

FIRST TRUST FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
Form N-Q
October 30, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21539

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II

(Exact name of registrant as specified in charter)

1001 Warrenville Road
Suite 300
LISLE, IL 60532

(Address of principal executive offices) (Zip code)

W. Scott Jardine
First Trust Portfolios L.P.
1001 Warrenville Road
Suite 300
LISLE, IL 60532

(Name and address of agent for service)

Registrant's telephone number, including area code: 630-241-4141

Date of fiscal year end: MAY 31

Date of reporting period: AUGUST 31, 2006

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.

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The Schedule(s) of Investments is attached herewith.

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|---|--|----------|-------|--------------|---------------------|
| | | MOODY'S | S&P | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - 152.0% | | | | | |
| AEROSPACE & DEFENSE - 6.0% | | | | | |
| AEROSPACE & DEFENSE - 6.0% | | | | | |
| \$ 3,623,537 | GenCorp Inc. | B1 | BB- | 8.58%-8.65% | 12/06/10 |
| 3,280,584 | Hexcel Corp. | B2 | B+ | 7.06%-7.25% | 3/01/12 |
| 2,902,078 | Hunter Defense Holdings, Inc. | NR(a) | NR(a) | 8.38%-10.00% | 3/10/11 |
| 1,881,357 | K&F Industries, Inc. | B2 | B+ | 7.33% | 11/18/12 |
| 990,000 | Mid-Western Aircraft Systems, Inc. | B1 | BB- | 7.75% | 12/31/11 |
| 2,732,484 | MRO Acquisition Corp. | B1 | B+ | 7.90% | 8/27/10 |
| 5,835,165 | Robertson Aviation, LLC. | NR(a) | NR(a) | 8.83%-9.12% | 4/19/13 |
| 4,230,769 | Standard Aero Holdings, Inc. | B2 | B+ | 7.58%-7.61% | 8/24/12 |
| 3,100,000 | Vought Aircraft Industries, Inc. .. | B1 | B+ | 7.83% | 12/22/10 |
| TOTAL AEROSPACE & DEFENSE | | | | | |
| AUTO COMPONENTS - 1.8% | | | | | |
| AUTO PARTS & EQUIPMENT - 1.8% | | | | | |
| 5,000,000 | Axletech International Holdings, Inc. (c) | Caa1 | B- | 12.01% | 4/21/13 |
| 3,410,095 | TRW Automotive Inc. | Ba2 | BB+ | 7.19% | 6/30/12 |
| TOTAL AUTO COMPONENTS | | | | | |
| BEVERAGES - 0.2% | | | | | |
| SOFT DRINKS - 0.2% | | | | | |
| 803,953 | Culligan Corp. | B1 | B+ | 7.33% | 9/30/11 |
| TOTAL BEVERAGES | | | | | |
| BUILDING PRODUCTS - 2.8% | | | | | |
| BUILDING PRODUCTS - 2.8% | | | | | |
| 1,733,567 | Custom Building Products | NR(a) | NR(a) | 7.75% | 10/20/11 |
| 2,271,275 | Headwaters, Inc. | Ba3 | BB- | 7.33%-7.50% | 4/30/11 |
| 4,934,235 | NCI Building Systems, Inc. | Ba2 | BB | 6.71% | 6/18/10 |
| 3,422,980 | PGT Industries, Inc. | NR(a) | NR(a) | 8.41% | 2/14/12 |
| 1,000,000 | South Edge, LLC | NR(a) | NR(a) | 7.33% | 10/31/09 |
| TOTAL BUILDING PRODUCTS | | | | | |
| CAPITAL MARKETS - 2.3% | | | | | |
| ASSET MANAGEMENT & CUSTODY BANKS - 0.9% | | | | | |
| 3,972,519 | LPL Holdings, Inc. | B2 | B | 8.13%-8.75% | 6/28/13 |
| INVESTMENT BANKING & BROKERAGE - 1.4% | | | | | |
| 1,958,636 | Ameritrade Holding Corp. | Ba1 | BB | 6.90% | 12/31/12 |
| 4,922,589 | NASDAQ Stock Market (The), Inc. ... | Ba3 | BB+ | 6.97%-7.25% | 4/18/12 |

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TOTAL CAPITAL MARKETS

CHEMICALS - 4.1%

COMMODITY CHEMICALS - 0.2%

| | | | | | |
|---------|-----------------------|-----|----|-------|---------|
| 506,075 | Basell USA, Inc. | Ba3 | B+ | 7.73% | 8/01/13 |
| 506,075 | Basell USA, Inc. | Ba3 | B+ | 8.23% | 8/01/14 |

See Notes to Quarterly Portfolio of Investments

Page 1

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|--|--|----------|-------|-------------|---------------------|
| | | MOODY'S | S&P | | |
| ----- | | | | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| CHEMICALS - (CONTINUED) | | | | | |
| DIVERSIFIED CHEMICALS - 3.9% | | | | | |
| \$ 5,000,000 | BCP Crystal US Holdings Corp. | B1 | BB- | 7.49% | 1/26/09 |
| 3,000,000 | Brenntag Holding GmbH & Company KG (c) | B3 | B- | 12.08% | 7/23/15 |
| 7,000,000 | Brenntag Holding GmbH & Company KG | B2 | B+ | 8.08% | 12/23/13 |
| 3,259,587 | Huntsman International, LLC | Ba3 | BB- | 7.08% | 8/16/12 |
| TOTAL CHEMICALS | | | | | |
| COMMERCIAL SERVICES & SUPPLIES - 7.2% | | | | | |
| DIVERSIFIED COMMERCIAL & PROFESSIONAL SERVICES - 5.0% | | | | | |
| 1,000,000 | Acosta, Inc. | NR(a) | NR(a) | 8.16% | 7/28/13 |
| 997,500 | Advantage Sales & Marketing Inc. .. | NR(a) | NR(a) | 7.33%-7.46% | 3/29/13 |
| 2,742,525 | Affinion Group, Inc. | B1 | B+ | 8.08%-8.18% | 10/17/12 |
| 1,965,909 | Clarke American Corp. | B1 | B+ | 8.75%-8.87% | 12/15/11 |
| 6,467,500 | IAP Worldwide Services, Inc. | B2 | B | 8.50% | 12/30/12 |
| 4,000,000 | IAP Worldwide Services, Inc. (c) .. | B3 | CCC+ | 13.50% | 6/30/13 |
| 1,000,000 | N.E.W. Customer Service Companies, Inc. | NR(a) | NR(a) | TBA | 8/04/13 |
| 2,000,000 | N.E.W. Customer Service Companies, Inc. (c) | NR(a) | NR(a) | TBA | 2/04/14 |
| 500,000 | TransFirst Holdings, Inc. (c) | Caa1 | B- | 11.57% | 8/15/13 |
| 2,943,750 | United Rentals, Inc. | B2 | BB- | 7.33% | 2/14/11 |
| ENVIRONMENTAL & FACILITIES SERVICES - 1.5% | | | | | |
| 7,000,000 | EnergySolutions, LLC | NR(a) | NR(a) | 7.58%-7.77% | 6/07/13 |

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| | | | | | |
|-----------|--------------------------------------|-------|-------|-------------|---------|
| | OFFICE SERVICES & SUPPLIES - 0.7% | | | | |
| 3,548,366 | Pike Electric, Inc. | NR(a) | NR(a) | 6.88%-6.94% | 7/01/12 |
| | TOTAL COMMERCIAL SERVICES & SUPPLIES | | | | |
| | COMPUTERS & PERIPHERALS - 1.3% | | | | |
| | COMPUTER HARDWARE - 1.3% | | | | |
| 6,175,000 | Activant Solutions Holdings Inc. .. | NR(a) | NR(a) | 7.44%-7.50% | 5/02/13 |
| | TOTAL COMPUTERS & PERIPHERALS | | | | |
| | CONSTRUCTION & ENGINEERING - 0.4% | | | | |
| | CONSTRUCTION & ENGINEERING - 0.4% | | | | |
| 2,000,000 | Standard Pacific Corp. | Ba2 | BB | 6.93% | 5/05/13 |
| | TOTAL CONSTRUCTION & ENGINEERING | | | | |
| | CONTAINERS & PACKAGING - 4.7% | | | | |
| | METAL & GLASS CONTAINERS - 1.8% | | | | |
| 962,500 | Captive Plastics, Inc. | NR(a) | B- | 8.50% | 8/16/11 |
| 7,500,000 | Owens-Illinois Group, Inc. | B1 | BB- | 7.08% | 6/14/13 |

Page 2 See Notes to Quarterly Portfolio of Investments

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| | PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ MOODY'S | S&P | COUPON | STATED MATURITY* |
|--|--------------------|--|---------------------|-------|-------------|---------------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | | |
| CONTAINERS & PACKAGING - (CONTINUED) | | | | | | |
| | | PAPER PACKAGING - 2.9% | | | | |
| \$ | 1,156,497 | Boise Cascade, LLC | Ba3 | BB | 7.09%-7.25% | 10/28/11 |
| | 4,760,916 | Graham Packaging Holdings Company | B2 | B | 7.56%-7.88% | 10/07/11 |
| | 6,000,000 | Graham Packaging Holdings Company (c) | B3 | CCC+ | 9.75% | 4/07/12 |
| | 1,985,000 | Pregis Corp. | B1 | B+ | 7.75% | 10/12/12 |
| | | TOTAL CONTAINERS & PACKAGING | | | | |
| | | DIVERSIFIED CONSUMER SERVICES - 0.7% | | | | |
| | | EDUCATION SERVICES - 0.4% | | | | |
| | 2,000,000 | Education Management LLC | B2 | B | 8.06% | 6/01/13 |

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|---|---|-------|-------|-------------|----------|
| SPECIALIZED CONSUMER SERVICES - 0.3% | | | | | |
| 1,502,946 | Coinstar, Inc. | Ba3 | BB- | 7.51% | 7/01/11 |
| TOTAL DIVERSIFIED CONSUMER SERVICES | | | | | |
| DIVERSIFIED FINANCIAL SERVICES - 0.2% | | | | | |
| SPECIALIZED FINANCE - 0.2% | | | | | |
| 1,000,000 | J.G.Wentworth, LLC | B2 | B | 9.01% | 4/12/11 |
| TOTAL DIVERSIFIED FINANCIAL SERVICES | | | | | |
| DIVERSIFIED TELECOMMUNICATION SERVICES - 0.4% | | | | | |
| INTEGRATED TELECOMMUNICATION SERVICES - 0.4% | | | | | |
| 1,975,000 | Telcordia Technologies, Inc. | B1 | B+ | 7.86%-7.90% | 9/15/12 |
| TOTAL DIVERSIFIED TELECOMMUNICATION SERVICES | | | | | |
| ELECTRIC UTILITIES - 7.8% | | | | | |
| ELECTRIC UTILITIES - 7.8% | | | | | |
| 1,000,000 | Astoria Generating Company Acquisitions, LLC (c) | B3 | B | 9.20% | 8/23/13 |
| 328,344 | Calpine Corp., (Debtor in Possession) (f) | NR(a) | NR(a) | 0.75%-7.75% | 12/20/07 |
| 829,787 | Calpine Corp., (Debtor in Possession) (c) (f) | NR(a) | NR(a) | 9.50% | 12/20/07 |
| 353,886 | Cogentrix Delaware Holdings, Inc. . | Ba2 | BB+ | 7.00% | 4/14/12 |
| 7,145,528 | Covanta Energy Corp. | B1 | B+ | 7.58%-7.71% | 6/24/12 |
| 1,919,192 | LSP Gen Finance Co., LLC | Ba3 | BB- | 7.25% | 5/04/13 |
| 80,808 | LSP Gen Finance Co., LLC | Ba3 | BB- | 0.88%-7.08% | 1/03/13 |
| 716,722 | LSP-Kendall Energy, LLC | B1 | B | 7.50% | 10/07/13 |
| 6,427,331 | Midwest Generation, LLC | Ba2 | BB- | 7.24%-7.31% | 4/27/11 |
| 995,000 | Mirant North America, LLC | B1 | BB- | 7.08% | 1/03/13 |
| 9,000,000 | NRG Energy, Inc. | Ba2 | BB- | 7.50% | 2/01/13 |
| 4,549,812 | Plum Point Energy Associates, LLC . | B1 | B | 8.62%-8.75% | 3/14/14 |
| 2,126,125 | Riverside Energy Center, LLC | B1 | B | 9.74% | 6/24/11 |
| 1,638,827 | Rocky Mountain Energy Center, LLC . | B1 | B | 9.74%-9.84% | 6/24/11 |
| TOTAL ELECTRIC UTILITIES | | | | | |

See Notes to Quarterly Portfolio of Investments

Page 3

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
PORTFOLIO OF INVESTMENTS - (CONTINUED)
AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|--|---------------------|----------|-----|--------|---------------------|
| | | MOODY'S | S&P | | |
| ----- | | | | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| ELECTRONIC EQUIPMENT & INSTRUMENTS - 1.4% | | | | | |
| ELECTRONIC EQUIPMENT MANUFACTURERS - 0.4% | | | | | |
| \$ 1,907,017 | VeriFone, Inc. | B1 | BB- | 7.24% | 6/30/11 |

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| | | | | | |
|-----------|---|-------|-------|-------------|----------|
| | TECHNOLOGY DISTRIBUTORS - 1.0% | | | | |
| 4,600,000 | Sensata Technologies Finance Company, LLC | NR | NR | TBA | 4/27/13 |
| | TOTAL ELECTRONIC EQUIPMENT & INSTRUMENTS | | | | |
| | ENERGY EQUIPMENT & SERVICES - 2.1% | | | | |
| | OIL & GAS EQUIPMENT & SERVICES - 2.1% | | | | |
| 2,985,000 | Key Energy Services, Inc. | NR | NR | 8.90%-9.23% | 6/30/12 |
| 6,957,661 | Targa Resources, Inc. | Ba3 | B+ | 7.58%-7.75% | 10/31/12 |
| | TOTAL ENERGY EQUIPMENT & SERVICES | | | | |
| | FOOD & STAPLES RETAILING - 3.8% | | | | |
| | DRUG RETAIL - 0.7% | | | | |
| 3,574,976 | Jean Coutu Group (PJC) (The) Inc. . | B2 | BB- | 8.00% | 7/30/11 |
| | FOOD DISTRIBUTORS - 1.0% | | | | |
| 1,955,000 | Golden State Foods Corp. | B1 | NR(a) | 7.25% | 2/25/11 |
| 2,914,286 | Nash Finch Company | B1 | B+ | 7.63% | 11/12/10 |
| | FOOD RETAIL - 2.1% | | | | |
| 9,977,500 | SUPERVALU, Inc. | Ba3 | BB- | 7.06% | 6/02/12 |
| | TOTAL FOOD & STAPLES RETAILING | | | | |
| | FOOD PRODUCTS - 6.2% | | | | |
| | AGRICULTURAL PRODUCTS - 2.3% | | | | |
| 997,500 | Del Monte Corp. | Ba3 | BB | 7.00%-7.07% | 2/08/12 |
| 8,984,128 | Dole Food Company, Inc. | Ba3 | B+ | 7.38%-9.25% | 4/12/13 |
| 995,000 | Wm. Bolthouse Farms, Inc. | B2 | B+ | 7.81% | 12/16/12 |
| | PACKAGED FOODS & MEATS - 3.9% | | | | |
| 7,888,348 | Keystone Foods Holdings, LLC | NR(a) | NR(a) | 7.13%-7.25% | 6/16/11 |
| 8,849,887 | OSI Group, LLC | NR(a) | NR(a) | 7.25% | 9/02/11 |
| 1,995,000 | THL Foods Products Company | B1 | B+ | 7.03%-7.55% | 11/21/10 |
| | TOTAL FOOD PRODUCTS | | | | |
| | HEALTH CARE EQUIPMENT & SUPPLIES - 0.4% | | | | |
| | HEALTH CARE SUPPLIES - 0.4% | | | | |
| 1,852,500 | Angiotech Pharmaceuticals Inc. | Ba3 | BB- | 6.83%-7.00% | 3/23/13 |
| | TOTAL HEALTH CARE EQUIPMENT & SUPPLIES | | | | |
| | HEALTH CARE PROVIDERS & SERVICES - 11.2% | | | | |
| | HEALTH CARE FACILITIES - 1.6% | | | | |
| 904,182 | Lifepoint Hospitals, Inc. | Ba3 | BB | 7.13% | 4/15/12 |
| 5,945,175 | Select Medical Corp. | B1 | BB- | 7.08%-9.00% | 2/24/12 |
| 1,000,000 | USP Domestic Holdings Inc. | Ba2 | BB- | 7.12% | 6/07/13 |

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 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|--|------------------------------------|----------|-----|--------------|---------------------|
| | | MOODY'S | S&P | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| HEALTH CARE PROVIDERS & SERVICES - (CONTINUED) | | | | | |
| HEALTH CARE SERVICES - 8.3% | | | | | |
| \$ 8,875,251 | CHS/Community Health Systems, Inc. | Ba3 | BB- | 7.08%-7.15% | 8/19/11 |
| 4,276,225 | DaVita Inc. | B1 | BB- | 7.11%-7.69% | 10/05/12 |
| 983,214 | DJ Orthopedics, LLC | Ba3 | BB- | 6.88%-7.06% | 4/07/13 |
| 6,982,500 | Fresenius Medical Care AG | Ba2 | BB+ | 6.78%-6.87% | 3/31/13 |
| 294,872 | Matria Healthcare, Inc. | B1 | BB- | 7.65% | 1/19/07 |
| 956,324 | Multiplan Merger Corp. | B2 | B+ | 7.50% | 4/12/13 |
| 1,770,115 | Per-Se Technologies, Inc. | B1 | B+ | 7.68%-7.75% | 1/06/13 |
| 1,496,250 | Quintiles Transnational Corp. | B1 | BB- | 7.50% | 3/31/13 |
| 2,985,000 | Team Finance, LLC | B2 | B+ | 7.83%-7.90% | 11/23/12 |
| 6,427,819 | US Oncology Holdings, Inc. | Ba3 | B+ | 7.65%-7.88% | 8/20/11 |
| 4,661,491 | VWR International, Inc. | B2 | B+ | 7.77% | 4/07/11 |
| MANAGED HEALTH CARE - 1.3% | | | | | |
| 4,405,088 | IASIS Healthcare Corp. | B1 | B+ | 7.73%-7.75% | 6/22/11 |
| 1,970,150 | Vanguard Health Systems, Inc. | B2 | B | 7.75%-7.87% | 9/23/11 |
| TOTAL HEALTH CARE PROVIDERS & SERVICES | | | | | |
| HOTELS, RESTAURANTS & LEISURE - 11.7% | | | | | |
| CASINOS & GAMING - 6.7% | | | | | |
| 5,880,000 | Boyd Gaming Corp. | Ba2 | BB | 6.61%-7.00% | 6/30/11 |
| 2,972,490 | CCM Merger, Inc. | B1 | B+ | 7.24%-7.49% | 10/21/12 |
| 3,154,632 | Global Cash Access, Inc. | Ba3 | B+ | 7.08% | 3/10/10 |
| 6,000,000 | MGM Mirage | Ba2 | BB | 6.28% | 11/22/09 |
| 1,985,000 | Penn National Gaming, Inc. | Ba2 | BB | 7.02%-7.25% | 10/03/12 |
| 5,000,000 | Pinnacle Entertainment, Inc. | B1 | BB- | 0.75% | 12/14/11 |
| 1,000,000 | Pinnacle Entertainment, Inc. | B1 | BB- | 7.33% | 12/14/11 |
| 6,000,000 | VML US Finance, LLC | B1 | BB- | 8.20% | 5/25/13 |
| HOTELS, RESORTS & CRUISE LINES - 2.2% | | | | | |
| 6,000,000 | Kerzner International Ltd. | B3 | B- | 0.50%-8.39% | 9/01/13 |
| 4,761,129 | OpBiz, LLC | B3 | B- | 6.76% | 8/31/10 |
| LEISURE FACILITIES - 2.4% | | | | | |
| 6,806,356 | American Skiing Company | NR | NR | 9.75%-10.03% | 11/24/10 |
| 4,500,000 | Cedar Fair, L.P. | Ba3 | BB- | TBA | 7/03/12 |

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| | | | | | |
|-----------|-------------------------------------|--------|--------|--------|----------|
| | RESTAURANTS - 0.4% | | | | |
| 2,000,000 | QCE LLC (c) | NR (a) | NR (a) | 11.25% | 11/05/13 |
| | TOTAL HOTELS, RESTAURANTS & LEISURE | | | | |

See Notes to Quarterly Portfolio of Investments

Page 5

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|--|--|----------|--------|-------------|---------------------|
| | | MOODY'S | S&P | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| | HOUSEHOLD DURABLES - 2.7% | | | | |
| | HOMEBUILDING - 2.3% | | | | |
| \$ 2,038,576 | Kyle Acquisition Group, LLC | NR (a) | NR (a) | 7.38% | 7/20/08 |
| 2,775,964 | Kyle Acquisition Group, LLC | NR (a) | NR (a) | 7.38% | 7/20/10 |
| 1,000,000 | Technical Olympic USA, Inc. | NR (a) | NR | 8.25% | 8/01/08 |
| 5,000,000 | Technical Olympic USA, Inc., (Mezzanine Debt) (c) | NR (a) | NR | 10.75% | 8/01/09 |
| | HOUSEWARES & SPECIALTIES - 0.4% | | | | |
| 2,007,966 | Jostens IH Corp. | B1 | B+ | 7.07% | 10/04/11 |
| | TOTAL HOUSEHOLD DURABLES | | | | |
| | INDUSTRIAL CONGLOMERATES - 0.7% | | | | |
| | INDUSTRIAL CONGLOMERATES - 0.7% | | | | |
| 2,653,929 | Goodman Global Holdings, Inc. | B1 | B+ | 7.25% | 12/23/11 |
| 757,853 | Mueller Group, Inc. | B1 | BB- | 7.11%-7.62% | 10/03/12 |
| | TOTAL INDUSTRIAL CONGLOMERATES | | | | |
| | INSURANCE - 0.8% | | | | |
| | LIFE & HEALTH INSURANCE - 0.8% | | | | |
| 3,970,441 | Conseco, Inc. | Ba3 | BB- | 7.08% | 6/22/10 |
| | TOTAL INSURANCE | | | | |
| | INTERNET SOFTWARE & SERVICES - 1.9% | | | | |
| | INTERNET SOFTWARE & SERVICES - 1.9% | | | | |
| 8,917,444 | SunGard Data Systems Inc. | B1 | B+ | 8.00% | 2/11/13 |
| | TOTAL INTERNET SOFTWARE & SERVICES | | | | |

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| | | | | | |
|--|---|-------|-------|-------------|---------|
| IT SERVICES - 4.3% | | | | | |
| DATA PROCESSING & OUTSOURCED SERVICES - 0.2% | | | | | |
| 987,500 | Fidelity National Information Solutions, Inc. & Fidelity National Tax Service, Inc. ... | Ba1 | BB+ | 6.58% | 3/09/11 |
| IT CONSULTING & OTHER SERVICES - 4.1% | | | | | |
| 3,104,762 | Alion Science and Technology Corp. | B1 | B+ | 8.25% | 8/02/09 |
| 8,887,500 | DynCorp International, LLC | Ba3 | BB- | 7.31%-7.81% | 6/28/12 |
| 997,500 | iPayment, Inc. | NR(a) | NR(a) | 7.58%-7.75% | 5/10/13 |
| 1,946,667 | Vertafore, Inc. | NR(a) | NR(a) | 7.83%-9.75% | 1/31/12 |
| 3,125,000 | Wyle Laboratories, Inc. (c) | NR(a) | B- | 11.97% | 7/28/11 |
| 1,422,900 | Wyle Laboratories, Inc. | NR(a) | B+ | 8.22% | 1/28/11 |
| TOTAL IT SERVICES | | | | | |
| LEISURE EQUIPMENT & PRODUCTS - 0.7% | | | | | |
| LEISURE PRODUCTS - 0.7% | | | | | |
| 3,491,250 | Easton-Bell Sports, Inc. | B1 | B+ | 6.81%-7.08% | 3/16/12 |
| TOTAL LEISURE EQUIPMENT & PRODUCTS | | | | | |

Page 6

See Notes to Quarterly Portfolio of Investments

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|--|---|----------|-----|-------------|---------------------|
| | | MOODY'S | S&P | | |
| ----- | | | | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| MACHINERY - 0.2% | | | | | |
| INDUSTRIAL MACHINERY - 0.2% | | | | | |
| \$ 470,000 | Invensys International Holdings Ltd. /BTR Dunlop Finance, Inc. | Ba3 | B- | 7.45% | 12/15/10 |
| 530,000 | Invensys International Holdings Ltd. /BTR Dunlop Finance, Inc. | Ba3 | B- | 7.31% | 1/15/11 |
| TOTAL MACHINERY | | | | | |
| MEDIA - 30.4% | | | | | |
| ADVERTISING - 0.4% | | | | | |
| 2,031,906 | Adams Outdoor Advertising, L.P. ... | B1 | B+ | 7.15%-7.27% | 10/18/12 |
| BROADCASTING & CABLE TV - 18.3% | | | | | |
| 3,920,000 | Bragg Communications, Inc. | NR(a) | NR | 7.33% | 8/31/11 |
| 17,380,000 | Century Cable Holdings LLC (g) | NR | NR | 10.25% | 6/30/09 |
| 3,000,000 | Cequel Communications, LLC | B1 | B+ | 7.74% | 12/05/13 |
| 3,000,000 | Cequel Communications, LLC | NR | NR | 10.49% | 5/05/14 |
| 12,983,858 | Charter Communications Operating, LLC | B2 | B | 8.13% | 4/27/13 |

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| | | | | | |
|-------------------------------|---|-------|-------|-------------|----------|
| 10,972,500 | CSC Holdings, Inc. | Ba3 | BB | 6.99%-7.26% | 3/29/13 |
| 1,000,000 | Cumulus Media Inc. | Ba3 | B | 7.33%-7.63% | 6/07/13 |
| 1,329,975 | DIRECTV Holdings LLC | Ba1 | BB | 6.82% | 4/13/13 |
| 3,491,250 | LBI Media, Inc. | B1 | B | 6.76% | 3/31/12 |
| 2,893,581 | NEP Supershooters, L.P. | B1 | NR(a) | 9.00% | 2/03/11 |
| 1,000,000 | NextMedia Operating, Inc. (c) | B3 | CCC+ | 9.83% | 11/15/13 |
| 2,000,000 | NTL Investment Holdings Ltd. | Ba3 | BB- | TBA | 12/21/12 |
| 7,000,000 | PanAmSat Corp. | B1 | BB | 8.01% | 12/03/13 |
| 1,500,000 | Panavision, Inc. (c) | B3 | CCC | 12.49% | 3/30/12 |
| 1,000,000 | Paxson Communications Corp. | B2 | CCC+ | 8.76% | 1/15/12 |
| 6,466,250 | Raycom Media, Inc. | NR | NR | 7.00% | 8/28/13 |
| 4,500,000 | UPC Distribution Holding B.V. | B1 | B | 7.64% | 12/31/13 |
| 4,500,000 | UPC Distribution Holding B.V. | B1 | B | 7.64% | 3/31/13 |
| MOVIES & ENTERTAINMENT - 5.6% | | | | | |
| 4,875,500 | AMC Entertainment, Inc. | Ba3 | B+ | 7.53% | 1/26/13 |
| 1,577,363 | Deluxe Entertainment Services Group, Inc. | B1 | B | 9.25% | 1/28/11 |
| 6,982,500 | Metro-Goldwyn-Mayer Holdings II, Inc. | NR(a) | NR(a) | 8.75% | 4/08/12 |
| 3,682,419 | Regal Cinemas Corp. | Ba2 | BB- | 7.07%-7.25% | 11/10/10 |
| 9,767,334 | WMG Acquisition Corp. | Ba2 | B+ | 7.21%-7.51% | 3/01/11 |
| PUBLISHING - 6.1% | | | | | |
| 997,500 | Caribe Information Investments Inc. | B1 | B | 7.46%-7.66% | 3/31/13 |
| 4,705,882 | CBD Media, LLC | B1 | B | 7.87% | 12/31/09 |
| 853,311 | Dex Media West, Inc. | Ba2 | BB | 6.91%-7.00% | 3/09/10 |
| 1,970,050 | Media News Group, Inc. | Ba3 | BB- | 6.58% | 12/30/10 |
| 2,000,000 | Media News Group, Inc. | Ba3 | BB- | 7.16% | 8/02/13 |
| 5,000,000 | Newspaper Holdings, Inc. | NR | NR | 6.94% | 8/24/12 |
| 958,418 | Nexstar Broadcasting, Inc. | Ba3 | B | 7.25% | 10/01/12 |

See Notes to Quarterly Portfolio of Investments

Page 7

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
PORTFOLIO OF INVESTMENTS - (CONTINUED)
AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|--|--|----------|-----|-------------|---------------------|
| | | MOODY'S | S&P | | |
| ----- | | | | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| MEDIA - (CONTINUED) | | | | | |
| PUBLISHING - (CONTINUED) | | | | | |
| \$ 930,890 | Nexstar Broadcasting, Inc. | Ba3 | B+ | 7.25% | 10/01/12 |
| 1,500,000 | PBI Media, Inc. | B2 | B | 7.74%-7.75% | 9/30/12 |
| 990,000 | PRIMEDIA Inc. | B2 | B | 7.65% | 9/30/13 |
| 6,768,519 | RH Donnelley Inc. | Ba3 | BB | 6.74%-7.01% | 6/30/11 |
| 1,814,504 | WCP Exposition Services Operating Company, LLC | NR | NR | 9.00%-9.12% | 8/29/11 |
| 1,000,000 | Yell Group PLC | Ba3 | BB- | TBA | 2/09/13 |

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| | | | | | |
|---|---|------|-----|--------------|----------|
| TOTAL MEDIA | | | | | |
| METALS & MINING - 1.6% | | | | | |
| ALUMINUM - 1.0% | | | | | |
| 4,910,380 | Novelis Corp. | Ba2 | BB- | 7.72% | 1/06/12 |
| DIVERSIFIED METALS & MINING - 0.6% | | | | | |
| 2,985,000 | Alpha Natural Resources, LLC | B1 | BB- | 7.25% | 10/26/12 |
| TOTAL METALS & MINING | | | | | |
| MULTI - UTILITIES - 1.5% | | | | | |
| MULTI-UTILITIES - 1.5% | | | | | |
| 987,500 | KGEN, LLC | B2 | B | 8.12% | 8/05/11 |
| 5,697,444 | KGEN, LLC (c) (h) | B3 | B- | 14.5% | 8/05/11 |
| 500,000 | Thermal North America, Inc. | Ba3 | BB- | 7.16% | 10/12/13 |
| TOTAL MULTI - UTILITIES | | | | | |
| OIL, GAS & CONSUMABLE FUELS - 7.9% | | | | | |
| OIL & GAS EXPLORATION & PRODUCTION - 3.4% | | | | | |
| 5,940,000 | ATP Oil & Gas Corp. | NR | NR | 8.32%-8.86% | 4/14/10 |
| 4,365,298 | Plains Resources Inc. | Ba2 | BB | 6.90% | 8/12/11 |
| 2,000,000 | Resolute Aneth, LLC (c) | NR | NR | 10.47% | 4/13/12 |
| 1,888,898 | SemCrude, L.P. | Ba3 | B | 7.58%-7.75% | 3/16/11 |
| 2,000,000 | Venoco, Inc. (c) | Caa1 | B- | 9.75%-10.00% | 4/27/11 |
| OIL & GAS REFINING, MARKETING & TRANSPORTATION - 4.5% | | | | | |
| 1,000,000 | Alon USA, Inc. | B2 | BB- | 1.25%-7.91% | 6/22/13 |
| 443,333 | Calumet Lubricants Company, L.P. .. | B2 | BB- | 8.63%-8.78% | 12/09/12 |
| 4,962,500 | Cheniere LNG Holdings, LLC | NR | BB | 8.25% | 8/31/12 |
| 2,000,000 | Coffeyville Resources, LLC (c) | B3 | B | 12.13% | 7/08/13 |
| 6,907,863 | Eagle Rock Gas Gathering & Processing, Ltd. | NR | NR | 8.01% | 10/01/12 |
| 3,000,000 | El Paso Corp. | B1 | B+ | 7.37% | 7/31/11 |
| 990,000 | EPCO Holdings, Inc. | Ba3 | B+ | 7.22%-7.49% | 8/18/10 |
| 2,000,000 | Regency Gas Service, LLC | B1 | B+ | 7.87% | 8/15/13 |
| TOTAL OIL, GAS & CONSUMABLE FUELS | | | | | |

Page 8

See Notes to Quarterly Portfolio of Investments

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ MOODY'S | S&P | COUPON | STATED MATURITY* |
|--|--------------|---------------------|-----|--------|---------------------|
| ----- | | | | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |

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| | | | | | | |
|----|--|---------------------------------------|-------|-------|-------------|----------|
| | PAPER & FOREST PRODUCTS - 4.0% | | | | | |
| | FOREST PRODUCTS - 4.0% | | | | | |
| \$ | 14,193,750 | Georgia-Pacific Corp. | Ba2 | BB- | 7.30%-7.50% | 12/20/12 |
| | 4,750,000 | Georgia-Pacific Corp. (c) | Ba3 | B+ | 8.30% | 12/23/13 |
| | TOTAL PAPER & FOREST PRODUCTS | | | | | |
| | PERSONAL PRODUCTS - 0.2% | | | | | |
| | PERSONAL PRODUCTS - 0.2% | | | | | |
| | 1,000,000 | American Safety Razor Company (c) . | Caa1 | CCC+ | 11.72% | 1/31/14 |
| | TOTAL PERSONAL PRODUCTS | | | | | |
| | REAL ESTATE INVESTMENT TRUSTS (REITS) - 4.5% | | | | | |
| | OFFICE REITS - 0.9% | | | | | |
| | 371,111 | Maguire Properties, Inc. | Ba2 | BB+ | 7.08% | 3/15/10 |
| | 4,000,000 | Trizec Partners Real Estate, L.P. . | NR(a) | NR(a) | 6.78% | 5/02/07 |
| | RESIDENTIAL REITS - 0.0% | | | | | |
| | 77,895 | Lion Gables Realty, L.P. | Ba2 | BB+ | 7.12% | 9/30/06 |
| | RETAIL REITS - 3.6% | | | | | |
| | 6,349,109 | Capital Automotive, L.P. | Ba1 | BB+ | 7.16% | 12/16/10 |
| | 9,000,000 | General Growth Properties, Inc. ... | Ba2 | BB+ | 6.58% | 2/24/10 |
| | 2,000,000 | Macerich Partnership (The), L.P. .. | NR(a) | NR(a) | 6.94% | 4/26/10 |
| | TOTAL REAL ESTATE INVESTMENT TRUSTS (REITS) | | | | | |
| | REAL ESTATE MANAGEMENT & DEVELOPMENT - 5.5% | | | | | |
| | REAL ESTATE MANAGEMENT & DEVELOPMENT - 5.5% | | | | | |
| | 1,257,143 | Ginn-LA CS Borrower, LLC | B1 | B+ | 8.29% | 6/08/11 |
| | 2,742,857 | Ginn-LA CS Borrower, LLC | B1 | BB | 8.41% | 6/08/11 |
| | 2,125,000 | LNR Property Corp. | B2 | NR(a) | 8.22% | 6/12/09 |
| | 4,500,000 | LNR Property Corp. | B2 | NR(a) | 8.22% | 7/12/11 |
| | 732,099 | Newkirk Master (The) L.P. | Ba2 | BB+ | 7.15%-8.75% | 8/11/08 |
| | 997,500 | November 2005 Land Investors, LLC . | B1 | BB | 8.25% | 5/31/11 |
| | 1,000,000 | November 2005 Land Investors, LLC (c) | B2 | B+ | 12.50% | 5/30/12 |
| | 3,935,075 | Palmdale Hills Property, LLC | B1 | B+ | 8.26%-8.50% | 5/19/10 |
| | 4,967,475 | Pivotal Promontory, LLC | NR(a) | NR(a) | 8.08% | 8/31/10 |
| | 1,850,000 | Rhodes Companies (The), LLC | Ba3 | BB- | 8.75% | 11/21/10 |
| | 1,500,000 | Shea Capital I, LLC | NR(a) | NR(a) | 7.49% | 10/27/11 |
| | 950,933 | Yellowstone Development, LLC | NR(a) | NR(a) | 7.71% | 9/30/10 |
| | TOTAL REAL ESTATE MANAGEMENT & DEVELOPMENT | | | | | |
| | ROAD & RAIL - 1.0% | | | | | |
| | TRUCKING - 1.0% | | | | | |
| | 4,590,202 | Hertz (The) Corp. | Ba2 | BB | 7.58%-7.73% | 12/21/12 |
| | TOTAL ROAD & RAIL | | | | | |

See Notes to Quarterly Portfolio of Investments

Page 9

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FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ | | COUPON | STATED MATURITY* |
|--|-------------------------------------|----------|-------|-------------|---------------------|
| | | MOODY'S | S&P | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| SPECIALTY RETAIL - 3.5% | | | | | |
| APPAREL RETAIL - 1.8% | | | | | |
| \$ 2,000,000 | Hanesbrands, Inc. | Ba2 | BB- | TBA | 8/10/13 |
| 1,000,000 | Hanesbrands, Inc. | Ba3 | B- | TBA | 2/10/14 |
| 5,848,101 | Neiman Marcus Group (The), Inc. ... | B1 | B+ | 7.77% | 4/06/13 |
| SPECIALTY STORES - 1.7% | | | | | |
| 1,221,938 | Dollarama Group L.P. | B1 | B+ | 7.49% | 11/18/11 |
| 3,784,979 | Harbor Freight Tools USA, Inc. | NR(a) | NR(a) | 7.13%-7.18% | 7/15/10 |
| 2,985,000 | TravelCenters of America, Inc. | B1 | BB | 6.86%-7.25% | 12/01/11 |
| TOTAL SPECIALTY RETAIL | | | | | |
| TOBACCO - 0.8% | | | | | |
| TOBACCO - 0.8% | | | | | |
| 937,250 | Commonwealth Brands, Inc. | NR(a) | NR(a) | 7.75% | 12/22/12 |
| 3,000,000 | Reynolds American Inc. | Ba1 | BB+ | 7.19%-7.31% | 5/31/12 |
| TOTAL TOBACCO | | | | | |
| TRANSPORTATION INFRASTRUCTURE - 1.0% | | | | | |
| MARINE PORTS & SERVICES - 1.0% | | | | | |
| 4,870,378 | Horizon Lines Holding, LLC | B2 | B | 7.75% | 7/07/11 |
| TOTAL TRANSPORTATION INFRASTRUCTURE | | | | | |
| WIRELESS TELECOMMUNICATION SERVICES - 2.1% | | | | | |
| WIRELESS TELECOMMUNICATION SERVICES - 2.1% | | | | | |
| 2,000,000 | Clearwire Corp. | NR | NR | 12.08% | 8/18/09 |
| 1,000,000 | Crown Castle Operating Company | B2 | BB | 7.65% | 6/01/14 |
| 3,000,000 | MetroPCS Wireless, Inc. | NR | NR(a) | 10.44% | 5/31/11 |
| 4,000,000 | Windstream Corp. | Ba2 | BBB- | 7.26% | 7/17/13 |
| TOTAL WIRELESS TELECOMMUNICATION SERVICES | | | | | |
| TOTAL SENIOR FLOATING RATE TERM LOAN INTERESTS** | | | | | |
| (Cost \$728,205,351) | | | | | |
| SENIOR FLOATING RATE NOTES - 5.7% | | | | | |
| ENERGY EQUIPMENT & SERVICES - 0.2% | | | | | |
| OIL & GAS DRILLING - 0.2% | | | | | |
| 1,000,000 | Parker Drilling Company (e) | NR | NR | 9.98% | 9/01/10 |

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TOTAL ENERGY EQUIPMENT & SERVICES

| | | | | | | |
|---------------------------------|--------------------------|----|-----|-------|----------|--|
| FOOD & STAPLES RETAILING - 0.5% | | | | | | |
| FOOD DISTRIBUTORS - 0.5% | | | | | | |
| 2,100,000 | Nutro Products, Inc. (e) | B3 | CCC | 9.23% | 10/15/13 | |

TOTAL FOOD & STAPLES RETAILING

| | | | | | | |
|---|-----------------------------------|------|----|--------|---------|--|
| HEALTH CARE PROVIDERS & SERVICES - 0.2% | | | | | | |
| HEALTH CARE FACILITIES - 0.2% | | | | | | |
| 1,000,000 | US Oncology Holdings, Inc.(d) (e) | Caa1 | B- | 10.32% | 3/15/15 | |

TOTAL HEALTH CARE PROVIDERS & SERVICES

Page 10

See Notes to Quarterly Portfolio of Investments

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* | RATINGS+ MOODY'S | S&P | COUPON | STATED MATURITY* |
|--|---|---------------------|------|--------|---------------------|
| ----- | | | | | |
| SENIOR FLOATING RATE TERM LOAN INTERESTS** - CONTINUED | | | | | |
| HOTELS, RESTAURANTS & LEISURE - 0.8% | | | | | |
| LEISURE FACILITIES - 0.8% | | | | | |
| \$ 2,000,000 | HRP Myrtle Beach (e) | B3 | B | 9.82% | 4/01/12 |
| 2,000,000 | Universal City Florida Holding Company (e) | B3 | B- | 10.24% | 5/01/10 |
| TOTAL HOTELS, RESTAURANTS & LEISURE | | | | | |
| HOUSEHOLD DURABLES - 0.6% | | | | | |
| HOMEBUILDING - 0.6% | | | | | |
| 3,000,000 | Builders Firstsource, Inc. (c) (e) | B3 | B- | 9.66% | 2/15/12 |
| TOTAL HOUSEHOLD DURABLES | | | | | |
| MEDIA - 1.7% | | | | | |
| BROADCASTING & CABLE TV - 1.7% | | | | | |
| 3,000,000 | EchoStar Communications Corp. (e) | NR | NR | 8.76% | 10/01/08 |
| 5,000,000 | Paxson Communications Corp. (e) | B2 | CCC+ | 8.76% | 1/15/12 |
| TOTAL MEDIA | | | | | |
| PAPER & FOREST PRODUCTS - 0.2% | | | | | |
| PAPER PRODUCTS - 0.2% | | | | | |
| 1,000,000 | Verso Paper Holdings LLC (e) | B1 | B+ | 9.24% | 8/01/14 |
| TOTAL PAPER & FOREST PRODUCTS | | | | | |
| PHARMACEUTICALS - 0.5% | | | | | |
| PHARMACEUTICALS - 0.5% | | | | | |
| 2,500,000 | Elan Finance PLC (d) (e) | B3 | B | 9.41% | 11/15/11 |

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TOTAL PHARMACEUTICALS

WIRELESS TELECOMMUNICATION SERVICES - 1.0%
 WIRELESS TELECOMMUNICATION SERVICES - 1.0%
 4,500,000 Intelsat (Bermuda), Ltd. (d) (e) .. B2 B+ 9.61% 1/15/12

TOTAL WIRELESS TELECOMMUNICATION SERVICES

TOTAL SENIOR FLOATING RATE NOTES

(Cost \$27,120,130)

| SHARES | DESCRIPTION* |
|--------|--------------|
|--------|--------------|

| | |
|---|--------------------------------------|
| CLOSED-END FUNDS - 2.9% | |
| OTHER DIVERSIFIED FINANCIAL SERVICES - 2.9% | |
| 903,900 | ING Prime Rate Trust |
| 881,900 | Van Kampen Senior Income Trust |

TOTAL OTHER DIVERSIFIED FINANCIAL SERVICES

TOTAL CLOSED-END FUNDS

(Cost \$13,110,710)

| | |
|---|---|
| COMMON STOCKS AND RIGHTS - 0.0% | |
| OTHER DIVERSIFIED FINANCIAL SERVICES - 0.0% | |
| 690 | Atkins Nutritionals Holdings |
| 690 | Atkins Nutritionals Holdings - Rights |

TOTAL OTHER DIVERSIFIED FINANCIAL SERVICES

TOTAL COMMON STOCKS AND RIGHTS

(Cost \$36,260)

See Notes to Quarterly Portfolio of Investments

Page 11

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION* |
|----------------------------------|--|
| REPURCHASE AGREEMENT - 2.2% | |
| (Cost \$10,700,000) | |
| \$ 10,700,000 | Agreement with Wachovia Capital Markets, LLC, 5.15% dated 8/31/06, to be repurchased at \$10,701,531 on 9/1/06, collateralized by \$10,755,000 Federal Home Loan Bank, 5.38% due 8/19/11 (Value \$10,976,627) |
| TOTAL INVESTMENTS - 162.8% | |
| (Cost \$779,172,451) (b) | |

| | |
|---|--|
| NET OTHER ASSETS AND LIABILITIES - (4.5)% | |
| LOAN OUTSTANDING - (37.4)% | |
| AUCTION MARKET PREFERRED SHARES, AT LIQUIDATION VALUE - (20.9)% | |
| NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS - 100.0% | |

Page 12

See Notes to Quarterly Portfolio of Investments

 NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS-(UNAUDITED)

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
 AUGUST 31, 2006

1. VALUATION AND INVESTMENT PRACTICES

A. PORTFOLIO VALUATION:

The net asset value ("NAV") of the Common Shares of the First Trust/Four Corners Senior Floating Rate Income Fund II (the "Fund") is computed based upon the value of the Fund's portfolio and other assets less any accrued liabilities. The NAV is determined as of the close of regular trading on the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern time, on each day the NYSE is open for trading. Domestic debt securities and foreign securities are priced using data reflecting the earlier closing of the principal markets for those securities. The Fund calculates NAV per Common Share by subtracting the Fund's liabilities (including accrued expenses, dividends payable and any borrowings of the Fund) and the liquidation value of any outstanding Preferred Shares from the Fund's Total Assets (the value of securities and other investments the Fund holds plus cash or other assets, including interest accrued but not yet received), and dividing the result by the total number of Common Shares outstanding.

The Fund's investments are valued daily at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Fund's Board of Trustees. A majority of the Fund's assets are valued using market information supplied by third parties. In the event that market quotations are not readily available, the pricing service does not provide a valuation for a particular asset, or the valuations are deemed unreliable, or if events occurring after the close of the principal markets for particular securities (e.g., domestic debt and foreign securities), but before the Fund values its assets, would materially affect NAV, First Trust Advisors L.P. ("First Trust") may use a fair value method to value the Fund's securities and investments. The use of fair value pricing by the Fund is governed by valuation procedures adopted by the Fund's Board of Trustees, and in accordance with the provisions of the Investment Company Act of 1940, as amended (the "1940 Act").

The senior floating rate loans ("Senior Loans") in which the Fund invests are not listed on any securities exchange or board of trade. Senior Loans are typically bought and sold by institutional investors in individually negotiated

private transactions that function in many respects like an over-the-counter secondary market, although typically no formal market-makers exist. This market, while having grown substantially in the past several years, generally has fewer trades and less liquidity than the secondary market for other types of securities. Some Senior Loans have few or no trades, or trade infrequently, and information regarding a specific Senior Loan may not be widely available or may be incomplete. Accordingly, determinations of the market value of Senior Loans may be based on infrequent and dated information. Because there is less reliable, objective data available, elements of judgment may play a greater role in valuation of Senior Loans than for other types of securities. Typically Senior Loans are valued using information provided by an independent third party pricing service. If the pricing service cannot or does not provide a valuation for a particular Senior Loan or such valuation is deemed unreliable, First Trust may value such Senior Loan at a fair value according to procedures adopted by the Fund's Board of Trustees, and in accordance with the provisions of the 1940 Act.

Portfolio securities listed on any exchange other than the NASDAQ National Market ("NASDAQ") are valued at the last sale price on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and asked prices on such day. Securities traded on the NASDAQ are valued at the NASDAQ Official Closing Price as determined by NASDAQ. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities. Portfolio securities traded in the over-the-counter market, but excluding securities traded on the NASDAQ, are valued at the closing bid prices. Short-term investments that mature in less than 60 days are valued at amortized cost.

B. REPURCHASE AGREEMENTS:

The Fund engages in repurchase agreement transactions. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. This arrangement results in a fixed rate of return that is not subject to market fluctuations during the Fund's holding period. The value of the collateral is at all times at least equal to the total amount of the repurchase obligation, including interest. In the event of counterparty default, the Fund has the right to use the collateral to offset losses incurred. There is potential loss to the Fund in the event the Fund is delayed or prevented from exercising its rights to dispose of the collateral securities, including the risk of a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights. The Fund reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Fund enters into repurchase agreements to evaluate potential risks.

Page 13

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

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
AUGUST 31, 2006

C. SECURITIES TRANSACTIONS:

Securities transactions are recorded as of the trade date. Realized gains and

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losses from securities transactions are recorded on the identified cost basis.

Securities purchased or sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date; interest income on such securities is not accrued until settlement date. The Fund maintains liquid assets with a current value at least equal to the amount of its when-issued or delayed delivery purchase commitments.

D. UNFUNDED LOAN COMMITMENTS:

The Fund may enter into certain credit agreements, all or a portion of which may be unfunded. The Fund had unfunded Senior Loan commitments of approximately \$840,426 as of August 31, 2006. The Fund is obligated to fund these Senior Loan commitments at the borrower's discretion. The Fund will maintain cash, liquid securities and/or liquid Senior Loans with an aggregate value at least equal to the amount or unfunded Senior Loan commitments. Net unrealized depreciation of \$10,505 from these commitments is included in "Net Other Assets and Liabilities" on the Portfolio of Investments.

E. RESTRICTED SECURITIES:

The Fund may invest a portion of its assets in restricted securities. Restricted securities are securities that cannot be offered for public sale without first being registered under the Securities Act of 1933, as amended. As of August 31, 2006, the Fund currently holds the restricted securities shown in the following table. The Fund does not have the right to demand that such securities be registered. These securities are valued using market quotations according to the valuation procedures as stated in the Portfolio Valuation section (Note 1A) and are not expressed as a discount to the carrying value of a comparable unrestricted security. There are no unrestricted securities with the same maturity dates and yields for these issuers.

| SECURITY | ACQUISITION DATE | PRINCIPAL VALUE | CARRYING VALUE PER SHARE | CARRYING COST PER SHARE AT ACQUISITION DATE | |
|--|------------------|-----------------|--------------------------|---|-------|
| Builders Firstsource, Inc. | 2/8/05 | \$3,000,000 | \$101.25 | \$100.00 | \$3, |
| EchoStar Communications Corp. | 5/8/06 | 3,000,000 | 101.25 | 102.06 | 3, |
| Elan Finance PLC | 3/2/05 | 1,500,000 | 101.00 | 86.50 | 1, |
| Elan Finance PLC | 3/31/05 | 1,000,000 | 101.00 | 75.75 | 1, |
| HRP Myrtle Beach | 3/23/06 | 2,000,000 | 99.50 | 100.00 | 1, |
| Intelsat, Ltd. | 2/14/05 | 3,000,000 | 101.50 | 103.50 | 3, |
| Intelsat, Ltd. | 6/19/06 | 1,000,000 | 101.50 | 101.38 | 1, |
| Intelsat, Ltd. | 6/20/06 | 500,000 | 101.50 | 101.25 | |
| Nutro Products, Inc. | 4/13/06 | 100,000 | 103.00 | 100.00 | |
| Nutro Products, Inc. | 4/13/06 | 1,000,000 | 103.00 | 102.50 | 1, |
| Nutro Products, Inc. | 4/18/06 | 1,000,000 | 103.00 | 102.25 | 1, |
| Parker Drilling Company | 8/22/06 | 1,000,000 | 101.88 | 102.13 | 1, |
| Paxson Communications Corp. | 12/19/04 | 5,000,000 | 99.50 | 100.00 | 4, |
| Universal City Florida Holding Company | 4/3/06 | 2,000,000 | 102.25 | 102.00 | 2, |
| US Oncology Holdings, Inc. | 7/14/06 | 1,000,000 | 101.50 | 102.50 | 1, |
| Verso Paper Holdings LLC | 7/26/06 | 500,000 | 100.75 | 100.00 | |
| Verso Paper Holdings LLC | 7/26/06 | 500,000 | 101.25 | 100.00 | |
| | | ----- | | | ----- |
| | | \$27,100,000 | | | \$27, |
| | | ===== | | | ===== |

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

FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II
AUGUST 31, 2006

2. UNREALIZED APPRECIATION/(DEPRECIATION)

As of August 31, 2006, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$2,706,418 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$2,776,321.

Page 15

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) FIRST TRUST/FOUR CORNERS SENIOR FLOATING RATE INCOME FUND II

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

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

Date OCTOBER 24, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the
Investment Company Act of 1940, this report has been signed below by the
following persons on behalf of the registrant and in the capacities and on the
dates indicated.

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

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

Date OCTOBER 24, 2006

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

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

Date OCTOBER 24, 2006

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