

Edgar Filing: FIRST TRUST HIGH INCOME LONG/SHORT FUND - Form N-Q

FIRST TRUST HIGH INCOME LONG/SHORT FUND  
Form N-Q  
September 25, 2012

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 811-22442  
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First Trust High Income Long/Short Fund  
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(Exact name of registrant as specified in charter)

120 East Liberty Drive, Suite 400  
Wheaton, IL 60187  
-----

(Address of principal executive offices) (Zip code)

W. Scott Jardine, Esq.

First Trust Portfolios L.P.  
120 East Liberty Drive, Suite 400  
Wheaton, IL 60187  
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(Name and address of agent for service)

Registrant's telephone number, including area code: 630-765-8000  
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Date of fiscal year end: October 31  
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Date of reporting period: July 31, 2012  
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Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. SCHEDULE OF INVESTMENTS. The Schedule of Investments is attached herewith.

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FIRST TRUST HIGH INCOME LONG/SHORT FUND  
 PORTFOLIO OF INVESTMENTS  
 JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
CORPORATE BONDS AND NOTES - 89.1%				
AUTOMOTIVE - 4.3%				
\$ 334,000	Chrysler Group LLC/Chrysler Group Co-Issuer, Inc. ....	8.00%	06/15/19	\$
4,367,000	Chrysler Group LLC/Chrysler Group Co-Issuer, Inc. ....	8.25%	06/15/21	
2,376,000	Ford Motor Co. (a).....	9.22%	09/15/21	
553,000	Ford Motor Co. (a).....	8.90%	01/15/32	
3,000,000	Ford Motor Co. (a).....	7.75%	06/15/43	
2,480,000	Ford Motor Co. (a).....	9.98%	02/15/47	
21,000,000	General Motors Unsecured Claim Trust Units (Non-transferable) (b).....	N/A	N/A	
21,432	General Motors Unsecured Claim Trust Units (Transferable) (b).....	N/A	N/A	
5,396,000	Goodyear Tire & Rubber (The) Co. ....	7.00%	05/15/22	
4,872,000	Navistar International Corp. (a).....	8.25%	11/01/21	
2,065,000	Tomkins Inc., LLC .....	9.00%	10/01/18	----- 2 -----
BANKING - 4.1%				
740,000	Ally Financial, Inc. ....	8.00%	11/01/31	
2,285,000	Ally Financial, Inc. ....	8.00%	11/01/31	
5,610,000	Bank of America Corp. ....	7.63%	06/01/19	
6,500,000	Capital One Capital III (a).....	7.69%	08/15/36	
6,750,000	Deutsche Postbank Funding Trust IV (EUR) (c) (d).....	5.98%	06/29/49	
4,000,000	Fifth Third Capital Trust IV (a) (d)...	6.50%	04/15/37	----- 2 -----
BASIC INDUSTRY - 11.1%				
4,500,000	AK Steel Corp. (a).....	8.38%	04/01/22	
5,250,000	Aleris International, Inc. ....	7.63%	02/15/18	
4,200,000	Alpha Natural Resources, Inc. (a).....	6.00%	06/01/19	
596,000	Alpha Natural Resources, Inc. ....	6.25%	06/01/21	
1,255,000	Arch Coal, Inc. ....	7.00%	06/15/19	
408,000	Arch Coal, Inc. ....	7.25%	10/01/20	
825,000	Arch Coal, Inc. ....	7.25%	06/15/21	
6,215,000	Associated Materials LLC .....	9.13%	11/01/17	
3,500,000	Boise Cascade LLC (a).....	7.13%	10/15/14	
3,635,000	Boise Paper Holdings LLC/Boise Finance Co. (a).....	9.00%	11/01/17	
1,357,000	Century Aluminum Co. (a).....	8.00%	05/15/14	
3,600,000	Cloud Peak Energy Resources Corp., LLC (a).....	8.25%	12/15/17	
6,500,000	Hexion U.S. Finance Corp./Hexion Nova			

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	Scotia Finance ULC (a).....	8.88%	02/01/18
8,655,000	Huntsman International LLC (a).....	8.63%	03/15/21
1,300,000	Momentive Performance Materials, Inc. (e)	10.00%	10/15/20

See Notes to Quarterly Portfolio of Investments

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FIRST TRUST HIGH INCOME LONG/SHORT FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY		
CORPORATE BONDS AND NOTES - (CONTINUED)					
BASIC INDUSTRY - (CONTINUED)					
\$	5,000,000	Momentive Performance Materials, Inc. (a)	9.00%	01/15/21	\$
	4,000,000	Polypore International, Inc. (a).....	7.50%	11/15/17	
	5,150,000	Texas Industries, Inc. (a).....	9.25%	08/15/20	
	4,000,000	USG Corp. ....	6.30%	11/15/16	
	1,878,000	USG Corp. (e).....	8.38%	10/15/18	
	1,800,000	Vertellus Specialties, Inc. (e).....	9.38%	10/01/15	
CAPITAL GOODS - 7.7%					
	6,390,000	American Railcar Industries, Inc. (a)..	7.50%	03/01/14	
	3,467,000	Ducommun, Inc. ....	9.75%	07/15/18	
	5,000,000	Manitowoc (The), Inc., Co. (a).....	8.50%	11/01/20	
	3,625,000	Mcron Finance Sub LLC/ Mcron Finance Corp. (e).....	8.38%	05/15/19	
	3,760,000	Mueller Water Products, Inc. (a).....	7.38%	06/01/17	
	7,500,000	Reynolds Group Issuer, Inc., LLC .....	8.50%	05/15/18	
	485,000	Reynolds Group Issuer, Inc., LLC .....	9.88%	08/15/19	
	1,600,000	Reynolds Group Issuer, Inc., LLC (e)...	9.88%	08/15/19	
	7,500,000	Terex Corp. (a).....	8.00%	11/15/17	
	4,000,000	Transdigm, Inc. (a).....	7.75%	12/15/18	
	4,650,000	Triumph Group, Inc. (a).....	8.63%	07/15/18	
CONSUMER NON-CYCLICAL - 0.4%					
	2,240,000	Smithfield Foods, Inc. ....	6.63%	08/15/22	
ENERGY - 8.2%					
	3,974,000	Berry Petroleum Co. ....	6.75%	11/01/20	
	5,700,000	Chesapeake Energy Corp. (a).....	9.50%	02/15/15	
	600,000	Chesapeake Energy Corp. ....	7.25%	12/15/18	
	1,970,000	Chesapeake Energy Corp. (a).....	6.63%	08/15/20	
	3,275,000	Everest Acquisition LLC/Everest Acquisition Finance, Inc. (e).....	9.38%	05/01/20	

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3,000,000	Ferrellgas Finance Corp., L.P. (a).....	6.50%	05/01/21
800,000	Frontier Oil Corp. (a).....	6.88%	11/15/18
2,850,000	Geokinetics Holdings USA, Inc. (a).....	9.75%	12/15/14
2,654,000	Helix Energy Solutions Group, Inc. (e).	9.50%	01/15/16
4,000,000	Hornbeck Offshore Services, Inc. (a)...	8.00%	09/01/17
2,636,000	Linn Energy LLC/Linn Energy Finance Corp. (e).....	6.25%	11/01/19
5,240,000	Linn Energy LLC/Linn Energy Finance Corp.	8.63%	04/15/20
5,500,000	PHI, Inc. (a).....	8.63%	10/15/18
3,499,000	Regency Energy Partners L.P./Regency Energy Finance Corp. (a).....	9.38%	06/01/16
3,248,000	Samson Investment Co. (e).....	9.75%	02/15/20

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FIRST TRUST HIGH INCOME LONG/SHORT FUND  
PORTFOLIO OF INVESTMENTS - (CONTINUED)  
JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
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CORPORATE BONDS AND NOTES - (CONTINUED)				
ENERGY - (CONTINUED)				
\$ 3,425,000	Targa Resources Partners L.P./Targa Resources Partners Finance Corp. (a)	7.88%	10/15/18	\$
FINANCIAL SERVICES - 7.8%				
7,486,262	CIT Group, Inc. (e).....	7.00%	05/02/17	
1,665,000	CIT Group, Inc. ....	5.00%	05/15/17	
8,385,000	CIT Group, Inc.....	4.25%	08/15/17	
10,500,000	GE Capital Trust IV (EUR) (c) (d).....	4.63%	09/15/66	1
410,000	General Electric Capital Corp. (EUR) (c) (d).....	5.50%	09/15/67	
7,500,000	Icahn Enterprises L.P./Icahn Enterprises Finance Corp. (a).....	8.00%	01/15/18	
8,000,000	SLM Corp. ....	8.00%	03/25/20	
5,000,000	Springleaf Finance Corp. ....	6.90%	12/15/17	
700,000	Textron Financial Corp. (d) (e).....	6.00%	02/15/67	
HEALTHCARE - 2.9%				
5,880,000	Alere, Inc. ....	9.00%	05/15/16	
3,207,000	Bausch & Lomb, Inc. ....	9.88%	11/01/15	
5,600,000	HCA Holdings, Inc. ....	7.75%	05/15/21	
3,150,000	Kinetic Concepts, Inc. (e).....	10.50%	11/01/18	
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	INSURANCE - 7.2%		
2,450,000	American International Group, Inc. (EUR) (c) (d).....	8.00%	05/22/38
1,800,000	American International Group, Inc. (EUR) (c) (d).....	4.88%	03/15/67
3,050,000	American International Group, Inc. (GBP) (c) (d).....	8.63%	05/22/38
10,950,000	American International Group, Inc. (GBP) (c) (d).....	5.75%	03/15/67
5,000,000	CHUBB Corp. (a) (d).....	6.38%	03/29/67
11,000,000	Glen Meadow Pass Through Trust (d) (e).	6.51%	02/12/67
6,500,000	Liberty Mutual Group, Inc. (d) (e).....	7.00%	03/15/37
3,500,000	Lincoln National Corp. (a) (d).....	7.00%	05/17/66
1,800,000	Lincoln National Corp. (a) (d).....	6.05%	04/20/67

	MEDIA - 2.3%		
3,500,000	Cequel Communications Holdings I LLC/Cequel Capital Corp. (e).....	8.63%	11/15/17
3,931,000	Clear Channel Communications, Inc. (a).	5.50%	12/15/16
1,800,000	Clear Channel Communications, Inc. (a).	9.00%	03/01/21
4,008,000	Clear Channel Worldwide Holdings, Inc.	9.25%	12/15/17
324,000	Clear Channel Worldwide Holdings, Inc.	9.25%	12/15/17
456,000	Clear Channel Worldwide Holdings, Inc. (e).....	7.63%	03/15/20

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PORTFOLIO OF INVESTMENTS - (CONTINUED)  
JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
CORPORATE BONDS AND NOTES - (CONTINUED)				
MEDIA - (CONTINUED)				
\$ 3,193,000	Clear Channel Worldwide Holdings, Inc. (e).....	7.63%	03/15/20	\$
SERVICES - 20.4%				
5,270,312	American Airlines Pass Through Trust 2001-01 .....	6.98%	05/23/21	
3,500,000	ARAMARK Corp. (a).....	8.50%	02/01/15	
2,000,000	Ashtead Capital, Inc. (e).....	9.00%	08/15/16	
1,095,000	Ashtead Capital, Inc. (e).....	6.50%	07/15/22	
5,500,000	Avis Budget Car Rental LLC/Avis Budget Finance, Inc. ....	9.63%	03/15/18	

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1,426,000	Avis Budget Car Rental LLC/Avis Budget Finance, Inc. (a).....	8.25%	01/15/19
6,500,000	Beazer Homes USA, Inc. (a).....	8.13%	06/15/16
5,542,387	Continental Airlines 2003-ERJ1 Pass Through Trust .....	7.88%	07/02/18
2,655,197	Continental Airlines 2005-ERJ1 Pass Through Trust .....	9.80%	04/01/21
1,712,294	Delta Air Lines 2009-1 Series B Pass Through Trust .....	9.75%	12/17/16
7,000,000	Delta Air Lines, Inc. (e).....	12.25%	03/15/15
5,986,000	Energysolutions, Inc., LLC .....	10.75%	08/15/18
9,000,000	Harrah's Operating, Inc., Co. ....	10.00%	12/15/18
8,000,000	Hertz (The) Corp. ....	7.50%	10/15/18
5,250,000	Iron Mountain, Inc. (a).....	8.38%	08/15/21
3,500,000	Isle of Capri Casinos, Inc. (a).....	7.75%	03/15/19
5,000,000	K Hovnanian Enterprises, Inc. (a).....	10.63%	10/15/16
8,000,000	MGM Resorts International .....	11.13%	11/15/17
3,500,000	Mohegan Tribal Gaming Authority (e)....	10.50%	12/15/16
3,449,569	Northwest Airlines 2001-1 Class B Pass Through Trust .....	7.69%	04/01/17
1,780,000	Pulte Group, Inc. (a).....	7.63%	10/15/17
4,570,000	Pulte Group, Inc. (a).....	7.88%	06/15/32
3,319,000	Shea Homes L.P./Shea Homes Funding Corp.	8.63%	05/15/19
5,500,000	Standard Pacific Corp. (a).....	8.38%	05/15/18
3,506,791	UAL 2009-2B Pass Through Trust (e).....	12.00%	01/15/16
7,000,000	United Air Lines, Inc. (e).....	12.00%	11/01/13
522,000	United Rentals North America, Inc. ....	9.25%	12/15/19
5,312,000	United Rentals North America, Inc. (a).	8.38%	09/15/20
375,000	UR Financing Escrow Corp. (e).....	7.38%	05/15/20
367,000	UR Financing Escrow Corp. (e).....	7.63%	04/15/22
6,971,154	US Airways 2000-3C Pass Through Trust .	8.39%	03/01/22
	TECHNOLOGY & ELECTRONICS - 4.4%		
5,500,000	Alcatel-Lucent USA, Inc. (a).....	6.45%	03/15/29
5,675,000	CommScope, Inc. (e).....	8.25%	01/15/19

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 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
CORPORATE BONDS AND NOTES - (CONTINUED)				
TECHNOLOGY & ELECTRONICS - (CONTINUED)				
\$ 9,050,000	First Data Corp. (e).....	8.88%	08/15/20	\$
8,834,000	Freescale Semiconductor, Inc. (e).....	10.13%	03/15/18	

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TELECOMMUNICATIONS - 5.4%				
7,000,000	Frontier Communications Corp. (a).....	9.00%	08/15/31	
1,496,000	Hughes Satellite Systems Corp. (a).....	7.63%	06/15/21	
3,500,000	MetroPCS Wireless, Inc. (a).....	7.88%	09/01/18	
10,000,000	Sprint Capital Corp. (a).....	8.75%	03/15/32	1
2,600,000	Sprint Nextel Corp. (e).....	9.13%	03/01/17	
6,000,000	Sprint Nextel Corp. (a).....	9.25%	04/15/22	
3,250,000	Viasat, Inc. (a).....	8.88%	09/15/16	

UTILITY - 2.9%				
7,500,000	Calpine Corp. (e).....	7.88%	07/31/20	
3,350,000	Energy Future Intermediate Holding Co., LLC/Energy Future Intermediate Holding Finance, Inc. (a).....	10.00%	12/01/20	
5,000,000	NRG Energy, Inc. (a).....	8.25%	09/01/20	
2,150,000	Texas Competitive Electric Holdings Co. LLC/Texas Competitive Electric Holdings Finance, Inc. (e).....	11.50%	10/01/20	

TOTAL CORPORATE BONDS AND NOTES ..... 58  
(Cost \$584,719,876)

PRINCIPAL VALUE (LOCAL CURRENCY)	DESCRIPTION	STATED COUPON	STATED MATURITY	V (US D
FOREIGN CORPORATE BONDS AND NOTES - 24.1%				
BANKING - 4.9%				
6,500,000	ABN AMRO Bank N.V. (EUR) (d).....	4.31%	03/29/49	
2,200,000	Barclays Bank PLC (GBP) .....	10.00%	05/21/21	
8,264,000	Egg Banking PLC (GBP) (d).....	7.50%	05/29/49	1
3,300,000	IKB Deutsche Industriebank AG (EUR) (f)	1.58%	05/28/13	
175,000	IKB Deutsche Industriebank AG (EUR) ...	4.50%	07/09/13	
2,100,000	Mizuho Capital Investment, Ltd. (USD) (a) (d) (e).....	14.95%	12/29/49	
3,000,000	Royal Bank of Scotland N.V. (EUR) (f)..	4.70%	06/10/19	
BASIC INDUSTRY - 5.8%				
4,500,000	Aperam (USD) (e).....	7.38%	04/01/16	
3,451,000	Boart Longyear Management Pty., Ltd. (USD) (e).....	7.00%	04/01/21	

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FIRST TRUST HIGH INCOME LONG/SHORT FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE (LOCAL CURRENCY)	DESCRIPTION	STATED COUPON	STATED MATURITY	V (US D
FOREIGN CORPORATE BONDS AND NOTES - (CONTINUED)				
BASIC INDUSTRY - (CONTINUED)				
4,645,000	Evraz Group S.A. (USD) (e).....	7.40%	04/24/17	\$
3,135,000	FMG Resources Pty, Ltd. (USD) (e).....	7.00%	11/01/15	
1,000,000	INEOS Finance PLC (EUR) .....	9.25%	05/15/15	
4,000,000	INEOS Group Holdings PLC (EUR) .....	7.88%	02/15/16	
6,300,000	Novelis, Inc. (USD) (a).....	8.75%	12/15/20	
4,200,000	Stora Enso Oyj (USD) (e).....	7.25%	04/15/36	
6,785,000	Vedanta Resources PLC (USD) (e).....	8.25%	06/07/21	
CAPITAL GOODS - 0.6%				
3,000,000	Ardagh Packaging Finance (EUR) .....	9.25%	10/15/20	
CONSUMER NON-CYCLICAL - 2.0%				
6,000,000	JBS Finance II Ltd. (USD) (e).....	8.25%	01/29/18	
3,770,000	Minerva Luxembourg S.A. (USD) (e).....	12.25%	02/10/22	
3,000,000	Virgolino de Oliveira Finance Ltd. (USD) (e).....	11.75%	02/09/22	
ENERGY - 3.5%				
9,400,000	CHC Helicopter S.A. (USD) .....	9.25%	10/15/20	
3,750,000	Georgian Oil and Gas Corp. (USD) (e)...	6.88%	05/16/17	
5,600,000	OGX Petroleo e Gas Participacoes S.A. (USD) (e).....	8.50%	06/01/18	
5,000,000	Petroleos de Venezuela S.A. (USD) .....	12.75%	02/17/22	
INSURANCE - 1.5%				
1,150,000	Aviva PLC (EUR) (d).....	6.88%	05/22/38	
5,000,000	ING Groep N.V. (GBP) (d).....	5.14%	03/29/49	
3,500,000	Oil Insurance Ltd. (USD) (e) (f).....	3.44%	12/29/49	
SERVICES - 3.4%				
4,600,000	Desarrolladora Homex Sab de CV (USD) (e)	9.75%	03/25/20	



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1,800,000	Empresas ICA Sab de CV (USD) (e).....	8.38%	07/24/17
5,250,000	Hapag-Lloyd AG (USD) (e).....	9.75%	10/15/17
5,755,000	Royal Caribbean Cruises Ltd. (USD) (a).	7.50%	10/15/27
4,500,000	Urbi Desarrollos Urbanos Sab de CV (USD) (e).....	9.75%	02/03/22
TELECOMMUNICATIONS - 1.7%			
2,857,000	En Germany Holdings B.V. (EUR) .....	10.75%	11/15/15
4,900,000	Intelsat Luxembourg S.A. (USD) (a).....	11.25%	02/04/17
2,550,000	Intelsat Luxembourg S.A. (USD) (a) (g).	11.50%	02/04/17

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 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE (LOCAL CURRENCY)	DESCRIPTION	STATED COUPON	STATED MATURITY	V (US D
FOREIGN CORPORATE BONDS AND NOTES - (CONTINUED)				
UTILITY - 0.7%				
5,000,000	Intergen N.V. (USD) (e).....	9.00%	06/30/17	\$
TOTAL FOREIGN CORPORATE BONDS AND NOTES .....				15
(Cost \$164,284,300)				

PRINCIPAL VALUE	DESCRIPTION	RATE (h)	STATED MATURITY (i)	V
SENIOR FLOATING-RATE LOAN INTERESTS - 4.3%				
AUTOMOTIVE - 2.1%				
\$ 7,190,255	Allison Transmission, Inc.....	3.75%	08/07/17	
7,168,638	Federal Mogul Corp Term Loan B .....	2.18%	12/27/14	
ENERGY - 0.9%				
5,955,000	Meg Energy Term Loan .....	4.00%	03/18/18	

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REAL ESTATE - 0.6%			
3,373,206	Realogy Initial Term Loan B .....	4.50%	10/10/16
476,160	Realogy Synthetic Letter of Credit ....	4.49%	10/10/16

SERVICES - 0.7%			
4,861,111	US Airways Term Loan .....	2.75%	03/23/14

TOTAL SENIOR FLOATING-RATE LOAN INTERESTS ..... 2  
 (Cost \$28,377,241)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
ASSET-BACKED SECURITIES - 2.0%				
3,473,741	Ace Securities Corp. Series 2007-HE2, Class A2A (f).....	0.37%	12/25/36	
2,759,975	Carrington Mortgage Loan Trust Series 2006-NC4, Class A5 (f).....	0.31%	10/25/36	
2,318,039	HSI Asset Securitization Corp. Trust Series 2007-NC1, Class A1 (f).....	0.35%	04/25/37	
3,048,076	Keycorp Student Loan Trust Series 2000-A, Class A2 (f).....	0.79%	05/25/29	
1,213,018	Morgan Stanley ABS Capital I Series 2006-HE6, Class A2B (f).....	0.35%	09/25/36	
10,198,701	Securitized Asset Backed Receivables LLC Trust Series 2006-FR4, Class A2A (f).....	0.33%	08/25/36	
1,429,705	Soundview Home Equity Loan Trust Series 2006-EQ2, Class A2 (f).....	0.36%	01/25/37	
TOTAL ASSET-BACKED SECURITIES .....				1
(Cost \$17,462,767)				

See Notes to Quarterly Portfolio of Investments

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FIRST TRUST HIGH INCOME LONG/SHORT FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
MORTGAGE-BACKED SECURITIES - 1.1%				

COLLATERALIZED MORTGAGE OBLIGATIONS - 0.8%

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\$	1,887,631	Morgan Stanley Mortgage Loan Trust Series 2007-6XS, Class 2A1S (f)....	0.36%	02/25/47	\$
	4,142,567	Wells Fargo Mortgage Backed Securities Trust Series 2006-AR7, Class 2A4 (f).....	2.62%	05/25/36	
	2,685,423	COMMERCIAL MORTGAGE-BACKED SECURITIES - 0.3% Specialty Underwriting & Residential Finance Series 2006-BC4, Class A2B (f).....	0.36%	09/25/37	
		TOTAL MORTGAGE-BACKED SECURITIES .....			
		(Cost \$7,411,661)			

SHARES	DESCRIPTION	V
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COMMON STOCKS - 1.2%

		AUTOMOTIVE - 0.9%		
448,000		Ford Motor Co.....		
98,768		General Motors Co. (j).....		
		BANKING - 0.3%		
75,700		Citigroup, Inc.....		
		TOTAL COMMON STOCKS .....		
		(Cost \$14,700,177)		

WARRANTS - 0.2%

		AUTOMOTIVE - 0.2%		
77,608		General Motors Co. (j).....		
77,608		General Motors Co. (j).....		
		TOTAL WARRANTS .....		
		(Cost \$4,065,974)		

SHORT-TERM INVESTMENTS - 1.3%

8,684,307		Dreyfus Government Cash Management .....		
		TOTAL SHORT-TERM INVESTMENTS .....		
		(Cost \$8,684,307)		
		TOTAL INVESTMENTS - 123.3% .....		81
		(Cost \$829,706,303) (k)		

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
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		U.S. GOVERNMENT BONDS SOLD SHORT - (22.7%)			
\$	(16,000,000)	United States Treasury Note .....	0.25%	03/31/14	(1
	(103,200,000)	United States Treasury Note .....	0.88%	02/28/17	(10

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See Notes to Quarterly Portfolio of Investments

FIRST TRUST HIGH INCOME LONG/SHORT FUND  
 PORTFOLIO OF INVESTMENTS - (CONTINUED)  
 JULY 31, 2012 (UNAUDITED)

PRINCIPAL VALUE	DESCRIPTION	STATED COUPON	STATED MATURITY	V
U.S. GOVERNMENT BONDS SOLD SHORT - (CONTINUED)				
\$ (27,500,000)	United States Treasury Note .....	2.00%	02/15/22	\$ (2
	TOTAL U.S. GOVERNMENT BONDS SOLD SHORT .....			(14
	(Cost \$(147,072,527))			-----
	NET OTHER ASSETS AND LIABILITIES - (0.6%) .....			(
	NET ASSETS - 100.0% .....			\$ 65
				=====

- (a) This security or a portion of this security is segregated as collateral for investments sold short.
- (b) The non-transferable trust units were originally issued to facilitate distribution of General Motors common stock and warrants pursuant to the General Motors Bankruptcy Plan of Reorganization. On June 12, 2012, the holders of these units received new transferable General Motors Unsecured Claim (GUC) Trust Units, which were created to hold and administer the common stock and warrants of General Motors Company to be contributed to the GUC Trust under the General Motors Bankruptcy Plan of Reorganization. As such, the non-transferable trust units currently exist only for the purpose of receiving any residual cash, if any, from the General Motors Bankruptcy. These units were received in exchange for the previously owned General Motors 8.375% Corporate Notes that were scheduled to mature on 7/15/33.
- (c) Security issued by a U.S. incorporated entity, that has its principal value denominated in the listed foreign currency.
- (d) Fixed-to-floating rate security. The interest rate shown reflects the fixed rate in effect at July 31, 2012. At a predetermined date, the fixed rate will change to a floating rate.
- (e) This security, sold within the terms of a private placement memorandum, is exempt from registration upon resale under Rule 144A of the Securities Act of 1933, as amended (the "1933 Act"), and may be resold in transactions exempt from registration, normally to qualified institutional buyers. Pursuant to procedures adopted by the Fund's Board of Trustees, this security has been determined to be liquid by MacKay Shields LLC, the Fund's sub-advisor. Although market instability can result in periods of increased overall market

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illiquidity, liquidity for each security is determined based on security specific factors and assumptions, which require subjective judgment. At July 31, 2012, securities noted as such amounted to \$193,933,086, or 29.42% of net assets.

- (f) Floating rate security. The interest rate shown reflects the rate in effect at July 31, 2012.
- (g) This security is a Payment-in-Kind ("PIK")/Toggle Note whereby interest will be paid either in cash or PIK until 2/15/13. If the interest is paid in PIK then the coupon is 1 percentage point higher than the stated coupon rate.
- (h) Senior Loans in which the Fund invests generally pay interest at rates which are periodically predetermined by reference to a base lending rate plus a premium. These base lending rates are generally (i) the lending rate offered by one or more major European banks, such as the London Inter-Bank Offered Rate ("LIBOR"), (ii) the prime rate offered by one or more United States banks or (iii) the certificate of deposit rate. Certain Senior Loans are subject to a LIBOR floor that establishes a minimum base LIBOR rate.
- (i) Senior Loans generally are subject to mandatory and/or optional prepayment. As a result, the actual remaining maturity of Senior Loans may be substantially less than the stated maturities shown.
- (j) Non-income producing security.

See Notes to Quarterly Portfolio of Investments

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FIRST TRUST HIGH INCOME LONG/SHORT FUND  
PORTFOLIO OF INVESTMENTS - (CONTINUED)  
JULY 31, 2012 (UNAUDITED)

- (k) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of July 31, 2012, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$23,317,822 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$40,615,391.

N/A Not Applicable.

Currency Abbreviations:

EUR Euro Dollar  
GBP British Pound Sterling  
USD United States Dollar

-----  
VALUATION INPUTS

A summary of the inputs used to value the Fund's investments as of July 31, 2012 is as follows (see Note A - Portfolio Valuation in the Notes to Quarterly Portfolio of Investments):

ASSETS TABLE

LEVEL 2

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	TOTAL VALUE AT 7/31/2012	LEVEL 1 QUOTED PRICES	SIGNIFICANT OBSERVABLE INPUTS
Corporate Bonds and Notes:			
Automotive.....	\$ 28,200,163	\$ --	\$ 28,198,063
Other Industry Categories*.....	559,084,785	--	559,084,785
Total Corporate Bonds and Notes.....	587,284,948	--	587,282,848
Foreign Corporate Bonds and Notes*.....	158,708,740	--	158,708,740
Senior Floating-Rate Loan Interests*.....	28,215,900	--	28,215,900
Asset-Backed Securities.....	13,147,781	--	13,147,781
Mortgage-Backed Securities:			
Collateralized Mortgage Obligations.....	4,833,857	--	4,833,857
Commercial Mortgage-Backed Securities.....	2,013,353	--	2,013,353
Common Stocks*.....	8,139,978	8,139,978	--
Warrants*.....	1,379,870	1,379,870	--
Short-Term Investments.....	8,684,307	8,684,307	--
Total Investments.....	\$ 812,408,734	\$ 18,204,155	\$ 794,204,579

LIABILITIES TABLE

	TOTAL VALUE AT 7/31/2012	LEVEL 1 QUOTED PRICES	LEVEL 2 SIGNIFICANT OBSERVABLE INPUTS
U.S. Government Bonds Sold Short.....	\$ (149,688,362)	\$ --	\$ (149,688,362)
Forward Foreign Currency Contracts**.....	(633,883)	(633,883)	--
Total.....	\$ (150,322,195)	\$ (633,883)	\$ (149,688,362)

\* See the Portfolio of Investments for industry breakout.

\*\* See the Schedule of Forward Foreign Currency Contracts for contract and currency detail.

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See Notes to Quarterly Portfolio of Investments

FIRST TRUST HIGH INCOME LONG/SHORT FUND  
PORTFOLIO OF INVESTMENTS - (CONTINUED)  
JULY 31, 2012 (UNAUDITED)

The following table presents the activity of the Fund's investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the period presented.

INVESTMENTS AT FAIR VALUE USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BALANCE AS OF OCTOBER 31, 2011	TRANSFERS IN (OUT) OF LEVEL 3	NET REALIZED GAINS (LOSSES)	CHANGE IN NET UNREALIZED APPRECIATION (DEPRECIATION)	PU (
-----	-----	-----	-----	-----	-----



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dividends declared but unpaid and any borrowings of the Fund), by the total number of Common Shares outstanding.

The Fund's investments are valued daily in accordance with valuation procedures adopted by the Fund's Board of Trustees and in accordance with provisions of the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund's securities will be valued as follows:

Corporate bonds, notes, U.S. Government Securities, Mortgage-backed Securities ("MBS"), Asset-backed Securities ("ABS") and other debt securities are valued on the basis of valuations provided by dealers who make markets in such securities or by an independent pricing service approved by the Fund's Board of Trustees, which may use the following valuation inputs when available:

- 1) benchmark yields;
- 2) reported trades;
- 3) broker/dealer quotes;
- 4) issuer spreads;
- 5) benchmark securities;
- 6) bids and offers; and
- 7) reference data including market research publications.

A ready market does not exist for some of these investments. As such, these values may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Common stocks, and other securities listed on any national or foreign exchange (excluding the NASDAQ National Market ("NASDAQ") and the London Stock Exchange Alternative Investment Market ("AIM")) are valued at the last sale price on the exchange on which they are principally traded. If there are no transactions on the valuation day, the securities are valued at the mean between the most recent bid and asked prices.

Securities listed on the NASDAQ or the AIM are valued at the official closing price. If there is no official closing price on the valuation day, the securities are valued at the mean between the most recent bid and asked prices.

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

Credit default swaps, if any, are valued using a pricing service or, if the pricing service does not provide a value, by quotes provided by the selling dealer or financial institution.

The loan assignments, participations and commitments ("Senior Loans") (1) held in the Fund 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 since its inception, 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



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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 a third party pricing service. The third party pricing service primarily uses over-the-counter pricing from dealer runs and broker quotes from indicative sheets to value the Senior Loans.

Forward foreign currency contracts are valued at the current day's interpolated foreign exchange rate, as calculated using the current day's spot rate, and the thirty, sixty, ninety, and one-hundred eighty day forward rates provided by an independent pricing service.

Debt securities having a remaining maturity of sixty days or less when purchased are valued at cost adjusted for amortization of premiums and accretion of discounts.

- 1 The terms "security" and "securities" used throughout the Notes to Financial Statements include Senior Loans.

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

#### FIRST TRUST HIGH INCOME LONG/SHORT FUND JULY 31, 2012 (UNAUDITED)

In the event the pricing service or dealer does not provide a valuation, or the valuations received are deemed unreliable, the Fund's Board of Trustees has designated First Trust Advisors L.P. ("First Trust") to use a fair value method to value the Fund's securities. Additionally, if events occur after the close of the principal markets for certain securities (e.g., domestic debt and foreign securities) that could materially affect the Fund's NAV, First Trust may use a fair value method to value the Fund's securities. The use of fair value pricing is governed by valuation procedures adopted by the Fund's Board of Trustees, and in accordance with the provisions of the 1940 Act. As a general principle, the fair value of a security is the amount which the Fund might reasonably expect to receive for the security upon its current sale. However, in light of the judgment involved in fair valuations, there can be no assurance that a fair value assigned to a particular security will be the amount which the Fund might be able to receive upon its current sale. Fair valuation of a security is based on the consideration of all available information, including, but not limited to, the following:

- 1) the fundamental business data relating to the issuer;
- 2) an evaluation of the forces which influence the market in which these securities are purchased and sold;
- 3) the type, size and cost of a security;
- 4) the financial statements of the issuer;
- 5) the credit quality and cash flow of the issuer, based on the Sub-Advisor's or external analysis;

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- 6) the information as to any transactions in or offers for the security;
- 7) the price and extent of public trading in similar securities (or equity securities) of the issuer/borrower, or comparable companies;
- 8) the coupon payments;
- 9) the quality, value and salability of collateral, if any, securing the security;
- 10) the business prospects of the issuer, including any ability to obtain money or resources from a parent or affiliate and an assessment of the issuer's management;
- 11) the prospects for the issuer's industry, and multiples (of earnings and/or cash flows) being paid for similar businesses in that industry; and
- 12) other relevant factors.

The Fund is subject to fair value accounting standards that define fair value, establish the framework for measuring fair value and provide a three-level hierarchy for fair valuation based upon the inputs to the valuation as of the measurement date. The three levels of the fair value hierarchy are as follows:

- o Level 1 - Level 1 inputs are quoted prices in active markets for identical investments. An active market is a market in which transactions for the investment occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- o Level 2 - Level 2 inputs are observable inputs, either directly or indirectly, and include the following:
  - o Quoted prices for similar investments in active markets.
  - o Quoted prices for identical or similar investments in markets that are non-active. A non-active market is a market where there are few transactions for the investment, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
  - o Inputs other than quoted prices that are observable for the investment (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
  - o Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- o Level 3 - Level 3 inputs are unobservable inputs. Unobservable inputs may reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the investments.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. A summary of the inputs used to value the Fund's investments as of July 31, 2012, is

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included with the Fund's Portfolio of Investments.

### B. SECURITIES TRANSACTIONS:

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis.

Securities purchased on a when-issued, delayed-delivery or forward purchase commitment basis may have extended settlement periods. The value of the security so purchased is subject to market fluctuations during this period. The Fund maintains liquid assets with a current value at least equal to the amount of its when-issued, delayed-delivery or forward purchase commitments until payment is made. At July 31, 2012, the Fund had no when-issued, delayed-delivery or forward purchase commitments.

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

FIRST TRUST HIGH INCOME LONG/SHORT FUND  
JULY 31, 2012 (UNAUDITED)

### C. FORWARD FOREIGN CURRENCY CONTRACTS:

The Fund is subject to foreign currency risk in the normal course of pursuing its investment objectives. Forward foreign currency contracts are agreements to exchange one currency for another at a future date and at a specified price. The Fund uses forward foreign currency contracts to facilitate transactions in foreign securities and to manage the Fund's foreign currency exposure. These contracts are valued daily, and the Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included on the Schedule of Forward Foreign Currency Contracts. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates. Due to the risks, the Fund could incur losses in excess of the net unrealized value shown on the Schedule of Forward Foreign Currency Contracts.

During the period ended July 31, 2012, the open and close notional values of forward foreign currency contracts were \$1,234,561,202 and \$(1,237,204,037), respectively.

### D. FOREIGN CURRENCY:

The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of investments and items of income and expense are translated on the respective dates of such transactions.

### E. SHORT SALES:

Short sales are utilized for investment and risk management purposes and are transactions in which securities or other instruments (such as options,

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forwards, futures or other derivative contracts) are sold that are not currently owned in the Fund's portfolio. When a short sale is engaged in, the security sold short must be borrowed and delivered to the counterparty. Short selling allows the Fund to profit from a decline in a market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The Fund will pay a fee or premium to borrow the securities and is obligated to repay the lenders of the securities. Any dividends or interest that accrues on the securities during the period of the loan are due to the lenders. A gain, limited to the price at which the security was sold short, or a loss, unlimited in size, will be recognized upon the termination of the short sale. Any such gain or loss may be offset, completely or in part, by the change in the value of the long portion of the Fund's portfolio. The Fund is subject to the risk it may be unable to reacquire a security to terminate a short position except at a price substantially in excess of the last quoted price. Also, there is the risk that the counterparty to a short sale may fail to honor its contractual terms, causing a loss to the Fund.

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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 High Income Long/Short Fund  
-----

By (Signature and Title)\* /s/ Mark R. Bradley  
-----  
Mark R. Bradley, President and  
Chief Executive Officer  
(principal executive officer)

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Date September 24, 2012  
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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/ Mark R. Bradley  
-----  
Mark R. Bradley, President and  
Chief Executive Officer  
(principal executive officer)

Date September 24, 2012  
-----

By (Signature and Title)\* /s/ James M. Dykas  
-----  
James M. Dykas, Treasurer,  
Chief Financial Officer and  
Chief Accounting Officer  
(principal financial officer)

Date September 24, 2012  
-----

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