

FIRST TRUST VALUE LINE R & IBBOTSON EQUITY ALLOCATION FUND

Form SC 13G/A

February 13, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

First Trust/Value Line & Ibbotson Equity Allocation Fund

(Name of Issuer)

Common Shares, par value \$0.01 per share

(Title of Class of Securities)

33735H105

(CUSIP Number)

December 31, 2005

(Date of Event Which Requires Filing of this Statement)

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Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 33735H105

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

QVT Financial LP

11-3694008

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

5. Sole Voting Power

Number of 0

Shares 6. Shared Voting Power

Beneficially

Owned by 258,100 shares of common stock

Each 7. Sole Dispositive Power

Reporting

Person 0

With: 8. Shared Dispositive Power

258,100 shares of common stock

9. Aggregate Amount Beneficially Owned by Each Reporting Person

258,100 shares of common stock

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

3.97%

12. Type of Reporting Person (See Instructions)

PN

Page 2 of 7 pages

CUSIP No. 33735H105

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

QVT Financial GP LLC

11-3694007

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

5. Sole Voting Power

Number of 0

Shares 6. Shared Voting Power

Beneficially

Owned by 258,100 shares of common stock

Each 7. Sole Dispositive Power

Reporting

Person 0

With: 8. Shared Dispositive Power

258,100 shares of common stock

9. Aggregate Amount Beneficially Owned by Each Reporting Person

258,100 shares of common stock

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

3.97%

12. Type of Reporting Person (See Instructions)

OO

Item 1 (a). Name of Issuer
First Trust/Value Line & Ibbotson Equity Allocation Fund (the Issuer)

Item 1 (b). Address of Issuer's Principal Executive Offices
The address of the Issuer's principal executive offices is:

1001 Warrenville Road, Suite 300, Lisle, Illinois 60532, United States

Item 2 (a). Name of Person Filing

Item 2 (b). Address of Principal Business Office or, if none, Residence

Item 2 (c). Citizenship
QVT Financial LP

527 Madison Avenue, 8th Floor

New York, New York 10022

Delaware Limited Partnership

QVT Financial GP LLC

527 Madison Avenue, 8th Floor

New York, New York 10022

Delaware Limited Liability Company

Item 2 (d). Title of Class of Securities

The title of the securities is common shares, par value \$0.01 per share (the Common Shares).

Item 2 (e). CUSIP Number

The CUSIP number of the Common Shares is 33735H105.

Item 3. If this statement is filed pursuant to §§ 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) Group, in accordance with § 240.13d-1(b)(1)(ii)(J).

Item 4. Ownership.

(a) Amount beneficially owned:

QVT Financial LP (QVT Financial) is the investment manager for QVT Fund LP (the Fund), which beneficially owns 37,283 Common Shares, QVT Overseas Ltd., which beneficially owns 76,057 Common Shares, and for QVT Associates LP, which beneficially owns 16,619 Common Shares. QVT Financial is also the investment manager for a separate discretionary account managed for Deutsche Bank AG (the Separate Account), which holds 128,141 Common Shares. QVT Financial has the power to direct the vote and disposition of the Common Shares held by each of the Fund, QVT Overseas Ltd., QVT Associates LP and the Separate Account. Accordingly, QVT Financial may be deemed to be the beneficial owner of an aggregate amount of 258,100 Common Shares, consisting of the shares owned by the Fund, QVT Overseas Ltd., QVT Associates LP and the shares held in the Separate Account.

QVT Financial GP LLC, as General Partner of QVT Financial, may be deemed to beneficially own the same number of Common Shares reported by QVT Financial.

Each of QVT Financial and QVT Financial GP LLC disclaim beneficial ownership of the Common Shares owned by the Fund, QVT Overseas Ltd. and QVT Associates LP and the Common Shares held in the Separate Account.

(b) Percent of class:

See Item 11 of the Cover Pages to this Schedule 13G.

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

0

(ii) Shared power to vote or to direct the vote

See item (a) above.

(iii) Sole power to dispose or to direct the disposition of

0

(iv) Shared power to dispose or to direct the disposition of

See item (a) above.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

Not Applicable

Item 8. Identification and Classification of Members of the Group

Not Applicable

Item 9. Notice of Dissolution of Group

Not Applicable

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Page 5 of 7 pages

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 13, 2006

QVT FINANCIAL LP

By QVT Financial GP LLC,

its General Partner

By: /s/ Tracy Fu

Name: Tracy Fu
Title: Managing Member

By: /s/ Lars Bader

Name: Lars Bader
Title: Managing Member

QVT FINANCIAL GP LLC

By: /s/ Tracy Fu

Name: Tracy Fu
Title: Managing Member

By: /s/ Lars Bader

Name: Lars Bader
Title: Managing Member

EXHIBIT A

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13G signed by each of the undersigned shall be filed on behalf of each of the undersigned pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended.

Dated: February 13, 2006

QVT FINANCIAL LP

By QVT Financial GP LLC,

its General Partner

By: /s/ Tracy Fu

Name: Tracy Fu
Title: Managing Member

By: /s/ Lars Bader

Name: Lars Bader
Title: Managing Member

QVT FINANCIAL GP LLC

By: /s/ Tracy Fu

Name: Tracy Fu
Title: Managing Member

By: /s/ Lars Bader

Name: Lars Bader
Title: Managing Member