .....  | 4,937,317                          | 705,530                           | 777,720                          | 1,057,299                     |
| Net increase/(decrease) in net assets from Membership   |                                    |                                   |                                  |                               |
| Interest transactions .....   | 3,494,703                          | (655,981)                         | (69,364)                         | (270,588)                     |
| Net increase in net assets .....  | 8,432,020                          | 49,549                            | 708,356                          | 786,711                       |
| NET ASSETS:   |                                    |                                   |                                  |                               |
| Beginning of year .....   | 12,056,206                         | 4,218,543                         | 2,341,392                        | 4,767,418                     |
| End of year .....   | \$ 20,488,226                      | \$ 4,268,092                      | \$ 3,049,748                     | \$ 5,554,129                  |
| Undistributed net investment income/(accumulated net investment loss) at end of year .....                  | \$ 87,661                          | \$ 204,774                        | \$ 245,304                       | \$ 8,364                      |

</TABLE>

<TABLE>  
<CAPTION>

FIRST TRUST

|   | NASDAQ (R)<br>10<br>UNCOMMON<br>VALUE<br>LINE (R)<br>FIRST<br>TRUST<br>TARGET<br>15<br>VALUES<br>TARGET<br>25<br>ENERGY<br>PORTFOLIO<br>PORTFOLIO<br>PORTFOLIO<br>PORTFOLIO |              |              |              |
|---|---|--------------|--------------|--------------|
| <S>   | <C>   | <C>          | <C>          | <C>          |
| Net investment income/(loss) .....  | \$ (62,474)   | \$ (21,576)  | \$ (35,165)  | \$ (140)     |
| Net realized gain/(loss) from investments sold and foreign currency transactions .....                      | (1,113,734)   | (795,708)    | (312,578)    | 38,188       |
| Net change in unrealized appreciation of securities and foreign currency transactions during the year ..... | 2,580,780   | 3,165,923    | 1,711,467    | 650,877      |
| Net increase in net assets resulting from operations .....  | 1,404,572   | 2,348,639    | 1,363,724    | 688,925      |
| Net increase/(decrease) in net assets from Membership Interest transactions .....                           | (436,823)   | 386,444      | 595,660      | (236,606)    |
| Net increase in net assets .....  | 967,749   | 2,735,083    | 1,959,384    | 452,319      |
| NET ASSETS:   |   |              |              |              |
| Beginning of year .....   | 4,105,086   | 6,751,680    | 2,976,156    | 2,386,692    |
| End of year .....   | \$ 5,072,835  | \$ 9,486,763 | \$ 4,935,540 | \$ 2,839,011 |
| Undistributed net investment income/(accumulated net investment loss) at end of year .....                  | \$ (202,320)  | \$ (360,801) | \$ (69,698)  | \$ (7,945)   |

</TABLE>

<TABLE>  
<CAPTION>

|   | FIRST TRUST<br>FINANCIAL<br>SERVICES<br>PORTFOLIO | FIRST TRUST<br>PHARMACEUTICAL<br>PORTFOLIO | FIRST TRUST<br>TECHNOLOGY<br>PORTFOLIO |
|---|---|--|--|
| <S>   | <C>   | <C>  | <C>                                    |
| Net investment income/(loss) .....  | \$ 15,588   | \$ (10,679)                                | \$ (21,512)                            |
| Net realized gain/(loss) from investments sold and foreign currency transactions .....                      | (229,418)   | (290,592)                                  | (32,819)                               |
| Net change in unrealized appreciation of securities and foreign currency transactions during the year ..... | 1,354,540   | 937,548                                    | 728,464                                |
| Net increase in net assets resulting from operations .....  | 1,140,710   | 636,277                                    | 674,133                                |
| Net increase/(decrease) in net assets from Membership Interest transactions .....                           | (73,592)  | 28,590                                     | (77,913)                               |
| Net increase in net assets .....  | 1,067,118   | 664,867                                    | 596,220                                |
| NET ASSETS:   |   |  |  |
| Beginning of year .....   | 3,695,835   | 3,456,038                                  | 1,476,937                              |
| End of year .....   | \$ 4,762,953                                      | \$ 4,120,905                               | \$ 2,073,157                           |
| Undistributed net investment income/(accumulated net investment loss) at end of year .....                  | \$ 21,442   | \$ (47,144)                                | \$ (73,579)                            |

</TABLE>

FIRST DEFINED PORTFOLIO FUND, LLC  
 STATEMENTS OF CHANGES IN NET ASSETS - CAPITAL STOCK ACTIVITY  
 FOR THE YEAR ENDED DECEMBER 31, 2004

<TABLE>  
 <CAPTION>

|                         | TARGET<br>MANAGED VIP<br>PORTFOLIO | THE DOWSM<br>DART 10<br>PORTFOLIO | GLOBAL<br>TARGET 15<br>PORTFOLIO | S&P<br>TARGET 24<br>PORTFOLIO | NASDAQ (R)<br>TARGET 15<br>PORTFOLIO | FIRST TRUST<br>10 UNCOMMON<br>VALUES<br>PORTFOLIO |
|-------------------------|------------------------------------|-----------------------------------|----------------------------------|-------------------------------|--------------------------------------|---|
| <S>                     | <C>                                | <C>                               | <C>                              | <C>                           | <C>                                  | <C>   |
| AMOUNT:                 |                                    |                                   |                                  |                               |                                      |   |
| Sold .....              | \$ 80,458,450                      | \$ 10,624,832                     | \$ 20,757,500                    | \$ 11,706,039                 | \$ 3,978,443                         | \$ 4,004,676                                      |
| Redeemed .....          | (4,284,947)                        | (2,890,262)                       | (4,121,973)                      | (4,441,963)                   | (2,040,005)                          | (4,575,288)                                       |
| Net increase/(decrease) | \$ 76,173,503                      | \$ 7,734,570                      | \$ 16,635,527                    | \$ 7,264,076                  | \$ 1,938,438                         | \$ (570,612)                                      |
| MEMBERSHIP INTERESTS:   |                                    |                                   |                                  |                               |                                      |   |
| Sold .....              | 9,224,929                          | 1,304,860                         | 1,695,923                        | 1,462,599                     | 468,229                              | 843,053   |
| Redeemed .....          | (500,613)                          | (347,269)                         | (339,561)                        | (557,152)                     | (237,002)                            | (988,150)   |
| Net increase/(decrease) | 8,724,316                          | 957,591                           | 1,356,362                        | 905,447                       | 231,227                              | (145,097)   |

</TABLE>

<TABLE>  
 <CAPTION>

|                         | VALUE LINE (R)<br>TARGET 25<br>PORTFOLIO | FIRST TRUST<br>ENERGY<br>PORTFOLIO | FIRST TRUST<br>FINANCIAL<br>SERVICES<br>PORTFOLIO | FIRST TRUST<br>PHARMACEUTICAL<br>PORTFOLIO | FIRST TRUST<br>TECHNOLOGY<br>PORTFOLIO |
|-------------------------|--|------------------------------------|---|--|--|
| <S>                     | <C>                                      | <C>                                | <C>   | <C>  | <C>                                    |
| AMOUNT:                 |  |                                    |   |  |  |
| Sold .....              | \$ 17,491,384                            | \$ 797,410                         | \$ 413,133  | \$ 307,293                                 | \$ 83,027                              |
| Redeemed .....          | (3,664,081)                              | (846,261)                          | (1,176,609)                                       | (853,558)                                  | (462,693)                              |
| Net increase/(decrease) | \$ 13,827,303                            | \$ (48,851)                        | \$ (763,476)                                      | \$ (546,265)                               | \$ (379,666)                           |
| MEMBERSHIP INTERESTS:   |  |                                    |   |  |  |
| Sold .....              | 4,977,806                                | 50,618                             | 29,368  | 30,038                                     | 17,012                                 |
| Redeemed .....          | (1,093,931)                              | (50,725)                           | (84,982)  | (84,045)                                   | (97,252)                               |
| Net increase/(decrease) | 3,883,875                                | (107)                              | (55,614)  | (54,007)                                   | (80,240)                               |

</TABLE>

FIRST DEFINED PORTFOLIO FUND, LLC  
 STATEMENTS OF CHANGES IN NET ASSETS - CAPITAL STOCK ACTIVITY  
 FOR THE YEAR ENDED DECEMBER 31, 2003

<TABLE>  
 <CAPTION>

|                         | FIRST TRUST<br>ENERGY<br>PORTFOLIO | FIRST TRUST<br>FINANCIAL<br>SERVICES<br>PORTFOLIO | FIRST TRUST<br>PHARMACEUTICAL<br>PORTFOLIO | FIRST TRUST<br>TECHNOLOGY<br>PORTFOLIO |
|-------------------------|------------------------------------|---|--|--|
| <S>                     | <C>                                | <C>   | <C>  | <C>                                    |
| AMOUNT:                 |                                    |   |  |  |
| Sold .....              | \$ 501,970                         | \$ 752,422  | \$ 743,179                                 | \$ 221,143                             |
| Redeemed .....          | (738,576)                          | (826,014)   | (714,589)                                  | (299,056)                              |
| Net increase/(decrease) | \$ (236,606)                       | \$ (73,592)                                       | \$ 28,590                                  | \$ (77,913)                            |
| MEMBERSHIP INTERESTS:   |                                    |   |  |  |
| Sold .....              | 43,452                             | 64,632  | 77,273                                     | 53,103                                 |
| Redeemed .....          | (64,944)                           | (76,407)  | (78,898)                                   | (72,099)                               |
| Net increase/(decrease) | (21,492)                           | (11,775)  | (1,625)                                    | (18,996)                               |

</TABLE>

<TABLE>  
 <CAPTION>

|                         | FIRST TRUST<br>ENERGY<br>PORTFOLIO | FIRST TRUST<br>FINANCIAL<br>SERVICES<br>PORTFOLIO | FIRST TRUST<br>PHARMACEUTICAL<br>PORTFOLIO | FIRST TRUST<br>TECHNOLOGY<br>PORTFOLIO |
|-------------------------|------------------------------------|---|--|--|
| <S>                     | <C>                                | <C>   | <C>  | <C>                                    |
| AMOUNT:                 |                                    |   |  |  |
| Sold .....              | \$ 501,970                         | \$ 752,422  | \$ 743,179                                 | \$ 221,143                             |
| Redeemed .....          | (738,576)                          | (826,014)   | (714,589)                                  | (299,056)                              |
| Net increase/(decrease) | \$ (236,606)                       | \$ (73,592)                                       | \$ 28,590                                  | \$ (77,913)                            |
| MEMBERSHIP INTERESTS:   |                                    |   |  |  |
| Sold .....              | 43,452                             | 64,632  | 77,273                                     | 53,103                                 |
| Redeemed .....          | (64,944)                           | (76,407)  | (78,898)                                   | (72,099)                               |
| Net increase/(decrease) | (21,492)                           | (11,775)  | (1,625)                                    | (18,996)                               |

</TABLE>

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See Notes to Financial Statements.

TARGET MANAGED VIP PORTFOLIO  
FINANCIAL HIGHLIGHTS  
FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
<CAPTION>

|   | YEAR<br>ENDED<br>12/31/04 | YEAR<br>ENDED<br>12/31/03 | YEAR<br>ENDED<br>12/31/02 (A) | YEAR<br>ENDED<br>12/31/01 | YEAR<br>ENDED<br>12/31/00 |
|---|---------------------------|---------------------------|-------------------------------|---------------------------|---------------------------|
| <S>   | <C>                       | <C>                       | <C>                           | <C>                       | <C>                       |
| Net asset value, beginning of year .....  | \$ 8.73                   | \$ 6.47                   | \$ 8.19                       | \$ 8.62                   | \$ 8.04                   |
| INCOME FROM INVESTMENT OPERATIONS:  |                           |                           |                               |                           |                           |
| Net investment income/(loss) .....  | 0.01++                    | 0.02                      | 0.00++#                       | 0.18++                    | 0.06                      |
| Net realized and unrealized gain/(loss) on<br>investments .....   | 1.06                      | 2.24                      | (1.72)                        | (0.61)                    | 0.52                      |
| Total from investment operations .....  | 1.07                      | 2.26                      | (1.72)                        | (0.43)                    | 0.58                      |
| Net asset value, end of year .....  | \$ 9.80                   | \$ 8.73                   | \$ 6.47                       | \$ 8.19                   | \$ 8.62                   |
| TOTAL RETURN+ .....   | 12.26%                    | 34.93%                    | (21.00)%                      | (4.99)%                   | 7.21%                     |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                           |                           |                               |                           |                           |
| Net assets, end of year (in 000's) .....  | \$ 108,473                | \$ 20,488                 | \$ 12,056                     | \$ 2,126                  | \$ 262                    |
| Ratio of operating expenses to average<br>net assets .....  | 1.47%                     | 1.47%                     | 1.47%                         | 1.47%                     | 1.47%                     |
| Ratio of net investment income to average<br>net assets .....   | 0.14%                     | 0.41%                     | 0.06%                         | 2.20%                     | 2.45%                     |
| Portfolio turnover rate .....   | 42.60%                    | 72.28%                    | 78.53%                        | 47.95%                    | 54.04%                    |
| Ratio of operating expenses to average<br>net assets without fee waivers and<br>expenses reimbursed ..... | 2.07%                     | 1.69%                     | 2.73%                         | 12.69%                    | 74.48%                    |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.  
++ Per share values have been calculated using the average share method. # Amount represents less than \$0.01 per share. (a) Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from the DowSM Target 5 Portfolio to the Target Managed VIP Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided reflect the Fund's performance prior to the name change and the change of the primary investment strategy.

</FN>  
</TABLE>

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See Notes to Financial Statements.

THE DOWSM DART 10 PORTFOLIO  
FINANCIAL HIGHLIGHTS

FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
<CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year .....  | \$ 8.37                | \$ 6.98                | \$ 8.54                | \$ 10.02               | \$ 9.22                |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                        |                        |                        |
| Net investment income .....   | 0.15 ++                | 0.22                   | 0.12 ++                | 0.14 ++                | 0.05                   |
| Net realized and unrealized gain/(loss) on investments .....  | 0.17                   | 1.17                   | (1.68)                 | (1.62)                 | 0.75                   |
| Total from investment operations .....  | 0.32                   | 1.39                   | (1.56)                 | (1.48)                 | 0.80                   |
| Net asset value, end of year .....  | \$ 8.69                | \$ 8.37                | \$ 6.98                | \$ 8.54                | \$ 10.02               |
| TOTAL RETURN+ .....   | 3.82%                  | 19.91%                 | (18.27)%               | (14.77)%               | 8.68%                  |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                        |                        |                        |
| Net assets, end of year (in 000's) .....  | \$ 12,749              | \$ 4,268               | \$ 4,219               | \$ 4,064               | \$ 1,110               |
| Ratio of operating expenses to average net assets .....   | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  |
| Ratio of net investment income to average net assets .....  | 1.84%                  | 2.37%                  | 1.52%                  | 1.53%                  | 1.19%                  |
| Portfolio turnover rate .....   | 56.97%                 | 78.12%                 | 76.19%                 | 38.16%                 | 33.59%                 |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 2.33%                  | 3.27%                  | 3.13%                  | 5.59%                  | 14.84%                 |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.  
++ Per share values have been calculated using the average share method.

</FN>

</TABLE>

See Notes to Financial Statements.

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GLOBAL TARGET 15 PORTFOLIO  
FINANCIAL HIGHLIGHTS  
FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
<CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year .....  | \$ 11.05               | \$ 8.24                | \$ 9.66                | \$ 9.90                | \$ 9.71                |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                        |                        |                        |
| Net investment income .....   | 0.27 ++                | 0.33                   | 0.25++                 | 0.26++                 | 0.15                   |
| Net realized and unrealized gain/(loss) on investments .....  | 2.54                   | 2.48                   | (1.67)                 | (0.50)                 | 0.04                   |
| Total from investment operations .....  | 2.81                   | 2.81                   | (1.42)                 | (0.24)                 | 0.19                   |
| Net asset value, end of year .....  | \$ 13.86               | \$ 11.05               | \$ 8.24                | \$ 9.66                | \$ 9.90                |
| TOTAL RETURN+ .....   | 25.43%                 | 34.10%                 | (14.70)%               | (2.42)%                | 1.96%                  |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                        |                        |                        |
| Net assets, end of year (in 000's) .....  | \$ 22,618              | \$ 3,050               | \$ 2,341               | \$ 2,291               | \$ 1,853               |
| Ratio of operating expenses to average net assets .....   | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  |
| Ratio of net investment income to average net assets .....  | 2.18%                  | 3.36%                  | 2.73%                  | 2.77%                  | 5.93%                  |
| Portfolio turnover rate .....   | 48.66%                 | 65.57%                 | 56.92%                 | 105.85%                | 20.39%                 |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 2.67%                  | 4.51%                  | 4.50%                  | 6.73%                  | 14.89%                 |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.  
 ++ Per share values have been calculated using the average share method.  
 </FN>  
 </TABLE>

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S&P TARGET 24 PORTFOLIO  
 FINANCIAL HIGHLIGHTS  
 FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
 <CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 (A) | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|----------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                        | <C>                    | <C>                    |
| Net asset value, beginning of year .....  | \$ 7.62                | \$ 6.14                | \$ 7.19                    | \$ 9.54                | \$ 11.83               |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                            |                        |                        |
| Net investment income/(loss) .....  | (0.03)                 | 0.03                   | (0.01)                     | (0.01) ++              | (0.03)                 |
| Net realized and unrealized gain/(loss) on investments .....  | 1.07                   | 1.45                   | (1.04)                     | (2.34)                 | (2.26)                 |
| Total from investment operations .....  | 1.04                   | 1.48                   | (1.05)                     | (2.35)                 | (2.29)                 |
| Net asset value, end of year .....  | \$ 8.66                | \$ 7.62                | \$ 6.14                    | \$ 7.19                | \$ 9.54                |
| TOTAL RETURN+ .....   | 13.65%                 | 24.10%                 | (14.60)%                   | (24.63)%               | (19.36)%               |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                            |                        |                        |
| Net assets, end of year (in 000's) .....  | \$ 14,158              | \$ 5,554               | \$ 4,767                   | \$ 3,461               | \$ 1,501               |
| Ratio of operating expenses to average net assets .....   | 1.47%                  | 1.47%                  | 1.47%                      | 1.47%                  | 1.47%                  |
| Ratio of net investment income/(loss) to average net assets .....                                   | (0.51)%                | 0.46%                  | (0.10)%                    | (0.07)%                | (0.71)%                |
| Portfolio turnover rate .....   | 103.63%                | 84.37%                 | 199.84%                    | 95.30%                 | 64.22%                 |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 2.37%                  | 2.89%                  | 2.96%                      | 5.67%                  | 10.85%                 |

<FN>  
 -----  
 + The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.  
 ++ Per share values have been calculated using the average share method. (a) Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from the S&P Target 10 Portfolio to the S&P Target 24 Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided reflect the Fund's performance prior to the name change and the change of the primary investment strategy.  
 </FN>  
 </TABLE>

See Notes to Financial Statements. Page 55

NASDAQ(R) TARGET 15 PORTFOLIO FINANCIAL HIGHLIGHTS  
 FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
 <CAPTION>

|  | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>  | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year .....                     | \$ 9.29                | \$ 6.83                | \$ 9.25                | \$ 12.88               | \$ 14.60               |
| INCOME FROM INVESTMENT OPERATIONS:                           |                        |                        |                        |                        |                        |
| Net investment loss .....                                    | (0.10) ++              | (0.14)                 | (0.08)                 | (0.13) ++              | (0.16)                 |
| Net realized and unrealized gain/(loss) on investments ..... | (0.15)                 | 2.60                   | (2.34)                 | (3.50)                 | (1.56)                 |
| Total from investment operations .....                       | (0.25)                 | 2.46                   | (2.42)                 | (3.63)                 | (1.72)                 |

|   |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
| Net asset value, end of year .....  | \$ 9.04  | \$ 9.29  | \$ 6.83  | \$ 9.25  | \$ 12.88 |
| TOTAL RETURN+ .....   | (2.69)%  | 36.02%   | (26.16)% | (28.18)% | (11.78)% |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |          |          |          |          |          |
| Net assets, end of year (in 000's) .....  | \$ 7,028 | \$ 5,073 | \$ 4,105 | \$ 4,793 | \$ 2,688 |
| Ratio of operating expenses to average net assets .....   | 1.47%    | 1.47%    | 1.47%    | 1.47%    | 1.47%    |
| Ratio of net investment loss to average net assets .....  | (1.20)%  | (1.34)%  | (1.25)%  | (1.31)%  | (1.46)%  |
| Portfolio turnover rate .....   | 116.88%  | 83.41%   | 97.68%   | 63.71%   | 72.40%   |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 2.52%    | 2.96%    | 3.03%    | 4.32%    | 5.47%    |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.

++ Per share values have been calculated using the average share method.

</FN>

</TABLE>

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See Notes to Financial Statements.

FIRST TRUST 10 UNCOMMON VALUES PORTFOLIO  
FINANCIAL HIGHLIGHTS  
FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>

<CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net asset value, beginning of year .....  | \$ 4.67                | \$ 3.41                | \$ 5.40                | \$ 8.39                | \$ 11.40               |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                        |                        |                        |
| Net investment loss .....   | (0.02)                 | (0.01)                 | (0.03)++               | (0.07)                 | (0.02)                 |
| Net realized and unrealized gain/(loss) on investments .....  | 0.55                   | 1.27                   | (1.96)                 | (2.92)                 | (2.99)                 |
| Total from investment operations .....  | 0.53                   | 1.26                   | (1.99)                 | (2.99)                 | (3.01)                 |
| Net asset value, end of year .....  | \$ 5.20                | \$ 4.67                | \$ 3.41                | \$ 5.40                | \$ 8.39                |
| TOTAL RETURN+ .....   | 11.35%                 | 36.95%                 | (36.85)%               | (35.64)%               | (26.40)%               |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                        |                        |                        |
| Net assets, end of year (in 000's) .....  | \$ 9,803               | \$ 9,487               | \$ 6,752               | \$ 13,270              | \$ 22,123              |
| Ratio of operating expenses to average net assets .....   | 1.37%                  | 1.37%                  | 1.37%                  | 1.37%                  | 1.37%                  |
| Ratio of net investment loss to average net assets .....  | (0.11)%                | (0.29)%                | (0.78)%                | (1.00)%                | (1.15)%                |
| Portfolio turnover rate .....   | 123.18%                | 117.04%                | 105.51%                | 149.77%                | 98.80%                 |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 1.61%                  | 2.36%                  | 2.29%                  | 2.28%                  | 2.47%                  |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.

++ Per share values have been calculated using the average share method.

</FN>

</TABLE>

See Notes to Financial Statements.

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VALUE LINE(R) TARGET 25 PORTFOLIO  
FINANCIAL HIGHLIGHTS  
FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>

<CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 (A) | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|----------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                        | <C>                    | <C>                    |
| Net asset value, beginning of year .....  | \$ 3.34                | \$ 2.37                | \$ 4.15                    | \$ 9.32                | \$ 16.33               |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                            |                        |                        |
| Net investment loss .....   | (0.04)++               | (0.02)                 | (0.03)++                   | (0.06)                 | (0.03)                 |
| Net realized and unrealized gain/(loss) on investments .....  | 0.76                   | 0.99                   | (1.75)                     | (5.11)                 | (6.98)                 |
| Total from investment operations .....  | 0.72                   | 0.97                   | (1.78)                     | (5.17)                 | (7.01)                 |
| Net asset value, end of year .....  | \$ 4.06                | \$ 3.34                | \$ 2.37                    | \$ 4.15                | \$ 9.32                |
| TOTAL RETURN+ .....   | 21.56%                 | 40.93%                 | (42.89)%                   | (55.47)%               | (42.93)%               |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                            |                        |                        |
| Net assets, end of year (in 000's) .....  | \$ 21,765              | \$ 4,936               | \$ 2,976                   | \$ 499                 | \$ 1,131               |
| Ratio of operating expenses to average net assets .....   | 1.47%                  | 1.47%                  | 1.47%                      | 1.47%                  | 1.47%                  |
| Ratio of net investment loss to average net assets .....  | (1.13)%                | (0.92)%                | (1.22)%                    | (1.42)%                | (1.40)%                |
| Portfolio turnover rate .....   | 86.74%                 | 74.04%                 | 48.99%                     | 209.84%                | 71.51%                 |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 2.28%                  | 3.36%                  | 6.72%                      | 19.43%                 | 16.73%                 |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.  
 ++ Per share values have been calculated using the average share method. (a) Effective April 30, 2002, based upon the determination of the Fund's Board of Trustees, the Fund changed its name from the First Trust Internet Portfolio to the Value Line(R) Target 25 Portfolio. The Fund's primary investment strategy was also changed. The performance figures provided include the Fund's performance prior to the name change and the change of the primary investment strategy.

</FN>

</TABLE>

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See Notes to Financial Statements.

FIRST TRUST ENERGY PORTFOLIO  
 FINANCIAL HIGHLIGHTS  
 FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
 <CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year .....  | \$ 14.20               | \$ 10.78               | \$ 11.29               | \$ 15.87               | \$ 11.23               |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                        |                        |                        |
| Net investment income/(loss) .....  | (0.04)                 | (0.00) #               | (0.02) ++              | (0.04) ++              | (0.02)                 |
| Net realized and unrealized gain/(loss) on investments .....  | 4.59                   | 3.42                   | (0.49)                 | (4.54)                 | 4.66                   |
| Total from investment operations .....  | 4.55                   | 3.42                   | (0.51)                 | (4.58)                 | 4.64                   |
| Net asset value, end of year .....  | \$ 18.75               | \$ 14.20               | \$ 10.78               | \$ 11.29               | \$ 15.87               |
| TOTAL RETURN+ .....   | 32.04%                 | 31.73%                 | (4.52)%                | (28.86)%               | 41.32%                 |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                        |                        |                        |
| Net assets, end of year (in 000's) .....  | \$ 3,747               | \$ 2,839               | \$ 2,387               | \$ 2,069               | \$ 498                 |
| Ratio of operating expenses to average net assets .....   | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  |
| Ratio of net investment income/(loss) to average net assets .....                                   | (0.21)%                | (0.01)%                | (0.16)%                | (0.29)%                | (0.50)%                |
| Portfolio turnover rate .....   | 39.90%                 | 32.18%                 | 55.39%                 | 113.79%                | 28.14%                 |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 2.88%                  | 4.69%                  | 4.66%                  | 10.87%                 | 44.00%                 |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.  
++ Per share values have been calculated using the average share method. # Amount represents less than \$0.01 per share.

</FN>

</TABLE>

See Notes to Financial Statements.

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FIRST TRUST FINANCIAL SERVICES PORTFOLIO  
FINANCIAL HIGHLIGHTS  
FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
<CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year  | \$ 13.30               | \$ 10.00               | \$ 11.68               | \$ 13.09               | \$ 10.49               |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                        |                        |                        |
| Net investment income/(loss)  | 0.08                   | 0.04                   | 0.02                   | (0.00)++#              | (0.01)                 |
| Net realized and unrealized gain/(loss) on investments  | 1.98                   | 3.26                   | (1.70)                 | (1.41)                 | 2.61                   |
| Total from investment operations  | 2.06                   | 3.30                   | (1.68)                 | (1.41)                 | 2.60                   |
| Net asset value, end of year  | \$ 15.36               | \$ 13.30               | \$ 10.00               | \$ 11.68               | \$ 13.09               |
| TOTAL RETURN+   | 15.49%                 | 33.00%                 | (14.38)%               | (10.77)%               | 24.79%                 |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                        |                        |                        |
| Net assets, end of year (in 000's)  | \$ 4,643               | \$ 4,763               | \$ 3,696               | \$ 3,122               | \$ 1,031               |
| Ratio of operating expenses to average net assets   | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  |
| Ratio of net investment income/(loss) to average net assets                                   | 0.47%                  | 0.39%                  | 0.18%                  | (0.01)%                | (0.17)%                |
| Portfolio turnover rate   | 30.00%                 | 52.32%                 | 29.62%                 | 127.11%                | 154.13%                |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed | 2.43%                  | 3.29%                  | 3.37%                  | 6.72%                  | 13.62%                 |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.  
++ Per share values have been calculated using the average share method. # Amount represents less than \$0.01 per share.

</FN>

</TABLE>

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See Notes to Financial Statements.

FIRST TRUST PHARMACEUTICAL PORTFOLIO  
FINANCIAL HIGHLIGHTS  
FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>  
<CAPTION>

|  | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>  | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year                     | \$ 10.35               | \$ 8.65                | \$ 12.06               | \$ 13.54               | \$ 10.37               |
| INCOME FROM INVESTMENT OPERATIONS:                     |                        |                        |                        |                        |                        |
| Net investment income/(loss)                           | 0.00++#                | (0.03)                 | (0.03)                 | (0.09)++               | (0.03)                 |
| Net realized and unrealized gain/(loss) on investments | (0.07)                 | 1.73                   | (3.38)                 | (1.39)                 | 3.20                   |
| Total from investment operations                       | (0.07)                 | 1.70                   | (3.41)                 | (1.48)                 | 3.17                   |

|   |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|
| Net asset value, end of year .....  | \$ 10.28 | \$ 10.35 | \$ 8.65  | \$ 12.06 | \$ 13.54 |
| TOTAL RETURN+ .....   | (0.68)%  | 19.65%   | (28.28)% | (10.93)% | 30.57%   |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |          |          |          |          |          |
| Net assets, end of year (in 000's) .....  | \$ 3,535 | \$ 4,121 | \$ 3,456 | \$ 3,777 | \$ 1,267 |
| Ratio of operating expenses to average net assets .....   | 1.47%    | 1.47%    | 1.47%    | 1.47%    | 1.47%    |
| Ratio of net investment income/(loss) to average net assets .....                                   | 0.02%    | (0.29)%  | (0.49)%  | (0.73)%  | (0.61)%  |
| Portfolio turnover rate .....   | 23.21%   | 44.85%   | 72.48%   | 50.46%   | 88.46%   |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 2.57%    | 3.48%    | 3.64%    | 5.96%    | 13.46%   |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.

++ Per share values have been calculated using the average shares method. # Amount represents less than \$0.01 per share.

</FN>

</TABLE>

See Notes to Financial Statements.

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FIRST TRUST TECHNOLOGY PORTFOLIO  
FINANCIAL HIGHLIGHTS  
FOR A MEMBERSHIP INTEREST OUTSTANDING THROUGHOUT EACH YEAR.

<TABLE>

<CAPTION>

|   | YEAR ENDED<br>12/31/04 | YEAR ENDED<br>12/31/03 | YEAR ENDED<br>12/31/02 | YEAR ENDED<br>12/31/01 | YEAR ENDED<br>12/31/00 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| <S>   | <C>                    | <C>                    | <C>                    | <C>                    | <C>                    |
| Net asset value, beginning of year .....  | \$ 4.97                | \$ 3.39                | \$ 5.79                | \$ 10.25               | \$ 13.41               |
| INCOME FROM INVESTMENT OPERATIONS:  |                        |                        |                        |                        |                        |
| Net investment loss .....   | (0.04)++               | (0.06)                 | (0.06)++               | (0.09)++               | (0.10)                 |
| Net realized and unrealized gain/(loss) on investments .....  | 0.10                   | 1.64                   | (2.34)                 | (4.37)                 | (3.06)                 |
| Total from investment operations .....  | 0.06                   | 1.58                   | (2.40)                 | (4.46)                 | (3.16)                 |
| Net asset value, end of year .....  | \$ 5.03                | \$ 4.97                | \$ 3.39                | \$ 5.79                | \$ 10.25               |
| TOTAL RETURN+ .....   | 1.21%                  | 46.61%                 | (41.45)%               | (43.51)%               | (23.56)%               |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:   |                        |                        |                        |                        |                        |
| Net assets, end of year (in 000's) .....  | \$ 1,693               | \$ 2,073               | \$ 1,477               | \$ 1,739               | \$ 1,046               |
| Ratio of operating expenses to average net assets .....   | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  | 1.47%                  |
| Ratio of net investment loss to average net assets .....  | (0.88)%                | (1.22)%                | (1.37)%                | (1.38)%                | (1.42)%                |
| Portfolio turnover rate .....   | 21.87%                 | 33.81%                 | 60.86%                 | 185.60%                | 98.66%                 |
| Ratio of operating expenses to average net assets without fee waivers and expenses reimbursed ..... | 4.03%                  | 5.96%                  | 6.23%                  | 9.38%                  | 11.39%                 |

<FN>

+ The total return would have been lower if certain fees had not been waived and expenses reimbursed by the investment advisor and administrator.

++ Per share values have been calculated using the average shares method.

</FN>

</TABLE>

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See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

FIRST DEFINED PORTFOLIO FUND, LLC  
DECEMBER 31, 2004

1. FUND DESCRIPTION

First Defined Portfolio Fund, LLC (the "Registrant") was organized as a Delaware limited liability company on January 8, 1999 under the laws of the State of Delaware. The Registrant is registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended (the "1940 Act"), as a non-diversified, open-end management investment company. The Registrant offers eleven managed investment portfolios that may be divided into two general categories: Target Managed VIP Portfolio, The DowSM DART 10 Portfolio, Global Target 15 Portfolio, S&P Target 24 Portfolio, NASDAQ(R) Target 15 Portfolio, First Trust 10 Uncommon Values Portfolio, and Value Line(R) Target 25 Portfolio (the "Strategy Funds"); and First Trust Energy Portfolio, First Trust Financial Services Portfolio, First Trust Pharmaceutical Portfolio, and First Trust Technology Portfolio (the "Sector Funds"), (each, a "Fund," collectively, the "Funds"). Under Delaware law, a limited liability company does not issue shares of stock. Instead, ownership rights are contained in membership interests (each, an "Interest," collectively, the "Interests"). Each Interest represents an undivided interest in the net assets of a Fund's portfolio. Fund Interests are not offered directly to the public. Fund Interests are sold only to American Skandia Life Assurance Corporation Variable Account B ("Account B"), a Prudential Financial Company ("American Skandia"), to fund the benefits of variable annuity policies (the "Policies") issued by American Skandia. Account B is the sole member of the Registrant. Account B's variable annuity owners who have Policy values allocated to any of the Funds have indirect rights to the Registrant's Interests.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

### PORTFOLIO VALUATION:

Generally, a Fund's investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value as determined in accordance with procedures adopted by the Board of Trustees of the Registrant. Portfolio securities for which the primary market is a domestic or foreign exchange, or which are traded over-the-counter and quoted on the NASDAQ System, are valued at the last sale price or the NASDAQ Official Closing Price on the day of valuation or, if there was no sale that day, at the mean between the most recent bid and ask prices. Portfolio securities not quoted on the NASDAQ System that are actively traded in the over-the-counter market, including listed securities for which the primary market is believed to be over-the-counter, are valued at the closing bid price provided by the principal market makers. Securities for which quotations are not readily available are valued at fair value as determined in accordance with provisions adopted by the Board of Trustees. Short-term investments that mature in 60 days or less are valued at amortized cost.

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

### SECURITIES TRANSACTIONS AND INVESTMENT INCOME:

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is recognized and recorded on the accrual basis.

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

FIRST DEFINED PORTFOLIO FUND, LLC  
 DECEMBER 31, 2004

FOREIGN CURRENCY:

The books and records of the Funds are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of investment securities and items of income and expense are translated on the respective dates of such transactions. Unrealized gains and losses which result from changes in foreign currency exchange rates have been included in the unrealized appreciation/(depreciation) of investments and net other assets. Net realized foreign currency gains and losses include the effect of changes in exchange rates between trade date and settlement date on investment security transactions, foreign currency transactions and interest and dividends received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial purchase trade date and subsequent sale trade date is included in realized gains and losses on investment securities sold.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS:

Dividends from net investment income and net realized long-term and short-term capital gains of all Funds may be paid with such frequency (monthly or otherwise) as the Board of Trustees may determine from time to time. Currently all dividends paid by a Fund will be reinvested by the Fund.

INCOME TAXES:

The Registrant is a limited liability company with all of its Interests owned by a single entity (Account B). Accordingly, the Registrant is treated as part of the operations of American Skandia and is not taxed separately. The Registrant intends to comply with the provisions of Section 817(h) of the Internal Revenue Code, which imposes certain diversification requirements upon variable contracts that are based on segregated asset accounts. Under current tax law, interest, dividend income, and capital gains of the Registrant are not currently taxable when left to accumulate within a variable annuity contract. As such, no federal or state income tax provision is required.

EXPENSES:

Expenses that are directly related to one of the Funds are charged directly to that Fund. Effective June 1, 2004, general expenses of the Registrant with the exception of audit, legal and printing fees, which are allocated evenly among the Funds, are allocated to all the Funds based upon the average net assets of each Fund. Prior to June 1, 2004, all general expenses of the Registrant were allocated evenly between each Fund.

3. INVESTMENT ADVISORY FEE AND OTHER AFFILIATED TRANSACTIONS

FirstTrust Advisors L.P. ("First Trust") is a limited partnership with one limited partner, Grace Partners of DuPage L.P., and one general partner, The Charger Corporation. First Trust serves as investment advisor to the Funds pursuant to an Investment Advisory and Management Agreement. First Trust provides each Fund with discretionary investment services and certain administrative services necessary for the management of the portfolios. For its investment advisory and management services, First Trust is entitled to a monthly fee calculated at an annual rate of 0.60% of each Fund's average daily net assets.

For the period September 30, 2004 through December 31, 2007, First Trust has contractually agreed to waive fees and reimburse expenses of the Funds to limit the total annual fund operating expenses (excluding brokerage expense and extraordinary expenses) to 1.37% for the 10 Uncommon Values Portfolio and 1.47% for each of the other Funds' average daily net assets. First Trust has entered into an agreement with the Registrant that will allow First Trust to recover from the Funds any fees waived or reimbursed during the three year period of January 1, 2005 through December 31, 2007. However, First Trust's ability to recover such amounts is limited to the extent that it would not exceed the amount reimbursed or waived during such period. The fees waived and expenses reimbursed for the year ended December 31, 2004, by First Trust, are as follows:

| <TABLE><br><CAPTION> | FEES WAIVED<br>----- | EXPENSES REIMBURSED<br>----- |
|----------------------|----------------------|------------------------------|
| <S>                  | <C>                  | <C>                          |

|  |           |        |
|--|-----------|--------|
| Target Managed VIP Portfolio .....             | \$190,272 | \$ --  |
| The DowSM DART 10 Portfolio .....              | 40,668    | --     |
| Global Target 15 Portfolio .....               | 53,074    | 30,975 |
| S&P Target 24 Portfolio .....                  | 49,650    | 5,194  |
| NASDAQ(R)Target 15 Portfolio .....             | 31,429    | 9,418  |
| First Trust 10 Uncommon Values Portfolio ..... | 3,200     | --     |

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NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
DECEMBER 31, 2004

<TABLE>  
<CAPTION>

|  | FEES WAIVED | EXPENSES REIMBURSED |
|--|-------------|---------------------|
|  | -----       | -----               |
| <S>  | <C>         | <C>                 |
| Value Line(R) Target 25 Portfolio .....        | \$48,615    | \$ --               |
| First Trust Energy Portfolio .....             | 20,263      | 15,455              |
| First Trust Financial Services Portfolio ..... | 27,658      | 3,681               |
| First Trust Pharmaceutical Portfolio .....     | 22,650      | 7,309               |
| First Trust Technology Portfolio .....         | 10,752      | 25,855              |

</TABLE>

PFPC Inc. ("PFPC"), serves as the Registrant's administrator. In addition, PFPC also provides certain fund accounting, custody administration and transfer agency services in accordance with certain fee arrangements. Beginning in 2003, PFPC agreed to an initial 30% reduction in the minimum fees for administrative, accounting and transfer agency services charged to the First Defined Portfolio Fund, LLC. This was agreed to because of the extent of business generated by First Trust during the year, for which PFPC also provided these services. As of December 31, 2004, these minimum fees have been eliminated.

PFPC Trust Company serves as the custodian to the Funds.

No officer or employee of First Trust or First Trust Portfolios L.P. ("FTP"), a wholly owned subsidiary of First Trust, receives any compensation from the Registrant for serving as an officer or Trustee of the Registrant. Effective June 7, 2004, the Trustees of the Registrant approved a revised compensation plan. Under the revised plan, the Registrant pays each Trustee who is not an officer or employee of First Trust or any of their affiliates an annual retainer of \$10,000 which includes compensation for all regular quarterly board meetings and regular committee meetings. No additional meeting fees are paid in connection with regular quarterly board meetings or regular committee meetings. Additional fees of \$1,000 and \$500 are paid to non-interested Trustees for special board meetings and non-regular committee meetings, respectively. These additional fees are shared by these Funds and by other funds in the First Trust fund complex, not part of this Registrant, that participate in the particular meeting and are not per fund fees. Trustees are also reimbursed for travel and out-of-pocket expenses in connection with all meetings. The Trustees adopted the revised plan because the increase in the number of funds not included in this Registrant in the First Trust fund complex had the effect of rapidly increasing their compensation under the previous arrangements. Prior to June 7, 2004, the Registrant paid each Trustee who was not an officer or employee of First Trust or FTP or any of their affiliates \$15,000 per annum plus \$125 per portfolio per regularly scheduled meeting attended, \$500 per committee meeting attended and reimbursement for travel and out-of-pocket expenses.

4. DISTRIBUTION PLAN

The Registrant, on behalf of each Fund, has adopted a 12b-1 Service Plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act, which provides that Interests of each of the Funds will be subject to an annual service fee.

FTP serves as the selling agent and distributor of Interests of the Funds. In this capacity, FTP manages the offering of the Funds' Interests and is responsible for all sales and promotional activities. The Plan reimburses FTP for its costs in connection with these activities. FTP also uses the service fee to compensate American Skandia for providing account services to policy owners. These services include establishing and maintaining policy owner accounts, answering inquiries, and providing personal services to policy owners. Each Fund may spend up to 0.25% per year, of the average daily net assets of its Interests, as a service fee under the Plan. In addition, the Plan permits First Trust to use a portion of its advisory fee to compensate FTP for expenses incurred in connection with the sales and distribution of a Fund's Interests including, without limitation, expenses of preparing, printing and distributing prospectuses to persons other than Interest holders or policy owners, as well as compensating its sales force, printing and distributing advertising and sales literature and reports to Interest holders and policy owners used in connection

with the sale of a Fund's Interests, certain other expenses associated with the distribution of the Funds, and any distribution-related expenses that may be authorized by the Board of Trustees.

Payments under the Plan were suspended on May 1, 2003 for all the Funds with the exception of the First Trust 10 Uncommon Values Portfolio. On May 1, 2004, payments were reinstated for all Funds with the exceptions of the First Trust Energy Portfolio, the First Trust Financial Services Portfolio, the First Trust Pharmaceutical Portfolio and the First Trust Technology Portfolio. During the year ended December 31, 2004, all service fees received by FTP were paid to American Skandia, with no portion of such fees retained by FTP. The Plan may be renewed from year to year if approved by a vote of the Board of Trustees and a vote of the non-interested Trustees, who have no direct or indirect financial interest in the Plan, cast in person at a meeting called for the purpose of voting on the Plan.

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 NOTES TO FINANCIAL STATEMENTS - (CONTINUED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
 DECEMBER 31, 2004

5. PURCHASES AND SALES OF SECURITIES

Cost of purchases and proceeds from sales of securities, excluding U.S. Government and short-term investments, for the year ended December 31, 2004, were as follows:

<TABLE>  
 <CAPTION>

|  | PURCHASES    | SALES        |
|--|--------------|--------------|
|  | -----        | -----        |
| <S>  | <C>          | <C>          |
| Target Managed VIP Portfolio .....             | \$93,860,627 | \$19,802,873 |
| The DowSM DART 10 Portfolio .....              | 11,316,992   | 3,849,437    |
| Global Target 15 Portfolio .....               | 20,581,442   | 4,204,715    |
| S&P Target 24 Portfolio .....                  | 15,588,927   | 8,540,313    |
| NASDAQ(R)Target 15 Portfolio .....             | 7,843,996    | 6,118,793    |
| First Trust 10 Uncommon Values Portfolio ..... | 11,626,249   | 12,264,773   |
| Value Line(R)Target 25 Portfolio .....         | 20,045,220   | 7,523,423    |
| First Trust Energy Portfolio .....             | 1,329,964    | 1,454,423    |
| First Trust Financial Services Portfolio ..... | 1,377,077    | 2,130,371    |
| First Trust Pharmaceutical Portfolio .....     | 867,603      | 1,441,768    |
| First Trust Technology Portfolio .....         | 382,779      | 821,021      |

</TABLE>

6. MEMBERSHIP INTERESTS

The Registrant has authorized an unlimited number of Membership Interests without par value of one or more series.

7. CONCENTRATION OF RISK

The Funds may invest in foreign securities. Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in the securities of U.S. companies and the U.S. government. These risks include re-valuation of currencies and future adverse political and economic developments. These risks are heightened for investments in emerging market countries. Moreover, securities of many foreign companies and foreign governments and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and the U.S. government.

Each Fund may invest up to 15% of its net assets in illiquid securities, including securities that are not readily marketable, securities that are restricted as to disposition under Federal securities law or otherwise, repurchase agreements maturing in more than seven days, certain options traded in the over-the-counter market and the securities to which such options relate. In purchasing securities, which cannot be sold by a Fund without registration under the Securities Act of 1933, as amended, a Fund will endeavor to obtain the right to registration at the expense of the issuer. There generally will be a lapse of time between the decision by a Fund to sell any such security and the registration of the security permitting the sale. During any such period, the security will be subject to market fluctuations.

Each Fund is classified as "non-diversified" and is limited as to the percentage of its assets which may be invested in securities of any one issuer only by its

own investment restrictions and diversification requirements. A Fund may therefore invest a relatively high percentage of its assets in a limited number of issuers. This does expose each Fund to greater market fluctuations than is experienced by a diversified fund. Each Fund is more susceptible to any single economic, political or regulatory occurrence and to the financial conditions of the issuer in which it invests.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
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TO THE INTEREST HOLDERS AND BOARD OF TRUSTEES OF FIRST DEFINED PORTFOLIO FUND,  
LLC:

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of the First Defined Portfolio Fund, LLC (the "Funds", comprising respectively, Target Managed VIP Portfolio, The DowSM DART 10 Portfolio, Global Target 15 Portfolio, S&P Target 24 Portfolio, NASDAQ(R) Target 15 Portfolio, First Trust 10 Uncommon Values Portfolio, Value Line(R) Target 25 Portfolio, First Trust Energy Portfolio, First Trust Financial Services Portfolio, First Trust Pharmaceutical Portfolio, and First Trust Technology Portfolio) as of December 31, 2004, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2004, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the respective portfolios constituting the First Defined Portfolio Fund, LLC as of December 31, 2004, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

[GRAPHIC OMITTED]  
ERNST & YOUNG LLP

Boston, Massachusetts  
February 4, 2005

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ADDITIONAL INFORMATION (UNAUDITED)  
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FIRST DEFINED PORTFOLIO FUND, LLC  
DECEMBER 31, 2004

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PROXY VOTING POLICIES AND PROCEDURES  
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A description of the policies and procedures that the Registrant uses to determine how to vote proxies relating to portfolio securities and information

regarding how each portfolio voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) without charge, upon request, by calling (800) 988-5891, (2) on the Registrant's website located at <http://www.ftportfolios.com> and (3) on the Securities and Exchange Commission's ("SEC") website located at <http://www.sec.gov>.

PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Registrant's Form N-Q is available (1) by calling (800) 988-5891; (2) on the Registrant's website located at <http://www.ftportfolios.com>; (3) on the SEC's website at <http://www.sec.gov>; and (4) for review and copying at the SEC's Public Reference Room ("PRR") in Washington, DC. Information regarding the operation of the PRR may be obtained by calling 1-800-SEC-0330.

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MANAGEMENT  
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FIRST DEFINED PORTFOLIO FUND, LLC  
DECEMBER 31, 2004 (UNAUDITED)

BOARD OF TRUSTEES AND OFFICERS

Information pertaining to the Trustees and officers\* of the Registrant is set forth below. The Statement of Additional Information (SAI) includes additional information about the Trustees and is available without charge, upon request, by calling (800) 988-5891.

<TABLE>  
<CAPTION>

| NAME, D.O.B., ADDRESS AND POSITION(S) WITH THE REGISTRANT  | TERM OF OFFICE AND LENGTH OF TIME SERVED  | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS  | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE | OTHER TRUSTEESHIPS/DIRECTORSHIPS HELD BY TRUSTEE                        |
|--|---|--|--|---|
| -----<br>DISINTERESTED TRUSTEES<br>-----   |   |  |  |   |
| <S><br>Richard E. Erickson, Trustee<br>D.O.B. 04/51 o 5 years served<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532                | <C><br>o Indefinite term<br>o 5 years served<br>Wheaton Orthopedics c/o First Trust Advisors L.P. | <C><br>Physician, Sportsmed/<br>Trust Advisors L.P.  | <C><br>20 portfolios                                     | <C><br>None   |
| Niel B. Nielson, Trustee<br>D.O.B. 03/54<br>c/o First Trust Advisors L.P.<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532           | o Indefinite term<br>o 5 years served   | President, Covenant College (June 2002 to present); Pastor, College Church in Wheaton (1997 to June 2002)  | 20 portfolios  | Director of Good News Publisher-Crossway Books; Covenant Transport Inc. |
| Thomas R. Kadlec, Trustee<br>D.O.B. 11/57<br>c/o First Trust Advisors L.P.<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532          | o Indefinite term<br>o 9 months served  | Vice President and Chief Financial Officer (1990 to present) ADM Investor Services, Inc. (Futures Commission Merchant); Registered Representative (2000 to present) Segerdahl & Company, Inc., a NASD member (Broker-Dealer) | 20 portfolios  | None  |
| -----<br>INTERESTED TRUSTEE<br>-----   |   |  |  |   |
| James A. Bowen, Trustee<br>President, Chairman of the Board and CEO<br>D.O.B. 09/55<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532 | o Indefinite term<br>o 5 years served   | President, First Trust Advisors L.P. and First Trust Portfolios L.P.; Chairman of the Board, BondWave LLC and Stonebridge Advisors LLC   | 20 portfolios  | None  |

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MANAGEMENT - (CONTINUED)  
-----FIRST DEFINED PORTFOLIO FUND, LLC  
DECEMBER 31, 2004 (UNAUDITED)

## BOARD OF TRUSTEES AND OFFICERS (CONTINUED)

<TABLE>  
<CAPTION>

| NAME, D.O.B., ADDRESS AND POSITION(S) WITH THE REGISTRANT   | TERM OF OFFICE AND LENGTH OF TIME SERVED     | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS  | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE | OTHER TRUSTEESHIPS/DIRECTORSHIPS HELD BY TRUSTEE |
|---|--|--|--|--|
| -----<br>OFFICERS WHO ARE NOT TRUSTEES<br>-----   |  |  |  |  |
| <S><br>Robert F. Carey, Vice President<br>D.O.B. 07/63<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532   | <C><br>o Indefinite term<br>o 5 years served | <C><br>Senior Vice President,<br>First Trust Advisors L.P.<br>and First Trust<br>Portfolios L.P.   | <C><br>N/A   | <C><br>N/A                                       |
| Mark R. Bradley, Treasurer,<br>Controller, Chief Financial<br>Officer, Chief Accounting<br>Officer<br>D.O.B. 11/57<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532 | o Indefinite term<br>o 5 years served        | Chief Financial Officer,<br>Managing Director, First<br>Trust Advisors L.P. and<br>First Trust Portfolios<br>L.P.; Chief Financial<br>Officer, BondWave LLC<br>and Stonebridge<br>Advisors LLC | N/A  | N/A  |
| W. Scott Jardine, Chief<br>Compliance Officer and<br>Secretary<br>D.O.B. 05/60 L.P.; Secretary, 1001 Warrenville Road<br>Stonebridge Advisors Lisle, IL 60532 LLC           | o Indefinite term<br>o 5 years served        | General Counsel, First<br>Trust Advisors L.P. and<br>First Trust Portfolios  | N/A  | N/A  |

</TABLE>  
  
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MANAGEMENT - (CONTINUED)  
-----FIRST DEFINED PORTFOLIO FUND, LLC  
DECEMBER 31, 2004 (UNAUDITED)

## BOARD OF TRUSTEES AND OFFICERS (CONTINUED)

<TABLE>  
<CAPTION>

| NAME, D.O.B., ADDRESS AND POSITION(S) WITH THE REGISTRANT  | TERM OF OFFICE AND LENGTH OF TIME SERVED     | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS  | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE | OTHER TRUSTEESHIPS/DIRECTORSHIPS HELD BY TRUSTEE |
|--|--|--|--|--|
| -----<br>OFFICERS WHO ARE NOT TRUSTEES - (CONTINUED)<br>-----  |  |  |  |  |
| <S><br>Roger Testin<br>Vice President<br>D.O.B. 06/66<br>1001 Warrenville Road<br>Suite 300<br>Lisle, IL 60532 | <C><br>o Indefinite term<br>o 3 years served | <C><br>Senior Vice President,<br>First Trust Advisors L.P.<br>(August 2001 to<br>present); Analyst, Dolan<br>Capital Management<br>(1998-2001) | <C><br>N/A   | <C><br>N/A                                       |
| Susan M. Brix<br>Assistant Vice President  | o Indefinite term<br>o 5 years served        | Representative, First<br>Trust Portfolios L.P.;  | N/A  | N/A  |

D.O.B. 01/60  
1001 Warrenville Road  
Suite 300  
Lisle, IL 60532

Assistant Portfolio  
Manager, First Trust  
Advisors L.P.

Kristi A. Maher  
Assistant Secretary  
D.O.B. 12/66  
1001 Warrenville Road  
Suite 300  
Lisle, IL 60532

o Indefinite term  
o 6 months served

Assistant General  
Counsel, First Trust  
Portfolios L.P. (March  
2004 to present);  
Associate, Chapman and  
Cutler LLP (1995-2004)

N/A

N/A

<FN>

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\* The term "officer" means the president, vice president, secretary,  
treasurer, controller or any other officer who performs a policy making  
function.

</FN>

</TABLE>

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FIRST DEFINED PORTFOLIO FUND, LLC  
PART C - OTHER INFORMATION

ITEM 23. EXHIBITS

<TABLE>

<CAPTION>

| Exhibit No. | Description  |
|-------------|--|
| <S>         | <C>  |
| (a)         | (i) Certificate of Formation of the Registrant.(1)<br>(ii) Amended and Restated Certificate of Formation of the Registrant.(3)<br>(iii) Limited Liability Company Agreement of the Registrant.(3)<br>(iv) Certificate of Amendment to Limited Liability Company Agreement.(4)  |
| (b)         | (i) Operating By-Laws of the Registrant.(3)<br>(ii) Amended and Restated By-Laws of the Registrant.(6)   |
| (c)         | (i) Establishment and Designation of Series of Membership Interests.(3)<br>(ii) Amended and Restated Establishment and Designation of Series.(3)<br>(iii) Resolution approving name change of three portfolios.(4)<br>(iv) Amended and Restated Establishment and Designation of Series.(6)  |
| (d)         | (i) Investment Advisory and Management Agreement.(3)<br>(ii) Amended Schedules A and B to Investment Advisory and Management Agreement.(4)<br>(iii) Amended Schedules A and B to Investment Advisory and Management Agreement.(6)<br>(iv) Agreement for Fee Waiver, Expense Reimbursement and Recovery.(6)   |
| (e)         | (i) Distribution Agreement between Registrant and First Trust Portfolios L.P.(3)<br>(ii) Amended Appendix A to Distribution Agreement.(4)<br>(iii) Amended Appendix A to Distribution Agreement.(6)  |
| (f)         | Not Applicable.  |
| (g)         | (i) Custodian Services Agreement between the Registrant and PFPC Trust Company.(5)<br>(ii) Foreign Custody Agreement among Registrant, Citibank, N.A. and PFPC Trust Company.(5)<br>(iii) Form of Amended Exhibit A to Custodian Services Agreement.(6)  |
| (h)         | (i) Services Agreement between Registrant and First Data Investor Services Group, Inc.(3)<br>(ii) Administrative Services Agreement between Registrant and American Assurance Corporation.(3)<br>(iii) Amendment to Administrative Services Agreement between Registrant and American Skandia Life Assurance Corporation.(5)<br>(iv) Amended and Restated Transfer Agency Services Agreement between the Registrant and PFPC Inc.(5)<br>(v) Amended and Restated Administration and Accounting Services Agreement between the Registrant and PFPC Inc.(5)<br>(vi) Amendment to Administrative Services Agreement between Registrant and American Skandia Life Assurance Corporation.(6)<br>(vii) Form of Amended Exhibit A to Amended and Restated Transfer Agency Services Agreement.(6)<br>(viii) Form of Amended Exhibit A to Amended and Restated Administration and Accounting Services Agreement.(6)<br>(ix) Amendment to Fund Participation Agreement.(6) |
| (i)         | Opinion and Consent of Chapman and Cutler LLP dated May 2, 2005.(6)  |
| (j)         | Consent of Independent Registered Public Accounting Firm.(6)   |
| (k)         | Not Applicable.  |
| (l)         | Not Applicable.  |
| (m)         | (i) 12b-1 Service Plan.(2)<br>(ii) Amended Appendix A to 12b-1 Service Plan.(4)<br>(iii) Amended Schedule A to 12b-1 Service Plan.(6)  |

- (n) Not Applicable.
- (o) Not Applicable.
- (p) (i) Code of Ethics of First Trust Advisors L.P.(4)
- (ii) Code of Ethics of First Trust Portfolios L.P.(4)
- (iii) Code of Ethics of First Defined Portfolio Fund, LLC.(4)
- (iv) Amended Code of Ethics First Trust Advisors L.P.(6)
- (q) (i) Powers of Attorney for Messrs Bowen, Erickson, and Nielson, authorizing, among others, James A. Bowen and W. Scott Jardine to execute the Registration Statement.(2)
- (ii) Power of Attorney for Mr. Kadlec, authorizing, among others, James A. Bowen and W. Scott Jardine to execute the Registration Statement.(5)

<FN>

-----  
(1) Incorporated by reference to the Registrant's initial Registration Statement on Form N-1A filed with the SEC via EDGAR on February 16, 1999.

(2) Incorporated by reference to Pre-Effective Amendment No. 2 to the Registrant's Registration Statement on Form N-1A filed with the SEC via EDGAR on September 30, 1999.

(3) Incorporated by reference to Post-Effective Amendment No. 3 to the Registrant's Registration Statement on Form N-1A filed with the SEC via EDGAR on April 28, 2000.

(4) Incorporated by reference to Post-Effective Amendment No. 6 to the Registrant's Registration Statement on Form N-1A filed with the SEC via EDGAR on April 30, 2003.

(5) Incorporated by reference to Post-Effective Amendment No. 7 to the Registrant's Registration Statement on Form N-1A filed with the SEC via EDGAR on April 29, 2004.

(6) Filed herewith.

</FN>

</TABLE>

ITEM 24. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT  
Not Applicable.

ITEM 25. INDEMNIFICATION

Section 12.4 of the Registrant's Limited Liability Company Agreement provides as follows:

(a) Subject to the exceptions and limitations contained in this Section 12.4, every person who is, or has been, a Trustee, director, officer, employee, authorized person or agent of the Company, including persons who serve at the request of the Company as Trustees, officers, employees, or agents, of another organization in which the Company has an interest as a shareholder, creditor or otherwise (hereinafter referred to as a "Covered Person"), shall be indemnified by the Company to the fullest extent permitted by law against liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been such a Trustee, director, officer, employee, authorized person or agent and against amounts paid or incurred by him in settlement thereof.

(b) No indemnification shall be provided hereunder to a Covered Person:

(i) against any liability to the Company or the Member by reason of a final adjudication by the court or other body before which the proceeding was brought that he engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

(ii) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interests of the Company; or

(iii) in the event of a settlement or other disposition not involving a final adjudication (as provided in paragraph (a) or (b)) and resulting in a payment by a Covered Person, unless there has been either a determination that such Covered Person did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office by the court or other body approving the settlement or other disposition, or a reasonable determination, based on a review of readily available facts (as opposed to a full trial-type inquiry), that he did not engage in such conduct:

(A) by a vote of a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter); or

(B) by written opinion of independent legal counsel.

(c) The rights of indemnification herein provided may be insured against by policies maintained by the Company, shall be severable, shall not affect any other rights to which any Covered Person may now or hereafter be entitled, shall continue as to a person who has ceased to be such a Covered Person and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect any rights to indemnification to

which Company personnel other than Covered Persons may be entitled by contract or otherwise under law.

(d) Expenses of preparation and presentation of a defense to any claim, action, suit or proceeding subject to a claim for indemnification under this Section 12.4 shall be advanced by the Company prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Section 12.4, provided that either:

(i) such undertaking is secured by a surety bond or some other appropriate security or the Company shall be insured against losses arising out of any such advances; or

(ii) a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter) or independent legal counsel in a written opinion shall determine, based upon a review of the readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification.

As used in this Section 12.4, a "Disinterested Trustee" is one (x) who is not an Interested Person of the Company (including anyone, as such Disinterested Trustee, who has been exempted from being an Interested Person by any rule,

regulation or order of the Commission), and (y) against whom none of such actions, suits or other proceedings or another action, suit or other proceeding on the same or similar grounds is then or has been pending.

As used in this Section 12.4, the words "claim," "action," "suit" or "proceeding" shall apply to all claims, actions, suits, proceedings (civil, criminal, administrative or other, including appeals), actual or threatened; and the words "liability" and "expenses" shall include without limitation, attorneys' fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities.

The trustees and officers of the Registrant are covered by Directors and Officers Liability/Errors and Omissions Liability Insurance policies in the aggregate amount of \$10,000,000 (with a maximum deductible of \$250,000) against liability and expenses of claims of wrongful acts arising out of their position with the Registrant, except for matters which involved willful acts, bad faith, gross negligence and willful disregard of duty (i.e., where the insured did not act in good faith for a purpose he or she reasonably believed to be in the best interest of Registrant or where he or she shall have had reasonable cause to believe this conduct was unlawful).

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to the officers, trustees or controlling persons of the Registrant pursuant to the Limited Liability Company Agreement of the Registrant or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification is against such liabilities (other than the payment by the Registrant of expenses incurred or paid by an officer or trustee or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such officer, trustee or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

ITEM 26. BUSINESS AND OTHER CONNECTIONS OF THE INVESTMENT ADVISER First Trust Advisors L.P. ("First Trust") serves as investment adviser to the funds, serves as adviser or subadviser to 20 mutual funds and, 9 closed-end funds and is the portfolio supervisor of certain unit investment trusts. Its principal address is 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532.

The principal business of certain of First Trust's principal executive officers involves various activities in connection with the family of unit investment trusts sponsored by First Trust Portfolios L.P. ("FTP"). FTP's principal address is 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532.

Information as to other business, profession, vocation or employment during the past two years of the officers and directors of First Trust is as follows:

| <TABLE><br><CAPTION><br>Name and Position with First Trust<br><S>   | Employment During Past Two Years<br><C>  |
|---|--|
| James A. Bowen, Managing Director/President                         | Managing Director/President, FTP; Chairman of the Board Bondwave LLC and Stonebridge Advisors LLC  |
| Mark R. Bradley, Chief Financial Officer and Managing Director      | Chief Financial Officer and Managing Director, FTP; CFO Bondwave LLC and Stonebridge Advisors LLC  |
| Robert W. Bredemeier, Managing Director                             | Managing Director, FTP   |
| R. Scott Hall, Managing Director                                    | Managing Director, FTP   |
| W. Scott Jardine, General Counsel                                   | General Counsel, FTP; Secretary, Bondwave LLC and Stonebridge Advisors LLC   |
| Kristi Maher, Assistant General Counsel                             | Assistant General Counsel, FTP March 2004 to present; Associate Chapman and Cutler LLP 1994-March 2004   |
| Robert F. Carey, Chief Investment Officer and Senior Vice President | Senior Vice President, FTP   |
| Jon Erickson, Senior Vice President                                 | Senior Vice President, FTP   |
| Ken Hass, Senior Vice President                                     | Senior Vice President, FTP   |
| Jason Henry, Senior Vice President                                  | Senior Vice President, FTP   |
| Dave McGarel, Senior Vice President                                 | Senior Vice President, FTP   |
| Mitchell Mohr, Senior Vice President                                | Senior Vice President, FTP   |
| Bob Porcellino, Senior Vice President                               | Senior Vice President, FTP   |
| Mark P. Sullivan, Senior Vice President                             | Senior Vice President, FTP   |
| Roger Testin, Senior Vice President                                 | Senior Vice President, FTP   |
| Albert K. Davis, Vice President                                     | Vice President, FTP  |
| James M. Dykas, Vice President                                      | Vice President, FTP January 2005 to present; 1999 to January 2005 Executive Director of Van Kampen Asset Management and Morgan Stanley Investment Management |
| Mike Flaherty, Vice President                                       | Vice President, FTP  |
| Anthony Giambri, Vice President                                     | Vice President, FTP  |
| Thomas Knickerbocker, Vice President                                | Vice President, FTP  |
| James P. Koeneman, Vice President                                   | Vice President, FTP December 2003 to present; 2000 to December 2003 President of Burr Oak Advisors, Inc.   |
| Daniel J. Lindquist, Vice President                                 | Vice President, FTP April 2005 to present; March 2000 to April 2005 Chief Operating Officer Mina Asset Management and Samaritan Asset Management             |
| Tom Powell, Vice President  | Vice President, FTP  |
| Alan Rooney, Vice President   | Vice President, FTP  |
| Ronda Saeli, Vice President   | Vice President, FTP  |
| Jonathan L. Steiner, Vice President                                 | Vice President, FTP  |
| Walt Stubbings, Vice President                                      | Vice President, FTP July 2004 to present; 1999 to July 2004 Assistant Vice President and Portfolio Manager Kansas City Life                                  |
| Rick Swiatek, Vice President  | Vice President, FTP  |
| Charles H. Bradley, Assistant Vice President                        | Assistant Vice President, FTP  |
| Kelley Christensen, Assistant Vice President                        | Assistant Vice President, FTP  |

|  |                               |
|--|-------------------------------|
| Katie D. Collins, Assistant Vice President | Assistant Vice President, FTP |
| Mike DeBella, Assistant Vice President     | Assistant Vice President, FTP |
| Lynae Peays, Assistant Vice President      | Assistant Vice President, FTP |
| Omar Sepulveda, Assistant Vice President   | Assistant Vice President, FTP |
| John Sherren, Assistant Vice President     | Assistant Vice President, FTP |
| Michael Stange, Assistant Vice President   | Assistant Vice President, FTP |

ITEM 27. PRINCIPAL UNDERWRITER

(a) FTP serves as principal underwriter of the interests of the Fund. FTP serves as principal underwriter and depositor of the following investment companies registered as unit investment trusts: the First Trust Combined Series, FT Series (formerly known as the First Trust Special Situations Trust), the First Trust Insured Corporate Trust, the First Trust of Insured Municipal Bonds, and the First Trust GNMA. The name of each director, officer and partner of FTP is provided below.

(b)

<TABLE>  
<CAPTION>

| Name and Principal Business Address<br>-----                     | Positions and<br>Offices with Underwriter<br>----- | Positions and<br>Offices with Fund<br>-----                              |
|--|--|--|
| <S>  | <C>  | <C>  |
| The Charger Corporation  | General Partner                                    | None   |
| Grace Partners of DuPage L.P.                                    | Limited Partner                                    | None   |
| James A. Bowen<br>1001 Warrenville Road<br>Lisle, IL 60532       | Managing Director/President                        | President,<br>Chairman of the Board, Trustee,<br>Chief Executive Officer |
| Mark R. Bradley<br>1001 Warrenville Road<br>Lisle, IL 60532      | Chief Financial Officer;<br>Managing Director      | Treasurer, Chief<br>Financial Officer and<br>Chief Accounting Officer    |
| Robert W. Bredemeier<br>1001 Warrenville Road<br>Lisle, IL 60532 | Managing Director                                  | None   |
| Frank L. Fichera<br>1001 Warrenville Road<br>Lisle, IL 60532     | Managing Director                                  | None   |
| Russell J. Graham<br>1001 Warrenville Road<br>Lisle, IL 60532    | Managing Director                                  | None   |
| R. Scott Hall<br>1001 Warrenville Road<br>Lisle, IL 60532        | Managing Director                                  | None   |
| W. Scott Jardine<br>1001 Warrenville Road<br>Lisle, IL 60532     | General Counsel                                    | Chief Compliance<br>Officer and Secretary                                |
| Kristi A. Maher<br>1001 Warrenville Road<br>Lisle, IL 60532      | Assistant General<br>Counsel                       | Assistant Secretary  |
| Ronald D. McAlister<br>1001 Warrenville Road<br>Lisle, IL 60532  | Managing Director                                  | None   |
| Richard A. Olson<br>1001 Warrenville Road<br>Lisle, IL 60532     | Managing Director                                  | None   |
| Andrew S. Roggensack<br>1001 Warrenville Road                    | Managing Director                                  | None   |

|  |                       |                |
|--|-----------------------|----------------|
| Lisle, IL 60532  |                       |                |
| Elizabeth H. Bull<br>1001 Warrenville Road<br>Lisle, IL 60532      | Senior Vice President | None           |
| Robert F. Carey<br>1001 Warrenville Road<br>Lisle, IL 60532        | Senior Vice President | Vice President |
| Patricia L. Costello<br>1001 Warrenville Road<br>Lisle, IL 60532   | Senior Vice President | None           |
| Christopher L. Dixon<br>1001 Warrenville Road<br>Lisle, IL 60532   | Senior Vice President | None           |
| Jane Doyle<br>1001 Warrenville Road<br>Lisle, IL 60532             | Senior Vice President | None           |
| Jon C. Erickson<br>1001 Warrenville Road<br>Lisle, IL 60532        | Senior Vice President | None           |
| Kenneth N. Hass<br>1001 Warrenville Road<br>Lisle, IL 60532        | Senior Vice President | None           |
| Thomas V. Hendricks<br>1001 Warrenville Road<br>Lisle, IL 60532    | Senior Vice President | None           |
| Jason T. Henry<br>1001 Warrenville Road<br>Lisle, IL 60532         | Senior Vice President | None           |
| Christian D. Jeppesen<br>1001 Warrenville Road<br>Lisle, IL 60532  | Senior Vice President | None           |
| Christopher A. Lagioia<br>1001 Warrenville Road<br>Lisle, IL 60532 | Senior Vice President | None           |
| David G. McGarel<br>1001 Warrenville Road<br>Lisle, IL 60532       | Senior Vice President | None           |
| Mark R. McHenney<br>1001 Warrenville Road<br>Lisle, IL 60532       | Senior Vice President | None           |
| Mitchell Mohr<br>1001 Warrenville Road<br>Lisle, IL 60532          | Senior Vice President | None           |
| Paul E. Nelson<br>1001 Warrenville Road<br>Lisle, IL 60532         | Senior Vice President | None           |
| Steve R. Nelson<br>1001 Warrenville Road<br>Lisle, IL 60532        | Senior Vice President | None           |
| Robert M. Porcellino<br>1001 Warrenville Road<br>Lisle, IL 60532   | Senior Vice President | None           |
| Steven R. Ritter<br>1001 Warrenville Road<br>Lisle, IL 60532       | Senior Vice President | None           |
| Francine Russell<br>1001 Warrenville Road<br>Lisle, IL 60532       | Senior Vice President | None           |

|   |                       |                |
|---|-----------------------|----------------|
| Brad A. Shaffer<br>1001 Warrenville Road<br>Lisle, IL 60532       | Senior Vice President | None           |
| Brian Sheehan<br>1001 Warrenville Road<br>Lisle, IL 60532         | Senior Vice President | None           |
| James J. Simpson<br>1001 Warrenville Road<br>Lisle, IL 60532      | Senior Vice President | None           |
| Andrew C. Subramanian<br>1001 Warrenville Road<br>Lisle, IL 60532 | Senior Vice President | None           |
| Mark P. Sullivan<br>1001 Warrenville Road<br>Lisle, IL 60532      | Senior Vice President | None           |
| Roger F. Testin<br>1001 Warrenville Road<br>Lisle, IL 60532       | Senior Vice President | Vice President |
| Chadwick K. Thorson<br>1001 Warrenville Road<br>Lisle, IL 60532   | Senior Vice President | None           |
| Gregory E. Wearsch<br>1001 Warrenville Road<br>Lisle, IL 60532    | Senior Vice President | None           |
| Dan Affetto<br>1001 Warrenville Road<br>Lisle, IL 60532           | Vice President        | None           |
| Lance Allen<br>1001 Warrenville Road<br>Lisle, IL 60532           | Vice President        | None           |
| Michael J. Austin<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President        | None           |
| Mike Britt<br>1001 Warrenville Road<br>Lisle, IL 60532            | Vice President        | None           |
| Nathan S. Cassel<br>1001 Warrenville Road<br>Lisle, IL 60532      | Vice President        | None           |
| Robert E. Christensen<br>1001 Warrenville Road<br>Lisle, IL 60532 | Vice President        | None           |
| Will Cobb<br>1001 Warrenville Road<br>Lisle, IL 60532             | Vice President        | None           |
| Joshua Crosley<br>1001 Warrenville Road<br>Lisle, IL 60532        | Vice President        | None           |
| Albert K. Davis<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President        | None           |
| Daren J. Davis<br>1001 Warrenville Road<br>Lisle, IL 60532        | Vice President        | None           |
| Sean Degnan<br>1001 Warrenville Road<br>Lisle, IL 60532           | Vice President        | None           |
| Nim DeNardo<br>1001 Warrenville Road<br>Lisle, IL 60532           | Vice President        | None           |

|  |                |      |
|--|----------------|------|
| Robert T. Doak<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President | None |
| Joel D. Donley<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President | None |
| Jim Dykas<br>1001 Warrenville Road<br>Lisle, IL 60532          | Vice President | None |
| Mike Flaherty<br>1001 Warrenville Road<br>Lisle, IL 60532      | Vice President | None |
| Wendy Flaherty<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President | None |
| Edward Foley<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President | None |
| Anthony Giambri<br>1001 Warrenville Road<br>Lisle, IL 60532    | Vice President | None |
| John Gillis<br>1001 Warrenville Road<br>Lisle, IL 60532        | Vice President | None |
| Matt D. Graham<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President | None |
| William M. Hannold<br>1001 Warrenville Road<br>Lisle, IL 60532 | Vice President | None |
| Ryan O. Issakainen<br>1001 Warrenville Road<br>Lisle, IL 60532 | Vice President | None |
| Tom Knickerbocker<br>1001 Warrenville Road<br>Lisle, IL 60532  | Vice President | None |
| James P. Koeneman<br>1001 Warrenville Road<br>Lisle, IL 60532  | Vice President | None |
| Thomas E. Kotcher<br>1001 Warrenville Road<br>Lisle, IL 60532  | Vice President | None |
| Daniel Lavin<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President | None |
| Michael P. Leyden<br>1001 Warrenville Road<br>Lisle, IL 60532  | Vice President | None |
| Dan Lindquist<br>1001 Warrenville Road<br>Lisle, IL 60532      | Vice President | None |
| Keith L. Litavsky<br>1001 Warrenville Road<br>Lisle, IL 60532  | Vice President | None |
| John J. Majcher<br>1001 Warrenville Road<br>Lisle, IL 60532    | Vice President | None |
| Stephanie L. Martin  | Vice President | None |

|  |                |      |
|--|----------------|------|
| 1001 Warrenville Road<br>Lisle, IL 60532                         |                |      |
| Marty McFadden<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President | None |
| David Pagano<br>1001 Warrenville Road<br>Lisle, IL 60532         | Vice President | None |
| Brian K. Penney<br>1001 Warrenville Road<br>Lisle, IL 60532      | Vice President | None |
| Blair R. Peterson<br>1001 Warrenville Road<br>Lisle, IL 60532    | Vice President | None |
| Jason Peterson<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President | None |
| Tom Powell<br>1001 Warrenville Road<br>Lisle, IL 60532           | Vice President | None |
| Marisa Prestigiacomo<br>1001 Warrenville Road<br>Lisle, IL 60532 | Vice President | None |
| Craig Prichard<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President | None |
| Todd Provost<br>1001 Warrenville Road<br>Lisle, IL 60532         | Vice President | None |
| David A. Rieger<br>1001 Warrenville Road<br>Lisle, IL 60532      | Vice President | None |
| Alan M. Rooney<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President | None |
| Paul Rowe<br>1001 Warrenville Road<br>Lisle, IL 60532            | Vice President | None |
| Ronda L. Saeli<br>1001 Warrenville Road<br>Lisle, IL 60532       | Vice President | None |
| Jeffrey M. Samuel<br>1001 Warrenville Road<br>Lisle, IL 60532    | Vice President | None |
| Peter H. Sandford<br>1001 Warrenville Road<br>Lisle, IL 60532    | Vice President | None |
| Timothy Schival<br>1001 Warrenville Road<br>Lisle, IL 60532      | Vice President | None |
| Kirk Sims<br>1001 Warrenville Road<br>Lisle, IL 60532            | Vice President | None |
| Edward J. Sistowicz<br>1001 Warrenville Road<br>Lisle, IL 60532  | Vice President | None |
| Jonathan L. Steiner<br>1001 Warrenville Road                     | Vice President | None |

|   |                          |      |
|---|--------------------------|------|
| Lisle, IL 60532   |                          |      |
| Walt Stubbings<br>1001 Warrenville Road<br>Lisle, IL 60532        | Vice President           | None |
| Richard S. Swiatek<br>1001 Warrenville Road<br>Lisle, IL 60532    | Vice President           | None |
| Brian Taylor<br>1001 Warrenville Road<br>Lisle, IL 60532          | Vice President           | None |
| Kathy Thomas<br>1001 Warrenville Road<br>Lisle, IL 60532          | Vice President           | None |
| Douglas P. Tichenor<br>1001 Warrenville Road<br>Lisle, IL 60532   | Vice President           | None |
| Barbara E. Vinson<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President           | None |
| Christopher Walsh<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President           | None |
| Lewin M. Williams<br>1001 Warrenville Road<br>Lisle, IL 60532     | Vice President           | None |
| Jeffrey S. Barnum<br>1001 Warrenville Road<br>Lisle, IL 60532     | Assistant Vice President | None |
| Owen Birts III<br>1001 Warrenville Road<br>Lisle, IL 60532        | Assistant Vice President | None |
| Toby A. Bohl<br>1001 Warrenville Road<br>Lisle, IL 60532          | Assistant Vice President | None |
| Charles H. Bradley<br>1001 Warrenville Road<br>Lisle, IL 60532    | Assistant Vice President | None |
| Kelley A. Christensen<br>1001 Warrenville Road<br>Lisle, IL 60532 | Assistant Vice President | None |
| Katie D. Collins<br>1001 Warrenville Road<br>Lisle, IL 60532      | Assistant Vice President | None |
| Michael DeBella<br>1001 Warrenville Road<br>Lisle, IL 60532       | Assistant Vice President | None |
| Ann Marie Giudice<br>1001 Warrenville Road<br>Lisle, IL 60532     | Assistant Vice President | None |
| Anita K. Henderson<br>1001 Warrenville Road<br>Lisle, IL 60532    | Assistant Vice President | None |
| James V. Huber<br>1001 Warrenville Road<br>Lisle, IL 60532        | Assistant Vice President | None |
| Daniel C. Keller<br>1001 Warrenville Road<br>Lisle, IL 60532      | Assistant Vice President | None |

|  |                          |      |
|--|--------------------------|------|
| Robert J. Madeja<br>1001 Warrenville Road<br>Lisle, IL 60532         | Assistant Vice President | None |
| David M. McCammond-Watts<br>1001 Warrenville Road<br>Lisle, IL 60532 | Assistant Vice President | None |
| Michele Parker<br>1001 Warrenville Road<br>Lisle, IL 60532           | Assistant Vice President | None |
| Lynae Peays<br>1001 Warrenville Road<br>Lisle, IL 60532              | Assistant Vice President | None |
| Debra K. Scherbring<br>1001 Warrenville Road<br>Lisle, IL 60532      | Assistant Vice President | None |
| Steve Schwarting<br>1001 Warrenville Road<br>Lisle, IL 60532         | Assistant Vice President | None |
| Omar Sepulveda<br>1001 Warrenville Road<br>Lisle, IL 60532           | Assistant Vice President | None |
| John H. Sherren<br>1001 Warrenville Road<br>Lisle, IL 60532          | Assistant Vice President | None |
| Michael S. Stange<br>1001 Warrenville Road<br>Lisle, IL 60532        | Assistant Vice President | None |
| Ashley G. Sussman<br>1001 Warrenville Road<br>Lisle, IL 60532        | Assistant Vice President | None |
| Christopher J. Thill<br>1001 Warrenville Road<br>Lisle, IL 60532     | Assistant Vice President | None |
| Dave Tweeten<br>1001 Warrenville Road<br>Lisle, IL 60532             | Assistant Vice President | None |
| Thomas G. Wisnowski<br>1001 Warrenville Road<br>Lisle, IL 60532      | Assistant Vice President | None |

(c) Not Applicable.

ITEM 28. LOCATION OF ACCOUNTS AND RECORDS

First Trust Advisors L.P., 1001 Warrenville Road, Suite 300, Lisle, Illinois 60532, maintains the Registrant's organizational documents, minutes of meetings, contracts of the Registrant and all advisory material of the investment adviser.

PFPC Trust Company, 8800 Tinicum Blvd., 3rd Floor, Suite 200, Philadelphia, Pennsylvania 19153, maintains all general and subsidiary ledgers, journals, trial balances, records of all portfolio purchases and sales, and all other requirement records not maintained by First Trust Advisors L.P. or PFPC Inc.

PFPC Inc., 4400 Computer Drive, Westborough, Massachusetts 01581, maintains all the required records in its capacity as transfer, accounting, dividend payment and interest holder service agent for the Registrant.

ITEM 29. MANAGEMENT SERVICES

Not Applicable.

ITEM 30. UNDERTAKINGS

Not Applicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Registration Statement under Rule 485(b) under the Securities Act and has duly caused this Post-Effective Amendment No. 9 to its Registration Statement on Form N-1A to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Lisle, in the state of Illinois, on the 2nd day of May, 2005.

First Defined Portfolio  
Fund, LLC

By: /s/ James A. Bowen

James A. Bowen, President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 9 to the Registration Statement has been signed below by the following persons in the capacities and on the date indicated:

| Signature  | Title  | Date        |
|--|--|-------------|
| /s/ Mark R. Bradley<br>Mark R. Bradley           | Treasurer, Controller and<br>Chief Financial and<br>Accounting Officer | May 2, 2005 |
| /s/ James A. Bowen<br>James A. Bowen             | President, Chief Executive<br>Officer, Chairman and Trustee            | May 2, 2005 |
| /s/ Richard E. Erickson *<br>Richard E. Erickson | Trustee  | May 2, 2005 |
| /s/ Niel B. Nielson *<br>Niel B. Nielson         | Trustee  | May 2, 2005 |
| /s/ Thomas R. Kadlec *<br>Thomas R. Kadlec       | Trustee  | May 2, 2005 |

\*By: /s/ James A. Bowen

James A. Bowen,  
Attorney-in-Fact  
May 2, 2005

AMENDED AND RESTATED OPERATING BYLAWS  
OF  
FIRST DEFINED PORTFOLIO FUND, LLC

ARTICLE I

LIMITED LIABILITY COMPANY AGREEMENT  
AND  
OFFICES

Section 1.1. Agreement of Company. Pursuant to Section 6.1 of the Limited Liability Company Agreement, as from time to time in effect (the "Agreement"), of First Defined Portfolio Fund, LLC, the Delaware limited liability company referenced in the Agreement (the "Company"), the Board of Trustees of the Company is authorized to adopt these Bylaws provided that such Bylaws are not inconsistent with the Agreement. Accordingly, with regards to any provision of these Bylaws that is inconsistent with the Agreement, the terms of the Agreement shall control.

Section 1.2. Other Offices. The Company may have such other offices and places of business within or without the State of Delaware as the Board of Trustees shall determine.

ARTICLE II

MEMBERS

Section 2.1. Place of Meetings. Meetings of the Member may be held at such place or places within or without the State of Delaware as shall be fixed by the Board of Trustees and stated in the notice of the meeting.

Section 2.2. Regular Meeting. No regular meetings of the Member for the election of the Board of Trustees and the transaction of such other business as may properly come before the meeting shall be held unless the Board of Trustees by resolution shall designate such date and time of such meeting or except as otherwise required by applicable law.

Section 2.3. Special Meeting. Special meetings of the Member for any purpose or purposes may be called by the Chairman of the Board, the President or two or more members of the Board of Trustees, and must be called at the written request stating the purpose or purposes of the meeting, of at least 10 percent of the Membership Interests entitled to vote at the meeting.

Section 2.4. Notice of Meetings. Notice stating the time and place of the meeting and in the case of a special meeting the purpose or purposes thereof and

by whom called, shall be delivered to the Member not less than ten nor more than sixty days prior to the meeting, except where the meeting is an adjourned meeting and the date, time and place of the meeting were announced at the time of the adjournment.

Section 2.5. Quorum and Action. (a) Thirty percent (30%) of the voting power of the Membership Interests of the Company entitled to vote at a meeting is a quorum for the transaction of business. If a quorum is present when a duly called or held meeting is convened, the Membership Interests present may continue to transact business until adjournment, even though the withdrawal of a number of Membership Interests originally present leaves less than the proportion or number otherwise required for a quorum.

(b) The Company shall take action by the affirmative vote of a majority, except in the case of the election of Trustees which shall only require a plurality, of the voting power of the Membership Interests present and entitled to vote at a meeting of the Member at which a quorum is present, except as may be otherwise required by the Investment Company Act of 1940, as amended (the "1940 Act"), or the Agreement.

Section 2.6. Voting. At each meeting of the Member, each Membership Interests then entitled to vote may be voted by the Member in person or by proxy and shall be entitled to one vote for each Membership Interest. As provided in Section 2.8 of this Agreement, to the extent required by applicable laws, regulations and Commission positions, the Member is required to submit matters requiring a vote to the Variable Annuity Owners and to vote each Membership Interest in accordance with the instructions of the Variable Annuity Owner who has an indirect right in the Membership Interest pursuant to a Policy issued by American Skandia.

Section 2.7. Proxy Representation. The Member may cast or authorize the casting of a vote through the filing of a written appointment of a proxy with an officer of the Company at or before the meeting at which the appointment is to be effective. The appointment of a proxy is valid for eleven months, unless a longer period is expressly provided in the appointment. No appointment is irrevocable unless the appointment is coupled with an interest in the Membership Interests.

Section 2.8. Adjourned Meetings. Any meeting of the Member may be adjourned to a designated time and place by the vote of a majority of the Membership Interests present and entitled to vote thereat even though less than a quorum is so present without any further notice except by announcement at the meeting. An adjourned meeting may reconvene as designated, and when a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

## ARTICLE III

### BOARD OF TRUSTEES

Section 3.1. Qualifications and Number: Vacancies. Each Trustee shall be a natural person. A Trustee need not be the Member, a citizen of the United States, or a resident of the State of Delaware. The number of Trustees of the Company, their term and election and the filling of vacancies, shall be as provided in the Agreement.

Section 3.2. Powers. The business and affairs of the Company shall be managed under the direction of the Board of Trustees. All powers of the Company may be exercised by or under the authority of the Board of Trustees, except those conferred on or reserved to the Member by law, the Agreement or these Bylaws.

Section 3.3. Investment Policies. It shall be the duty of the Board of Trustees to ensure that the purchase, sale, retention and disposal of portfolio securities and the other investment practices of the Company are at all times consistent with the investment objectives, policies and restrictions with respect to securities investments and otherwise of the Company filed from time to time with the Securities and Exchange Commission and as required by the 1940 Act, unless such duty is delegated to an investment adviser pursuant to a written contract, as provided in the Agreement. The Board of Trustees may delegate the duty of management of the assets of the Company to an individual or corporate investment adviser or subadviser to act as investment adviser or subadviser pursuant to a written contract. However, the Board of Trustees is responsible for the general supervision of the duties performed for the Company by any such party.

Section 3.4. Meetings. Regular meetings of the Board of Trustees may be held without notice at such times as the Board of Trustees shall fix. Special meetings of the Board of Trustees may be called by the Chairman of the Board or the President, and shall be called at the written request of two or more Trustees. Unless waived by each Trustee, three days' notice of special meetings shall be given to each Trustee in person, by mail, by telephone, or by telegram or cable, or by any other means that reasonably may be expected to provide similar notice. Notice of special meetings need not state the purpose or purposes thereof. Meetings of the Board of Trustees may be held at any place within or outside the United States. A conference among Trustees by any means of communication through which the Trustees may simultaneously hear each other during the conference constitutes a meeting of the Board of Trustees or of a committee of the Board of Trustees, if the notice requirements have been met (or waived) and if the number of Trustees participating in the conference would be sufficient to constitute a quorum at such meeting. Participation in such meeting by that means constitutes presence in person at the meeting.

Section 3.5. Quorum and Action. A majority of the members of the Board of Trustees currently holding office, or in the case of a meeting of a committee of the Board of Trustees, a majority of the members of such committee, shall constitute a quorum for the transaction of business at any meeting. If a quorum is present when a duly called or held meeting is convened, the Trustees present may continue to transact business until adjournment, even though the withdrawal of a number of Trustees originally present leaves less than the proportion or number otherwise required for a quorum. At any duly held meeting at which a quorum is present, the affirmative vote of the majority of the Trustees present shall be the act of the Board of Trustees or the committee, as the case may be, on any question, except where the act of a greater number is required by these Bylaws or by the Agreement. No individual Trustee shall have the power to act for or on behalf of, or to bind, the Company except as provided by the Agreement, Bylaws or by a resolution of the Board of Trustees.

Section 3.6. Action by Written Consent in Lieu of Meetings of Board of Trustees. An action which is required or permitted to be taken at a meeting of the Board of Trustees or a committee of the Board of Trustees may be taken by written action signed by the number of Trustees that would be required to take the same action at a meeting of the Board of Trustees or committee, as the case may be, at which all Trustees were present and voted. The written action is effective when signed by the required number of Trustees, unless a different effective time is provided in the written action. When written action is taken by less than all Trustees, all Trustees shall be notified immediately of its text and effective date.

Section 3.7. Committees. The Board of Trustees, by resolution adopted by the affirmative vote of a majority of the Board of Trustees, may designate from its members an Executive Committee, an Audit Committee and any other committee or committees, each such committee to consist of two or more Trustees and to have such powers and authority (to the extent permitted by law) as may be provided in such resolution. Any such committee may be terminated at any time by the affirmative vote of a majority of the Trustees.

## ARTICLE IV

### OFFICERS

Section 4.1. Number and Qualifications. The officers of the Company shall include a Chairman of the Board, a President, a Controller, one or more Vice Presidents (one of whom may be designated an Executive Vice President), a Treasurer, a Secretary and a Chief Compliance Officer. Any two or more offices may be held by the same person. Unless otherwise determined by the Board of Trustees, each officer shall be appointed by the Board of Trustees for a term

which shall continue until the meeting of the Board of Trustees following the next regular meeting of the Member and until his successor shall have been duly elected and qualified, or until his death, or until he shall have resigned or have been removed, as hereinafter provided in these Bylaws. The Board of Trustees may from time to time elect, or delegate to the Chairman of the Board or the President, or both, the power to appoint, such officers (including one or more Assistant Vice Presidents, one or more Assistant Treasurers and one or more Assistant Secretaries) and such agents as may be necessary or desirable for the business of the Company. Such other officers shall hold office for such terms as may be prescribed by the Board of Trustees or by the appointing authority.

Section 4.2. Resignations. Any officer of the Company may resign at any time by giving written notice of his resignation to the Board of Trustees, the Chairman of the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.3. Removal. An officer may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the Board of Trustees present at a duly convened meeting of the Board of Trustees.

Section 4.4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled for the unexpired portion of the term by the Board of Trustees, or in the manner determined by the Board of Trustees.

Section 4.5. The Chairman of the Board. The Chairman of the Board shall be elected from among the Board of Trustees. He shall be the chief executive officer of the Company and shall:

(a) have general active management of the business of the Company;

(b) when present, preside at all meetings of the Board of Trustees and of the Member;

(c) see that all orders and resolutions of the Board of Trustees are carried into effect; and

(d) sign and deliver in the name of the Company any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the Company, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Agreement or Bylaws or by the Board of

Trustees to some other officer or agent of the Company.

The Chairman of the Board shall be authorized to do or cause to be done all things necessary or appropriate, including preparation, execution and filing of any documents, to effectuate the registration from time to time of the Membership Interests of the Company with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended. He shall perform all duties incident to the office of Chairman of the Board and such other duties as from time to time may be assigned to him by the Board of Trustees or by these Bylaws.

Section 4.6. The President. The President shall be the chief operating officer of the Company and, subject to the Chairman of the Board, he shall have general authority over and general management and control of the business and affairs of the Company. In general, he shall discharge all duties incident to the office of the chief operating officer of the Company and such other duties as may be prescribed by the Board of Trustees and the Chairman of the Board from time to time. The President shall also have the power to appoint and terminate authorized persons and agents of the Company. In the absence of the Chairman of the Board or in the event of his disability or inability to act or to continue to act, the President shall perform the duties of the Chairman of the Board and when so acting shall have all the powers of, and be subject to all the restrictions upon, the Chairman of the Board.

Section 4.7. Executive Vice-President. In the case of the absence or inability to act of the President and the Chairman of the Board, any Executive Vice-President shall perform the duties of the President and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. Any Executive Vice-President shall perform all duties incident to the office of Executive Vice-President and such other duties as from time to time may be assigned to him by the Board of Trustees, the President or these Bylaws.

Section 4.8. Vice Presidents. Each Vice-President shall perform all such duties as from time to time may be assigned to him by the Board of Trustees, the Chairman of the Board or the President.

Section 4.9. Controller. The Controller shall:

- (a) keep accurate financial records for the Company;
- (b) render to the Chairman of the Board, the President and the Board of Trustees, whenever requested, an account of all transactions by and of the financial condition of the Company; and
- (c) in general, perform all the duties incident to the office of Controller and such other duties as from time to time may be assigned to him by the Board of Trustees, the Chairman of the Board or the President.

Unless the Board of Trustees determines otherwise, the Treasurer of the Company shall also serve as Controller.

Section 4.10. Treasurer. The Treasurer shall:

(a) have charge and custody of, and be responsible for, all the funds and securities of the Company, except those which the Company has placed in the custody of a bank or trust company pursuant to a written agreement designating such bank or trust company as custodian of the property of the Company, as required by Article X of the Agreement;

(b) deposit all money, drafts, and checks in the name of and to the credit of the Company in the banks and depositories designated by the Board of Trustees;

(c) endorse for deposit all notes, checks, and drafts received by the Company making proper vouchers therefor;

(d) disburse corporate funds and issue checks and drafts in the name of the Company, as ordered by the Board of Trustees; and

(e) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Trustees, the Chairman of the Board or the President.

Section 4.11. Secretary. The Secretary shall:

(a) keep or cause to be kept in one or more books provided for the purpose, the minutes of all meetings of the Board of Trustees, the committees of the Board of Trustees and the Member;

(b) see that all notices are duly given in accordance with the provisions of these Bylaws and as required by statute;

(c) maintain records and serve as custodian of the records of the Company;

(d) see that the books, reports, statements, certificates and other documents and records required by statute to be kept and filed are properly kept and filed;

(e) Whenever necessary, certify all proceedings of the Board of Trustees and the Member; and

(f) in general, perform all the duties incident to the office of

Secretary and such other duties as from time to time may be assigned to him by the Board of Trustees, the Chairman of the Board or the President.

Section 4.12. Chief Compliance Officer. The Chief Compliance Officer shall be the principal compliance officer of the Company. The Chief Compliance Officer shall have full responsibility and authority to develop and enforce appropriate policies and procedures for the Company. The Chief Compliance Officer shall have sufficient seniority and authority to compel others to adhere to the compliance policies and procedures of the Company. The Chief Compliance Officer shall be appointed by the Trustees and may only be removed by the Trustees. The Chief Compliance Officer shall report periodically to the Trustees with respect to compliance matters and at least annually meet separately in executive session with the independent Trustees, without other officers or interested Trustees. The Chief Compliance Officer shall annually review the policies and procedures of the Company and prepare an annual written report to the Trustees outlining at a minimum the operation of the policies and procedures of the Company and each service provider since the last report; any material changes made to the policies and procedures since the last report; any recommendations for material changes to the policies and procedures as a result of the annual review; and any material compliance matters since the date of the last report.

Section 4.13. Salaries. The salaries of all officers shall be fixed by the Board of Trustees.

## ARTICLE V

### MEMBERSHIP INTERESTS

Section 5.1. Membership Interest Certificates. No Membership Interest certificates shall be issued.

Section 5.2. Books and Records; Inspection. The Company shall keep at its principal executive office, or at another place or places within the United States determined by the Board of Trustees, a Membership Interest register not more than one year old, containing the name and address of the Member and the number of Membership Interests held by the Member. The Company shall also keep, at its principal executive office, or at another place or places within the

United States determined by the Board of Trustees, a record of the dates on which certificates representing Membership Interests were issued.

Section 5.3. Membership Interest Transfers. Upon compliance with any provisions restricting the transferability of the Membership Interest that may be set forth in the Agreement, these Bylaws, or any resolution or written

agreement in respect thereof, transfers of Membership Interests of the Company shall be made only on the books of the Company by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with an officer of the Company, or with a transfer agent or a registrar and on surrender of any certificate or certificates for such Membership Interests properly endorsed and the payment of all taxes thereon. Except as may be otherwise provided by law or these Bylaws, the person in whose name Membership Interests stand on the books of the Company shall be deemed the owner thereof for all purposes as regards the Company.

Section 5.4. Regulations. The Board of Trustees may make such additional rules and regulations, not inconsistent with these Bylaws, as they may deem expedient concerning the issue, certification, transfer and registration of Membership Interests of the Company. They may appoint, or authorize any officer or officers to appoint, one or more transfer agents or one or more transfer clerks and one or more registrars.

Section 5.5. Record Date: Certification of Membership Interests. (a) The Board of Trustees may fix a date not more than ninety (90) days before the date of a meeting of the Member as the date for the determination of the Membership Interests entitled to notice of and entitled to vote at the meeting or any adjournment thereof.

(b) The Board of Trustees may fix a date for determining the Member entitled to receive payment of any dividend or distribution or allotment of any rights or entitled to exercise any rights in respect of any change, conversion or exchange of Membership Interests.

(c) In the absence of such fixed record date, (i) the date for determination of the Member entitled to notice of and entitled to vote at a meeting of the Member shall be the later of the close of business on the day on which notice of the meeting is mailed or the thirtieth day before the meeting, and (ii) the date for determining the Member entitled to receive payment of any dividend or distribution or an allotment of any rights or entitled to exercise any rights in respect of any change, conversion or exchange of Membership Interests shall be the close of business on the day on which the resolution of the Board of Trustees is adopted.

## ARTICLE VI

### MISCELLANEOUS

Section 6.1. Fiscal Year. The fiscal year of the Company shall be as fixed by the Board of Trustees of the Company.

Section 6.2. Notice and Waiver of Notice. (a) Any notice of a meeting required to be given under these Bylaws to the Member or the Board of Trustees, or both, may be waived by any such person (i) orally or in writing signed by such person before, at or after the meeting or (ii) by attendance at the meeting in person or, in the case of the Member, by proxy.

(b) Except as otherwise specifically provided herein, all notices required by these Bylaws shall be printed or written, and shall be delivered either personally, by telecopy, telegraph or cable, or by mail or courier or delivery service, and, if mailed, shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member or Trustee at his address as it appears on the records of the Company.

## ARTICLE VII

### AMENDMENTS

Section 7.1. These Bylaws may be amended or repealed, or new Bylaws may be adopted, by the Board of Trustees at any meeting thereof or by action of the Board of Trustees by written consent in lieu of a meeting.

Dated as of January 8, 1999

Amended and Restated as of September 13, 2004.

FIRST DEFINED PORTFOLIO FUND, LLC  
SECOND AMENDED AND RESTATED  
ESTABLISHMENT AND DESIGNATION OF SERIES OF MEMBERSHIP INTERESTS

WHEREAS, pursuant to Section 4.2 of the Limited Liability Company Agreement dated as of January 8, 1999 (the "Agreement"), of First Defined Portfolio Fund, LLC, a Delaware limited liability company (the "Company"), the Sole Trustee of the Company, on the 18th day of June, 1999, established and designated twelve series of Membership Interests (as defined in the Agreement) each a "Fund" to have the special and relative rights described in such Establishment and Designation of Series;

WHEREAS, on the 20th day of September, 1999 the Trustees of the Company amended and restated such Establishment and Designation of Series in order to eliminate two series (The Dow(sm) Target 10 Portfolio and the Target Small Cap Portfolio) and add an additional series (The Dow(sm) DART 10 Portfolio) and to modify the names of certain Funds;

WHEREAS, the Trustees of the Company now desire to further amend and restate the Establishment and Designation of Series in order to designate an additional series to be named The Dow(sm) Target Dividend Portfolio and to modify the names of certain Funds;

NOW THEREFORE, the Trustees of the Company, this 7th day of March, 2005, hereby amend and restate the Establishment and Designation of Series as follows:

1. The Dow(sm) Target Dividend Portfolio is established and designated as a series of the Company; and

2. The Company consists of the following twelve series of Membership Interests that have been established and designated by the Board of Trustees:

- Target Managed VIP Portfolio
- The Dow(sm) Target Dividend Portfolio
- The Dow(sm) DART 10 Portfolio
- Global Dividend Target 15 Portfolio
- S&P Target 24 Portfolio
- Value Line(R) Target 25 Portfolio
- NASDAQ(R) Target 15 Portfolio
- First Trust 10 Uncommon Values Portfolio
- First Trust Energy Portfolio
- First Trust Financial Services Portfolio
- First Trust Pharmaceutical Portfolio
- First Trust Technology Portfolio

3. Each Fund shall be authorized to hold cash, invest in securities, instruments and other property and use investment techniques as from time to time approved by the Trustees and thereafter described in the Company's then currently effective registration statement under the Securities Act of 1933 to

the extent pertaining to the offering of Membership Interests of such Funds. Each Membership Interest of each Fund shall be redeemable, shall be entitled to one vote (or fraction thereof in respect of a fractional share) on matters on which the Member, in its capacity as the holder of the Membership Interests of that Fund, may vote in accordance with the Agreement, shall represent a pro rata beneficial interest in the assets allocated or belonging to such Fund, and shall be entitled to receive its pro rata share of the net assets of such Fund upon liquidation of such Fund, all as provided in the Agreement, including, without limitation, Article IV, Sections 4.2 and 4.5 thereof. The proceeds of the sale of Membership Interests of each Fund, together with any income and gain thereon, less any diminution or expenses thereof, shall irrevocably belong to such Fund, unless otherwise required by law.

4. The Member, in its capacity as the holder of the Membership Interests of each Fund, shall vote Membership Interests of each Fund separately as a class on any matter to the extent required by, and any matter shall be deemed to have been effectively acted upon with respect to such Fund as provided in, Rule 18f-2, as from time to time in effect, under the Investment Company Act of 1940, as amended (the "1940 Act"), or any successor rules, and by the Agreement.

5. The assets and liabilities of the Company shall be allocated among each Fund and any other series of Membership Interests that may be established from time to time as set forth in Article IV, Section 4.5 of the Agreement.

6. The designation of each Fund hereby shall not impair the power of the Board of Trustees from time to time to designate additional series of Membership Interests of the Company, including those that may be senior to existing series.

7. Subject to the applicable provisions of the 1940 Act and the provisions of Article IV, Sections 4.2 and 4.5 of the Agreement, the Board of Trustees shall have the right at any time and from time to time to reallocate assets and expenses or to change the designation of each Fund now or hereafter created, or to otherwise change the special relative rights of each Fund designated hereby without any action or consent of the Member.

SCHEDULE A

Name of Fund  
-----

Target Managed VIP Portfolio

The Dow Dart 10 Portfolio

Global Dividend Target 15 Portfolio

S&P Target 24 Portfolio

Nasdaq Target 15 Portfolio

Value Line Target 25 Portfolio

First Trust 10 Uncommon Values Portfolio

The Dow Target Dividend Portfolio

First Trust Energy Portfolio

First Trust Financial Services Portfolio

First Trust Pharmaceutical Portfolio

First Trust Technology Portfolio

Amended April 28, 2005

SCHEDULE B

Name of Fund  
-----

Fee Rate  
-----

Target Managed VIP Portfolio

0.60%

The Dow Dart 10 Portfolio

0.60%

Global Dividend Target 15 Portfolio

0.60%

S&P Target 24 Portfolio

0.60%

|  |       |
|--|-------|
| Nasdaq Target 15 Portfolio               | 0.60% |
| Value Line Target 25 Portfolio           | 0.60% |
| The Dow Target Dividend Portfolio        | 0.60% |
| First Trust 10 Uncommon Values Portfolio | 0.60% |
| First Trust Energy Portfolio             | 0.60% |
| First Trust Financial Services Portfolio | 0.60% |
| First Trust Pharmaceutical Portfolio     | 0.60% |
| First Trust Technology Portfolio         | 0.60% |

Amended April 28, 2005

AGREEMENT FOR FEE WAIVER, EXPENSE REIMBURSEMENT  
AND RECOVERY

THIS AGREEMENT FOR FEE WAIVER, EXPENSE REIMBURSEMENT AND RECOVERY (this "Agreement") is entered into between First Defined Portfolio Fund LLC, a Delaware limited liability company (the "Company"), and First Trust Advisors L.P., an Illinois limited partnership ("FTA") as of January 1, 2005.

WITNESSETH:

A. WHEREAS, the Company is a non-diversified, open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), comprised of the 11 separate portfolios set forth on Exhibit A attached hereto (each a "Fund," and collectively, the "Funds"). Each Fund constitutes a separate mutual fund with its own investment objectives and policies.

B. WHEREAS, FTA is the investment adviser to the Funds and is responsible for the selection and ongoing monitoring of the securities in the Funds' portfolios and certain other services necessary for the management of the Funds and is paid an annual management fee by the Funds of 0.60% of the average daily net assets.

C. WHEREAS FTA has in the past voluntarily agreed to waive management fees and reimburse certain expenses to prevent a Fund's Expense Ratio from exceeding a particular Expense Cap (as such terms are hereinafter defined); provided however, FTA has reserved the right to seek restitution of any fees waived and expenses reimbursed within three years to the extent that such restitution would not cause a Fund to exceed the current expense limitations.

D. WHEREAS, FTA and the Company desire to more fully describe and document the above-described fee waivers, expense reimbursements and recovery all in accordance with the terms and provisions hereinafter set forth.

NOW, THEREFORE, IN CONSIDERATION of the foregoing facts and other good and valuable consideration, the parties hereto hereby agree as follows:

Section 1. Definitions. The following terms shall have the following definitions in this Agreement:

"Expense Ratio" is defined as a Fund's annual investment management fees and expenses (excluding taxes, interest, all brokerage commissions, other normal charges incident to the purchase and sale of portfolio securities, and extraordinary expenses), as a percentage of such Fund's daily net asset value.

"Expense Cap" shall be equal to an Expense Ratio of 1.37% for the First Trust 10 Uncommon Values Portfolio and 1.47% for the other Funds listed on Exhibit A.

Section 2. Waiver of Fees and Reimbursement of Expenses. On a Fund by Fund basis, FTA will waive investment management fees payable to it by a Fund and/or reimburse a Fund for other expenses borne by such Fund up to such Fund's respective Expense Cap, subject to FTA's right to recover such fees and expenses set forth in Section 3. The aggregate amount of investment management fees waived and expenses reimbursed for a Fund from time to time under this Agreement for a particular Fund shall collectively be referred to as the "Reimbursed Amount." The Reimbursed Amount shall be accrued and paid on a monthly basis for each Fund but calculated and settled on an annual fiscal year basis.

Section 3. Recovery. During the term of this Agreement, to the extent that the Expense Ratio of a particular Fund is less than such Fund's applicable Expense Cap, FTA may recover a portion of the Reimbursed Amount for such Fund equal to the amount of the Expense Cap less the actual Expense Ratio for such Fund (the "Recovered Amount"). The Recovered Amount shall be accrued and paid on a monthly basis for each Fund but calculated and settled on an annual fiscal year basis. Under no circumstances, however, will FTA be eligible to recover any of the Reimbursed Amount if such recovery would cause the Expense Ratio for a particular Fund to exceed such Fund's Expense Cap for the current fiscal year.

Section 4. FTA's fund accounting department shall develop and maintain appropriate internal accounting policies and procedures to monitor and calculate the Reimbursed Amount and the Recovered Amount on a monthly basis for each Fund.

Section 5. Term and Continuation. The term of this agreement shall begin on January 1, 2005 and shall remain in effect, until December 31, 2007, and shall thereafter continue for additional three year periods provided that such continuance is approved by the vote of the majority of the Trustees of the Company who are not "interested persons" (as defined by the 1940 Act) of the Company.

Section 6. Notices. Any notice shall be sufficient when sent by registered or certified mail to the other party at the address of such party, set forth below such party's signature on this Agreement.

Section 7. Entire Agreement; Amendments. This Agreement supersedes and abrogates all prior understandings, communications and agreements (whether written or oral) between the parties, with respect to the subject matter hereof, and this Agreement constitutes the entire agreement between the parties, with respect to such subject matter. This Agreement may not be amended, except by an instrument in writing signed by each of the parties hereto. No assignment by either party shall be of any force except with the prior written consent of the other party.

Section 8. Governing Law; Miscellaneous. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois (without regard to principles of law), including all matters of construction, validity,

and performance; provided that nothing herein shall be construed in a manner inconsistent with the 1940 Act or any rule or regulation of the Securities and Exchange Commission. If any provision of this Agreement shall be held or made invalid by a court's decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby. The captions in this Agreement are

included for convenience only and in no way define any of the provisions hereof or otherwise affect their construction or effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FIRST TRUST ADVISORS L.P.

FIRST DEFINED PORTFOLIO FUND, LLC

By /s/ James A. Bowen

By /s/ James A. Bowen

-----  
James A. Bowen, President

-----  
James A. Bowen, President

Address: First Trust Advisors L.P.  
1001 Warrenville Road  
Suite 300  
Lisle, Illinois 60532  
Fax: (630) 322-7437  
Attention: W. Scott Jardine

Address: First Defined Portfolio Fund, LLC  
1001 Warrenville Road  
Suite 300  
Lisle, Illinois 60532  
Fax: (630) 322-7437  
Attention: W. Scott Jardine

EXHIBIT A

| Name of Fund<br>-----        | Expense CAP<br>----- |
|------------------------------|----------------------|
| Target Managed VIP Portfolio | 1.47%                |
| The Dow Dart 10 Portfolio    | 1.47%                |
| Global Target 15 Portfolio   | 1.47%                |
| S&P Target 24 Portfolio      | 1.47%                |
| Nasdaq Target 15 Portfolio   | 1.47%                |

|  |       |
|--|-------|
| Value Line Target 25 Portfolio           | 1.47% |
| First Trust 10 Uncommon Values Portfolio | 1.37% |
| First Trust Energy Portfolio             | 1.47% |
| First Trust Financial Services Portfolio | 1.47% |
| First Trust Pharmaceutical Portfolio     | 1.47% |
| First Trust Technology Portfolio         | 1.47% |

January 1, 2005

EXHIBIT A

| Name of Fund<br>-----                    | Expense CAP<br>----- |
|--|----------------------|
| Target Managed VIP Portfolio             | 1.47%                |
| The Dow Dart 10 Portfolio                | 1.47%                |
| Global Dividend Target 15 Portfolio      | 1.47%                |
| S&P Target 24 Portfolio                  | 1.47%                |
| Nasdaq Target 15 Portfolio               | 1.47%                |
| Value Line Target 25 Portfolio           | 1.47%                |
| First Trust 10 Uncommon Values Portfolio | 1.37%                |
| First Trust Energy Portfolio             | 1.47%                |
| First Trust Financial Services Portfolio | 1.47%                |
| First Trust Pharmaceutical Portfolio     | 1.47%                |
| First Trust Technology Portfolio         | 1.47%                |
| The Dow Target Dividend Portfolio        | 1.47%                |

Amended April 28, 2005

APPENDIX A

Name of Fund

-----

Target Managed VIP Portfolio

The Dow Dart 10 Portfolio

Global Dividend Target 15 Portfolio

S&P Target 24 Portfolio

Nasdaq Target 15 Portfolio

Value Line Target 25 Portfolio

First Trust 10 Uncommon Values Portfolio

The Dow Target Dividend Portfolio

First Trust Energy Portfolio

First Trust Financial Services Portfolio

First Trust Pharmaceutical Portfolio

First Trust Technology Portfolio

Amended April 28, 2005

EXHIBIT A

THIS REVISED EXHIBIT A, dated as of \_\_\_\_\_, 2005 is Exhibit A to that certain Custodian Services Agreement dated as of December 1, 2003 between PFPC Trust Company and First Defined Portfolio Fund, LLC with respect to custodian services.

PORTFOLIOS

The Target Managed VIP Portfolio  
The DOW(SM) DART 10 Portfolio  
The DOW(SM) Target Dividend 10 Portfolio  
Global Dividend Target 15 Portfolio  
S&P Target 24 Portfolio  
NASDAQ Target 15 Portfolio  
Value Line Target 25 Portfolio  
First Trust 10 Uncommon Values Portfolio  
First Trust Energy Portfolio  
First Trust Financial Services Portfolio  
First Trust Pharmaceutical Portfolio  
First Trust Technology Portfolio

Agreed:

PFPC INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

FIRST DEFINED PORTFOLIO FUND, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

First Defined Portfolio Fund, LLC  
1001 Warrenville Road, Suite 300  
Lisle, Illinois 60532

April 28, 2005

American Skandia Life Assurance Company  
One Corporate Drive  
P.O. Box 883  
Shelton, CT 06484-0883

Re: Administrative Services Agreement-Notification of New Portfolio

This notice is being provided pursuant to Section 1 of that certain Administrative Services Agreement (the "Agreement") between First Defined Portfolio Fund, LLC (the "Fund") and American Skandia Life Assurance Corporation ("American Skandia"). Effective May 1, 2005, the Fund intends to establish and designate an additional portfolio named the Dow Target Dividend Portfolio with respect to which it desires to retain American Skandia to render administrative and other services pursuant to the Agreement. In accordance with Section 1 of the Agreement, we hereby request that American Skandia execute this Notice where indicated below to indicate to the Fund in writing of its willingness to render such services to this new portfolio, whereupon the new portfolio shall become a Portfolio under the terms of the Agreement, effective as of May 1, 2005.

Sincerely,

First Defined Portfolio Fund, LLC

By /s/ James A. Bowne

-----  
James A. Bowen, President

Accepted and Agreed to as of April 29, 2005

American Skandia Life Assurance Corporation

By /s/ Timothy Cronin

-----  
Name: Timothy Cronin

Title: Senior VP, Investment Management

EXHIBIT A

THIS REVISED EXHIBIT A, dated as of \_\_\_\_\_, 2005 is Exhibit A to that certain Amended and Restated Transfer Agency Services Agreement dated as of December 15, 2003 between PFPC Inc. and First Defined Portfolio Fund, LLC with respect to transfer agency services.

PORTFOLIOS

- The Target Managed VIP Portfolio
- The DOW(SM) DART 10 Portfolio
- The DOW(SM) Target Dividend Portfolio
- Global Dividend Target 15 Portfolio
- S&P Target 24 Portfolio
- NASDAQ Target 15 Portfolio
- Value Line Target 25 Portfolio
- First Trust 10 Uncommon Values Portfolio
- First Trust Energy Portfolio
- First Trust Financial Services Portfolio
- First Trust Pharmaceutical Portfolio
- First Trust Technology Portfolio

Agreed:

PFPC INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

FIRST DEFINED PORTFOLIO FUND, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT A

THIS REVISED EXHIBIT A, dated as of \_\_\_\_\_, 2005 is Exhibit A to that certain Amended and Restated Administration and Accounting Services Agreement dated as of August 16, 2004 between PFPC Inc. and First Defined Portfolio Fund, LLC with respect to administration and accounting services.

PORTFOLIOS

The Target Managed VIP Portfolio  
The DOW(SM) DART 10 Portfolio  
The DOW(SM) Target Dividend Portfolio  
Global Dividend Target 15 Portfolio  
S&P Target 24 Portfolio  
Value Line Target 25 Portfolio  
NASDAQ Target 15 Portfolio  
First Trust 10 Uncommon Values Portfolio  
First Trust Energy Portfolio  
First Trust Financial Services Portfolio  
First Trust Pharmaceutical Portfolio  
First Trust Technology Portfolio

Agreed:

PFPC INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

FIRST DEFINED PORTFOLIO FUND, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

AMENDMENT TO FUND PARTICIPATION AGREEMENT

This Amendment is dated April 29, 2005 to the September 30, 1999 Fund Participation Agreement by and among First Defined Portfolio Fund, LLC (the "Fund"), a Delaware limited liability company, and American Skandia Life Assurance Corporation (the "Company"), on behalf of itself and each separate account of the company (each separate account referred to as the "Separate Account" and collectively as the "Separate Accounts"); First Trust Advisors L.P., a limited partnership organized under the laws of the State of Illinois and investment adviser to the Fund (the "Adviser"); and First Trust Portfolios, L.P. (formerly know as Nike Securities L.P.) (the "Distributor"), a limited partnership organized under the laws of the Sate of Illinois and principal underwriter/distributor of the Fund (the "Agreement").

1. The list of portfolios of the Fund in which the Separate Account may invest as set forth in Schedule B of the Agreement is hereby amended in its entirety as follows:

"The Separate Account(s) shown on Schedule A may invest in the following Portfolios of the Fund:

Target Managed VIP  
The Dow Dart 10  
Global Dividend Target 15  
S&P Target 24  
NASDAQ Target 15  
First Trust 10 Uncommon Values  
Value Line Target 25  
Dow Target Dividend  
First Trust Pharmaceutical Sector  
First Trust Financial Services Sector  
First Trust Energy Sector  
First Trust Technology Sector"

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their officers designated below on the day and year first above written.

First Defined Portfolio Fund, LLC,  
A Delaware limited liability company

First Trust Advisors L.P.

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

American Skandia Life Assurance Corporation,  
A Connecticut stock life insurance company

First Trust Portfolios, L.P.

By \_\_\_\_\_

Its \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

SCHEDULE A

Name of Fund

-----

Target Managed VIP Portfolio

The Dow Dart 10 Portfolio

Global Dividend Target 15 Portfolio

S&P Target 24 Portfolio

Nasdaq Target 15 Portfolio

Value Line Target 25 Portfolio

First Trust 10 Uncommon Values Portfolio

The Dow Target Dividend Portfolio

First Trust Energy Portfolio

First Trust Financial Services Portfolio

First Trust Pharmaceutical Portfolio

First Trust Technology Portfolio

Amended April 28, 2005

Chapman and Cutler LLP  
111 West Monroe Street  
Chicago, IL 60603

May 2, 2005

First Defined Portfolio Fund, LLC  
1001 Warrenville Road, Suite 300  
Lisle, Illinois 60532

Re: First Defined Portfolio Fund, LLC  
-----

Gentlemen:

We have served as counsel for the First Defined Portfolio Fund, LLC (the "Fund"), which proposes to offer and sell membership interests of eleven series (collectively, the "Interests") in the manner and on the terms set forth in Post-Effective Amendment No. 9 to its registration statement on Form N-1A to be filed on or about April 28, 2005 (the "Amendment") with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended, and the Securities Act of 1933, as amended. The Fund consists of the following series: Target Managed VIP Portfolio, The Dow(SM) DART 10 Portfolio, The Dow(SM) Target Dividend Portfolio, Global Dividend Target 15 Portfolio, S&P(R) Target 24 Portfolio, NASDAQ(R) Target 15 Portfolio, Value Line(R) Target 25 Portfolio, First Trust 10 Uncommon Values Portfolio, First Trust Energy Portfolio, First Trust Financial Services Portfolio, First Trust Pharmaceutical Portfolio and First Trust Technology Portfolio.

In connection therewith, we have examined such pertinent records and documents and matters of law, including the opinions of Potter Anderson & Corroon LLP upon which we have relied as they relate to the laws of the State of Delaware, as we have deemed necessary in order to enable us to express the opinion hereinafter set forth.

Based upon the foregoing, we are of the opinion that:

The Interests of the Fund may be legally and validly issued from time to time in accordance with the Fund's Limited Liability Company Agreement dated as of January 8, 1999, the Certificate of Amendment to the Limited Liability Company dated June 10, 2002, the Fund's Operating By-Laws, the Fund's Amended and Restated Establishment and Designation of Series of Membership Interests, and the Amendment, and subject to compliance with the Securities Act of 1933, as amended, the Investment Company Act of 1940, as amended, and applicable state laws regulating the sale of securities and the receipt by the Fund of a purchase

price of not less than the net asset value per Interest and such Interests, when so issued and sold, will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement (File No. 333-72447) relating to the Interests referred to above, to the use of our name and to the reference to our firm in said Registration Statement.

Respectfully submitted,

/s/ Chapman and Cutler LLP

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CHAPMAN AND CUTLER LLP

Consent of Independent Registered Public Accounting Firm

We consent to the references to our firm under the captions "Financial Highlights" in the two Prospectuses and "Independent Registered Public Accounting Firm" and "Financial Statements" in the Statement of Additional Information and to the incorporation by reference of our report, dated February 4, 2005, on First Defined Portfolio Fund, LLC, in Post-Effective Amendment No. 9 to the Registration Statement (Form N-1A, No. 333-72447) of First Defined Portfolio Fund, LLC.

Ernst & Young LLP

Boston, Massachusetts  
April 26, 2005

FIRST TRUST ADVISORS L.P.  
INVESTMENT ADVISER CODE OF ETHICS

I. STATEMENT OF GENERAL PRINCIPLES

This Code of Ethics is being adopted by First Trust Advisors L.P. (the "Company"), in recognition of the fact that the Company owes a fiduciary duty of loyalty at all times to Clients, including investment companies for which the Company provides investment advisory services. This duty requires that the Company act in the best interests of Clients and always place the Clients' interests first and foremost. In recognition of such duty it is the Company's policy that the personal securities transactions and other activities of Company personnel be conducted consistent with this Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility that could occur through activities including, taking an investment opportunity from the Client for an employee's own portfolio, "insider trading" or "frontrunning" Clients or investment company securities trades. It is also the Company's policy that Company personnel should not take inappropriate advantage of their position with respect to investors in investment companies for which the Company provides investment advisory services and that such personnel should avoid any situation that might compromise, or call into question, their exercise of fully independent judgment in the interest of Clients including investors in investment companies for which the Company provides investment advisory services.

II. DEFINITIONS

For Purposes of this Code of Ethics:

A. "Client" shall mean any client of the Company, including separate managed accounts and any Reportable Fund.

B. "Access Person" shall mean any officer, director and partner of the Company and any Supervised Person who (1) has access to nonpublic information regarding any Clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any Reportable Fund; or (2) is involved in making securities recommendations to Clients, or who has access to such recommendations that are nonpublic.

C. "Investment Person" shall mean any Access Person of the Company who makes, participates in or executes decisions regarding the purchase or sale of securities for a Client's portfolio. Each person designated as an Investment Person is therefore also designated as an Access Person for purposes of this Code of Ethics.

D. "Supervised Person" shall include any of the Company's directors, officers, partners, employees and any other person who provides advice on behalf

of the Company and is subject to the Company's supervision and control as well as any other person designated by the Company's Chief Compliance Officer.

E. "Reportable Fund" shall have the same meaning as it does in Rule 204A-1 and generally means (1) any fund for which the Company serves as an investment adviser (including sub-adviser), including closed-end funds and open-end funds, or (2) any fund whose investment adviser or principal underwriter controls the Company, is controlled by the Company, or is under common control with the Company.

### III. STANDARDS OF BUSINESS CONDUCT

The Company and all of its Supervised Persons shall at all times comply and adhere to the following standards of business conduct which reflect the Company's and all Supervised Persons fiduciary obligations:

A. Federal Securities Laws. The Company and all Supervised Persons must at all times comply with applicable federal securities laws, including the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Investment Advisers Act of 1940, Title V of the Gramm-Leach Bliley Act, any rules adopted by the Securities Exchange Commission under any of these statutes, the Bank Secrecy Act as it applies to funds and investment advisers, and any rules adopted thereunder by the Commission or the Department of the Treasury. In connection with this standard of business conduct, Supervised Persons shall not, in connection with the purchase or sale, directly or indirectly, of a security held or to be acquired by a Client:

a. Defraud such Client in any manner;

b. Mislead such Client, including by making a statement that omits material facts;

c. Engage in any act, practice or course of conduct which operates or would operate as a fraud or deceit upon such Client;

d. Engage in any manipulative practice with respect to such Client; or

e. Engage in any manipulative practice with respect to securities, including price manipulation.

B. Conflicts of Interest. As a fiduciary, the Company has an affirmative duty of care, loyalty and honesty and good faith to act in the best interests of Clients. Supervised Persons can fulfill this duty by trying to avoid conflicts

of interest and by fully disclosing all material facts with respect to any conflicts that may arise. Specific types of conflicts of interest that are prohibited include:

a. Conflicts among different Client accounts or favoring one account over another;

b. Competition with trading in Client accounts.

C. Insider Trading. In accordance with the Company's Insider Trading Policy, all Supervised Persons are prohibited from trading, either for their own accounts or on behalf of others, while in possession of material, non-public information as well as communicating material non-public information to others. Refer to Section 11 of the Company's Compliance Manual.

D. Personal Securities Transactions. All Access Persons shall comply with the policies and procedures included in this Code of Ethics with respect to personal securities transactions.

#### IV. PROHIBITED PRACTICES

In furtherance of the general principles and standards of business conduct set forth in this Code of Ethics, the following practices shall be prohibited:

A. No Access Person shall purchase any security during the initial public offering of such security.

B. No Access Person shall purchase any security in a private placement transaction unless the purchase has been approved in writing and in advance by the Compliance Department. In considering whether to approve any such transaction, the Compliance Department shall take into account, among other factors, whether the investment opportunity should be reserved for Clients and whether the opportunity is being offered to an individual by virtue of his position. Any Access Person who has been authorized to acquire securities in a private placement shall disclose that investment to the Compliance Department before he takes part in a subsequent consideration of any Client's investment in that issuer, and the decision to include securities of such issuer in a Client's portfolio shall be subject to independent review by the Compliance Department. The Compliance Department shall maintain a written record of any approvals granted hereunder including the reasons supporting such approvals.

C. No Access Person shall purchase or sell any security on a day during which there is "buy" or a "sell" order from any Client for that security until such order is executed or withdrawn. No Investment Person shall purchase or sell a security within seven days before or after that security is bought or sold by a Client.

D. No Investment Person shall profit from the purchase and sale, or sale and purchase, of the same (or equivalent) securities within 30 days.

E. No Investment Person shall serve on the Board of Directors of a publicly traded company absent prior authorization of the Compliance Department upon a determination that board service would be consistent with the interests of Clients (including any investors with respect to investment companies) and the establishment of appropriate "Chinese wall" procedures by the Compliance Department.

F. Any provision of this Code of Ethics prohibiting any transaction by an Access Person or Investment Person shall prohibit any transaction in which such person has, obtains or disposes of any beneficial ownership interest.

## V. REPORTING REQUIREMENTS

In order to effectuate and monitor the foregoing policies and prohibitions, all Access Persons shall be required to comply with the following procedures:

A. The securities trading personnel of the Company shall provide the Compliance Department with a daily summary of buy and sell orders entered by, on behalf of, or with respect to Clients.

B. Each Access Person shall direct any brokers, dealers or banks at which he or she maintains accounts to provide on a timely basis (within 30 days of the calendar quarter) duplicate copies of confirmations of all personal securities transactions and periodic statements for all securities accounts to the Compliance Department. The Compliance Department shall date stamp all duplicate copies of personal securities transactions and account statements upon receipt.

C. Upon commencement of employment with the Company, each Access Person shall disclose all personal securities holdings to the Compliance Department within 10 days after such person becomes an Access Person and the information provided must be current as of a date no more than 45 days prior to the date such person becomes an access person by submitting the form attached to this Code of Ethics as Exhibit A.

D. Each Access Person shall disclose all personal securities holdings to the Compliance Department within 30 days of the end of each calendar year and the information provided must be current as of a date no more than 45 days prior to the date of the report by submitting the form attached to this Code of Ethics as Exhibit A.

E. Any provision of this Code of Ethics requiring an Access Person to report securities transactions or securities positions to the Company shall require the reporting of any transaction or position, in which such person has, acquires or disposes of any beneficial ownership interest.

F. The Chief Compliance Officer shall review all reports submitted by Access Persons to ensure that all reporting requirements are complied with.

## VI. EXEMPTIONS

A. The following transactions shall be exempt from the Reporting Requirements included in Section V, as well as the Prohibited Transactions in Section IV; provided, however that transactions included in Section VI.A(7) must be included in the initial and annual holdings reports submitted pursuant to Sections V.C and V.D.

(1) Direct obligations of the Government of the United States;

(2) Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;

(3) Shares issued by money market funds;

(4) Shares issued by open-end funds other than Reportable Funds;

(5) Shares issued by unit investment trusts that are invested exclusively in one or more open-end funds, none of which are Reportable Funds;

(6) Securities held in accounts over which the Access Person has no direct influence or control; or

(7) Transactions effected pursuant to an automatic investment plan, including dividend reinvestment plans.

B. The following transactions shall be exempted from the provisions of Section IV C and D BUT NOT FROM THE REPORTING REQUIREMENTS SET FORTH IN SECTION V ABOVE:

(1) The purchase or sale of shares of issuers whose shares are traded on a national or foreign securities exchange and which have a market capitalization of at least \$1 billion; or

(2) Purchases and sales which are effected to establish or maintain a model investment portfolio on behalf of the Company

## VII. REPORTING OF VIOLATIONS AND ANNUAL CERTIFICATION

A. All Supervised Persons must report any violations of this Code of Ethics promptly to the Chief Compliance Officer.

B. The Company shall provide each Supervised Person with a copy of this Code of Ethics and any amendments and require each Supervised Person to provide the Company with a written acknowledgement of their receipt of the Code of Ethics and any amendment.

C. Within 30 days following the end of each calendar year, each Access Person shall certify to the Company that he has received, read and understands

this Code of Ethics and recognizes that he or she is subject to it and that he

or she has complied with the requirements of this Code of Ethics by submitting the form attached hereto as Exhibit B.

VIII. SANCTIONS

Upon discovery of a violation of this Code of Ethics, including either violations of the enumerated provisions, the general principles or the standards of business conduct described herein, the Company may impose such sanctions as it deems appropriate, including, but not limited to, a fine, letter of censure, suspension or termination of the employment of the violator.

Adopted as of February 1, 2005

ACKNOWLEDGEMENT OF RECEIPT

I, \_\_\_\_\_, hereby acknowledge that I have received and read the Code of Ethics of First Trust Advisors L.P. dated as of February 1, 2005.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

EXHIBIT A

FIRST TRUST ADVISORS L.P.  
ACCESS/INVESTMENT PERSON  
SECURITIES HOLDINGS REPORT

Name of Access/Investment Person:  
  
\_\_\_\_\_

Date: \_\_\_\_\_

I hereby certify that as of \_\_\_\_\_, I had a beneficial ownership interest in no securities other than those set forth below.

| Issuer | Ticker/CUSIP | Type of Security | # of Shrs/Principal |
|--------|--------------|------------------|---------------------|
| -----  | -----        | -----            | -----               |
| Amount | Market Value |                  |                     |
| -----  | -----        |                  |                     |

OR

I hereby certify that as of \_\_\_\_\_, I had a beneficial ownership interest in no securities other than those set forth on the attached brokerage account statements.

OR

I hereby certify that as of \_\_\_\_\_, I had a beneficial interest in no securities.

As of \_\_\_\_\_, I maintained accounts where securities are held for my direct or indirect benefit at the following brokers, dealers or banks: \_\_\_\_\_.

\_\_\_\_\_  
Signature

FIRST TRUST ADVISORS L.P.  
ACCESS/INVESTMENT PERSON  
CODE OF ETHICS CERTIFICATION

I, \_\_\_\_\_, hereby certify that I have received, read, and understand the FIRST TRUST ADVISORS L.P. Code of Ethics. Furthermore, I certify that I have complied with its provisions during the preceding year.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

CODE OF ETHICS DISTRIBUTION LIST  
ACCESS PERSONS  
(\* DESIGNATES INVESTMENT PERSON)

Jim Bowen\*  
Brad Bradley\*  
Mark Bradley  
Bob Bredemeier\*  
Sue Brix\*  
Bob Carey\*  
Kelley Christensen  
Steve Claiborne\*  
Julie Coldwater  
Kitty Collins  
Ed Craig\*  
Al Davis  
Mike Dawson\*  
Mike DeBella\*  
Bob Deeley\*  
Chris Dixon  
Rick Doede\*  
Jane Doyle

Jim Dykas  
Jon Erickson\*  
Tom Evans\*  
Chris Fallow  
Mike Flaherty  
Jean Freeland\*  
Lee Gerwin\*  
Anthony Giambri  
Linda Gonzalez  
Ken Haas\*  
John Hagerson\*  
Scott Hall\*  
Jason Henry\*  
Kristin Hoppe\*  
Jennifer Hoppe\*  
Roger James\*  
Scott Jardine  
Brian Kessler\*

Jim Koeneman  
Tom Knickerbocker  
Dan Kozicki  
Chalet Kriegbaum  
Dan Lindquist  
Fay Mack\*  
Kristi Maher  
Nancy Malaney  
Dave McGarel\*  
Mike Marcinkus\*  
Mitch Mohr  
Mike Niedzwiedz\*  
Ann Noga\*  
Lynae Peays\*  
Chris Peterson\*  
Bob Porcellino\*  
Roxanne Polezoes  
Tom Powell  
Alan Rooney\*  
Ronda Saeli\*  
Omar Sepulveda\*  
John Sherren\*  
Michael Stange\*  
Jonathan Steiner  
Don Stewart\*  
Walt Stubbings\*  
Mark Sullivan  
Rick Swiatek\*  
Roger Testin\*  
Galina Tulandin\*

Chris Van Til\*  
Jim Vavrek\*  
Janet Waghorne  
Huey Wu\*  
Stephen Zhu\*