

FIRST TRUST STRATEGIC HIGH INCOME FUND
Form N-Q
September 28, 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 811-21756

FIRST TRUST STRATEGIC HIGH INCOME FUND

(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, Esq.
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: OCTOBER 31

Date of reporting period: JULY 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.

The Schedule(s) of Investments is attached herewith.

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FIRST TRUST STRATEGIC HIGH INCOME FUND
 PORTFOLIO OF INVESTMENTS
 JULY 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION | MARKET VALUE |
|---------------------------------|--|-----------------|
| ----- | | |
| ASSET-BACKED SECURITIES - 54.4% | | |
| \$ 2,000,000 | ACE Securities Corp., Home Equity Loan Trust, Series 2003-OP1, Class B, 6.00%, 12/25/33+ | \$ 1,960,131 |
| 2,000,000 | ACE Securities Corp., Home Equity Loan Trust, Series 2005-HE5, Class M10, 8.39%, 8/25/35*** | 1,862,905 |
| 4,016,999 | ACLC Business Loan Receivables Trust, Series 1999-1, Class A3, 7.39%, 8/15/20** | 3,714,844 |
| 2,241,148 | Aircraft Finance Trust, Series 1999-1A, Class A2, 5.87%, 5/15/24+ | 2,105,278 |
| 1,333,721 | Atherton Franchisee Loan Funding, Series 1999-A, Class A2, 7.23%, 4/15/12** | 1,358,739 |
| 388,037 | Bombardier Capital Mortgage Securitization Corp., Series 1999-B, Class A1B, 6.61%, 9/15/10 | 261,439 |
| 4,881,068 | Conseco Finance Securitizations Corp., Series 2000-6, Class M1, 7.72%, 9/01/32 | 1,014,442 |
| 1,904,738 | EMAC Owner Trust, LLC, Series 1998-1, Class A3, 6.63%, 1/15/25** | 1,659,726 |
| 1,562,953 | EMAC Owner Trust, LLC, Series 2000-1, Class A1, 6.29%, 1/15/27*** | 1,095,044 |
| 2,002,136 | EMAC Owner Trust, LLC, Series 2000-1, Class A2, 6.29%, 1/15/27*** | 1,402,746 |
| 43,586 | Empire Funding Home Loan Owner Trust, Series 1998-1, Class B2, 10.24%, 6/25/24+ | 42,999 |
| 4,905,000 | Falcon Franchise Loan Trust, Series 2000-1, Class E, 6.50%, 4/05/16** | 3,995,966 |
| 4,231,000 | Falcon Franchise Loan Trust, Series 2003-1, Class E, 6.00%, 1/05/25** | 2,890,257 |
| 5,000,000 | FFCA Secured Lending Corp., Series 1998-1, Class D1, 7.81%, 10/18/25** | 4,538,411 |
| 5,000,000 | FFCA Secured Lending Corp., Series 1999-2, Class B1, 8.27%, 5/18/26** | 2,817,185 |
| 2,339,975 | FMAC Loan Receivables Trust, Series 1997-B, Class A, 6.85%, 9/15/19** | 2,258,602 |
| 1,000,000 | Forte CDO (Cayman) Ltd., Series B-A, Senior Secured Note, 8.04%, 4/12/13** | 948,125 |
| 514,421 | Green Tree Financial Corp., Series 1997-4, Class B1, 7.23%, 2/15/29 | 77,336 |
| 1,000,000 | Green Tree Financial Corp., Series 1998-4, Class M1, 6.83%, 4/01/30 | 381,547 |
| 5,000,000 | Green Tree Financial Corp., Series 1998-6 Class M1, 6.63%, 6/01/30 | 2,403,125 |
| 6,000,000 | Green Tree Financial Corp., Series 1999-2, Class M1, 6.80%, 12/01/30 | 1,573,409 |
| 2,500,000 | Green Tree Financial Corp., Series 1999-3, Class M1, 6.96%, 2/01/31 | 545,810 |
| 10,000,000 | GreenPoint Manufactured Housing Contract Trust, | |

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| | | |
|-----------|--|-----------|
| 5,000,000 | Series 1999-5, Class M2, 9.23%, 12/15/29 GSAMP Trust, | 4,858,907 |
| | Series 2004-AR2, Class B4, 5.00%, 8/25/34*** | 4,260,335 |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST STRATEGIC HIGH INCOME FUND
PORTFOLIO OF INVESTMENTS - (CONTINUED)
JULY 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION | MARKET VALUE |
|---------------------------------------|---|-----------------|
| ASSET-BACKED SECURITIES - (CONTINUED) | | |
| \$ 3,700,000 | Halyard CBO I, Ltd., Series 1A, Class B, 6.52%, 3/24/10*** | \$ 2,627,000 |
| 4,000,000 | Helios Series I, Multi Asset CBO I, Ltd., Series 1A, Class B, 6.26%, 12/13/36*** | 3,320,000 |
| 2,000,000 | Home Equity Mortgage Trust, Series 2005-3, Class B2, 7.00%, 11/25/35 | 1,702,040 |
| 2,375,000 | IndyMac Residential Asset Backed Trust, Series 2005-B, Class M10, 8.89%, 8/25/35+ | 2,201,620 |
| 1,817,565 | Long Beach Mortgage Loan Trust, Series 2002-1, Class M3, 7.89%, 5/25/32+ | 1,206,326 |
| 2,835,209 | Long Beach Mortgage Loan Trust, Series 2002-2, Class M3, 7.64%, 7/25/32+ | 2,471,467 |
| 2,810,069 | Longhorn CDO Ltd., Series 1, Class C, 11.40%, 5/10/12*** | 2,746,843 |
| 1,266,224 | Morgan Stanley Dean Witter Capital I, Series 2001-NC3, Class B1, 9.06%, 10/25/31+ | 1,249,226 |
| 4,500,000 | North Street Referenced Linked Notes, Series 2000-1A, Class C, 7.24%, 4/28/11*** | 3,330,000 |
| 8,000,000 | Oakwood Mortgage Investors, Inc., Series 2002-B, Class M1, 7.62%, 6/15/32 | 1,873,190 |
| 3,000,000 | Park Place Securities, Inc., Series 2004-WCW2, Class M10, 8.14%, 10/25/34*** | 2,824,913 |
| 3,000,000 | Park Place Securities, Inc., Series 2005-WHQ4, Class M10, 7.89%, 9/25/35*** | 2,687,979 |
| 2,989,976 | Pegasus Aviation Lease Securitization III, Series 2001-1A, Class A3, 6.03%, 3/10/14*** | 2,633,048 |
| 6,000,000 | Soundview Home Equity Loan Trust, Series 2005-A, Class B2, 8.39%, 4/25/35*** | 5,500,346 |
| 1,620,000 | Structured Asset Securitites Corp., Series 2003-BC3, Class B, 8.39%, 4/25/33*** | 1,514,643 |
| 2,651,000 | Structured Asset Investment Loan Trust, Series 2004-8, Class B2, 5.00%, 9/25/34 | 2,462,413 |
| 5,000,000 | Summit CBO I, Ltd., Series 1A, Class B, 6.30%, 5/23/11*** | 1,128,125 |
| 5,000,000 | Wilbraham CBO Ltd., Series 1A, Class A2, 6.28%, 7/13/12*** | 4,050,000 |
| | TOTAL ASSET-BACKED SECURITIES | 93,556,487 |
| | (Cost \$93,181,412) | |

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COLLATERALIZED MORTGAGE OBLIGATIONS - 5.0%

| | | |
|-----------|--|-----------|
| 3,991,706 | CWALT, Inc., Pass-Through Certificates, Series 2005-56, Class B4, 6.64%, 11/25/35***+ | 2,395,023 |
| 8,981,339 | CWALT, Inc., Pass-Through Certificates, Series 2005-56, Class B5, 6.64%, 11/25/35***+ | 1,886,081 |
| 4,999,480 | HarborView Mortgage Loan Trust, Series 2005-9, Class B10, 6.22%, 6/20/35+ | 4,405,607 |
| | | ----- |
| | TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS | 8,686,711 |
| | | ----- |
| | (Cost \$8,317,925) | |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST STRATEGIC HIGH INCOME FUND
PORTFOLIO OF INVESTMENTS - (CONTINUED)
JULY 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION | MARKET VALUE |
|---|--|-----------------|
| ----- | ----- | ----- |
| COMMERCIAL MORTGAGE-BACKED SECURITIES - 15.9% | | |
| \$ 1,171,422 | Banc of America Commercial Mortgage Inc., Series 2000-1, Class M, 6.00%, 11/15/31** | \$ 963,938 |
| 2,000,000 | Banc of America Large Loan, Inc., Series 2005-MIB1, Class L, 8.37%, 3/15/22***+ | 1,970,001 |
| 2,878,166 | Banc of America Structured Securities Trust, Series 2002-X1, Class O, 7.00%, 10/11/33** | 2,504,666 |
| 2,878,166 | Banc of America Structured Securities Trust, Series 2002-X1, Class P, 7.00%, 10/11/33** | 2,077,388 |
| 1,776,400 | Bear Stearns Commercial Mortgage Securities, Series 2000-WF1, Class K, 6.50%, 2/15/32 | 1,470,355 |
| 20,333,540 | FannieMae-ACES, Series 1998-M7, Class N, IO, 0.76%, 5/25/36+ | 414,215 |
| 700,000 | GE Capital Commercial Mortgage Corp., Series 2000-1, Class G, 6.13%, 1/15/33** | 666,631 |
| 1,000,000 | GMAC Commercial Mortgage Securities, Inc., Series 1999-C3, Class G, 6.97%, 8/15/36** | 895,766 |
| 113,172,860 | Government National Mortgage Association, Series 2003-47, Class XA, IO, 0.18%, 6/16/43+ | 6,263,869 |
| 22,220,568 | Government National Mortgage Association, Series 2003-59, Class XA, IO, 0.97%, 6/16/34+ | 1,921,081 |
| 7,000,000 | GS Mortgage Securities Corp. II, Series 1998-C1, Class H, 6.00%, 10/18/30** | 3,611,714 |
| 3,025,000 | LB-UBS Commercial Mortgage Trust, Series 2001-C7, Class Q, 5.87%, 11/15/33** | 2,201,818 |
| 2,951,002 | LB-UBS Commercial Mortgage Trust, Series 2001-C7, Class S, 5.87%, 11/15/33** | |
| 1,740,820 | 968,400 Morgan Stanley Capital I Inc., Series 1999-WF1, Class M, 5.91%, 11/15/31** | 621,111 |
| | | ----- |

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TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES 27,323,373

 (Cost \$27,093,369)

CORPORATE BONDS AND NOTES - 19.4%

| | | |
|-----------|--|-----------|
| 2,000,000 | Advanced Lighting Technologies, Inc., Senior Subordinated Note, 11.00%, 3/31/09 | 1,990,000 |
| 1,500,000 | Alliance One International, Inc., Company Guarantee, 11.00%, 5/15/12 | 1,466,250 |
| 1,000,000 | Alliance One International, Inc., Senior Subordinated Note, 12.75%, 11/15/12 | 975,000 |
| 375,000 | CitiSteel USA, Inc., Secured Senior Note, PIK, 15.00%, 10/01/10** | 390,938 |
| 2,000,000 | Edgen Acquisition Corp., Secured Senior Note, 9.88%, 2/01/11 | 1,990,000 |
| 1,500,000 | Elgin National Industries, Inc., Series B, Company Guarantee, 11.00%, 11/01/07 | 1,488,750 |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST STRATEGIC HIGH INCOME FUND
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 JULY 31, 2006 (UNAUDITED)

| PRINCIPAL VALUE | DESCRIPTION | MARKET VALUE |
|---|--|-----------------|
| ----- | ----- | ----- |
| CORPORATE BONDS AND NOTES - (CONTINUED) | | |
| \$ 2,000,000 | Eurofresh Inc., Senior Note, 11.50%, 1/15/13** | \$ 1,960,000 |
| 2,000,000 | GSI Group Inc., Company Guarantee, 12.00%, 5/15/13 | 2,080,000 |
| 1,000,000 | Interactive Health, LLC, Senior Note, 7.25%, 4/01/11** | 820,000 |
| 500,000 | Metallurg Holdings, Inc., Secured Senior Note, 10.50%, 10/01/10** | 497,500 |
| 2,000,000 | Milacron Escrow Corp., Secured Senior Note, 11.50%, 5/15/11 | 1,860,000 |
| 2,000,000 | Motors and Gears Holdings Inc., Series D, Senior Note, 10.75%, 11/15/06 | 1,990,000 |
| 1,000,000 | Mrs. Fields Famous Brands, LLC, Company Guarantee, 9.00%, 3/15/11 | 785,000 |
| 1,000,000 | PCA Finance Corp., LLC, Secured Senior Note, 14.00%, 6/01/09** | 1,002,637 |
| 1,500,000 | Rafealla Apparel Group, Inc., Senior Note, 11.25%, 6/15/11** | 1,455,000 |
| 2,000,000 | Sheridan Group, Inc., Secured Senior Note, 10.25%, 8/15/11 | 2,030,000 |
| 2,000,000 | Spansion LLC, Senior Note, 11.25%, 1/15/16** | 2,055,000 |
| 2,000,000 | Transmeridian Exploration Inc., Company Guarantee, 12.00%, 12/15/10 | 2,030,000 |
| 1,000,000 | TriMas Corp., Company Guarantee, 9.88%, 6/15/12 | 927,500 |
| 2,000,000 | Unisys Corp., Senior Note, 8.00%, 10/15/12 | 1,835,000 |

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| | | |
|-----------|---|------------|
| 2,000,000 | Uno Restaurant Holdings Corp., Senior Note, 10.00%, 2/15/11** | 1,555,000 |
| 1,250,000 | Windmere-Durable Holdings, Inc., Senior Subordinated Note, 10.00%, 7/31/08 | 1,253,125 |
| 1,000,000 | Wornick Company, Secured Senior Note, 10.88%, 7/15/11 | 1,015,000 |
| | | ----- |
| | TOTAL CORPORATE BONDS AND NOTES | 33,451,700 |
| | | ----- |
| | (Cost \$33,480,225) | |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST STRATEGIC HIGH INCOME FUND
PORTFOLIO OF INVESTMENTS - (CONTINUED)
JULY 31, 2006 (UNAUDITED)

| SHARES | DESCRIPTION | MARKET VALUE |
|-----------------------------|---|-----------------|
| ----- | | |
| PREFERRED SECURITIES - 4.2% | | |
| 1,450,000 | Ajax Ltd., Series 2A** | \$ 848,250 |
| 2,000,000 | Ajax Ltd., Series 2X** | 1,170,000 |
| 4,000,000 | Pro Rata Funding Ltd. Inc.** | 3,280,000 |
| 2,000,000 | Soloso CDO Ltd., Series 2005-1** | 1,980,000 |
| | | ----- |
| | | 7,278,250 |
| | | ----- |
| | TOTAL PREFERRED SECURITIES | 7,278,250 |
| | | ----- |
| | (Cost \$7,178,974) | |
| | TOTAL INVESTMENTS - 98.9% | 170,296,521 |
| | (Cost \$169,251,905)* | |
| | NET OTHER ASSETS AND LIABILITIES - 1.1% | 1,850,573 |
| | | ----- |
| | NET ASSETS - 100.0% | \$ 172,147,094 |
| | | ----- |
| | | ----- |

* Aggregate cost for federal income tax and financial reporting purposes.

** Securities are restricted and cannot be offered for public sale without first being registered under the Securities Act of 1933, as amended. Prior to registration, restricted securities may only be resold, in transactions exempt from registration. At July 31, 2006, these securities amounted to \$103,715,064, or 60.25% of net assets (Note 1C).

+ Variable rate security. The interest rate shown reflects the rate in effect at July 31, 2006.

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ACES Alternative Credit Enhancement Securities

IO Interest only

PIK Payment-in-Kind

See Notes to Quarterly Portfolio of Investments.

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NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS - (UNAUDITED)

FIRST TRUST STRATEGIC HIGH INCOME FUND

JULY 31, 2006

1. VALUATION AND INVESTMENT PRACTICES

A. PORTFOLIO VALUATION:

The net asset value ("NAV") of the Common Shares of the First Trust Strategic High Income Fund (the "Fund") is computed based upon the value of the Fund's portfolio securities and other assets less any accrued liabilities. The NAV is determined as of the close of regular session 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) from the Fund's Total Assets (the value of the 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").

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

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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. 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 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 instructs the custodian to segregate assets of the Fund with a current value at least equal to the amount of its when-issued purchase commitments.

C. RESTRICTED SECURITIES

The Fund may invest in restricted securities, which are defined as securities that may not be offered for public sale without first being registered under the Securities Act of 1933, as amended. Prior to registration, restricted securities may only be resold in transactions exempt from registration. As of July 31, 2006, the Fund held restricted securities as shown in the following table. The Fund does not have the right to demand that such securities be registered. These securities are valued according to the valuation procedures as stated in the Portfolio Valuation footnote (Note 1A) and are not expressed as a discount to the carrying value of a comparable unrestricted security.

| SECURITY | ACQUISITION DATE | CARRYING PER U |
|--|---------------------|-------------------|
| ACE Securities Corp., Home Equity Loan Trust, Series 2005-HE5, Class M10 | 8/5/05 | \$ 9 |
| ACLC Business Loan Receivables Trust, Series 1999-1, Class A3 | 10/13/05 | 9 |
| Atherton Franchisee Loan Funding, Series 1999-A, Class A2 | 6/8/06 | 10 |
| Ajax Ltd., Series 2A | 11/30/05 | |
| Ajax Ltd., Series 2X | 11/30/05 | |
| Banc of America Commercial Mortgage Inc., Series 2000-1, Class M | 8/2/05 | 8 |
| Banc of America Large Loan, Inc., Series 2005-M1B1, Class L | 6/26/06 | 9 |
| Banc of America Structured Securities Trust, Series 2002-X1, Class O | 8/4/05 | 8 |
| Banc of America Structured Securities Trust, Series 2002-X1, Class P | 8/4/05 | 7 |
| CitiSteel USA, Inc., Senior Secured Note, PIK | 6/29/06 | 10 |
| CWALT, Inc., Pass-Through Certificates, Series 2005-56, Class B4 | 3/23/06 | 6 |
| CWALT, Inc., Pass-Through Certificates, Series 2005-56, Class B5 | 3/23/06 | 2 |

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

FIRST TRUST STRATEGIC HIGH INCOME FUND
JULY 31, 2006

| SECURITY | ACQUISITION DATE | CARRYING PER U |
|----------|---------------------|-------------------|
|----------|---------------------|-------------------|

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| | | | |
|---|----------|----|----|
| EMAC Owner Trust, LLC, Series 1998-1, Class A3 | 7/31/06 | \$ | 8 |
| EMAC Owner Trust, LLC, Series 2000-1, Class A1 | 7/31/06 | | 7 |
| EMAC Owner Trust, LLC, Series 2000-1, Class A2 | 7/31/06 | | 7 |
| Eurofresh Inc., Senior Note | 5/17/06 | | 9 |
| Falcon Franchise Loan Trust, Series 2000-1, Class E | 8/9/05 | | 8 |
| Falcon Franchise Loan Trust, Series 2003-1, Class E | 8/18/05 | | 6 |
| FFCA Secured Lending Corp., Series 1998-1, Class D1 | 8/25/05 | | 9 |
| FFCA Secured Lending Corp., Series 1999-2, Class B1 | 8/2/05 | | 5 |
| FMAC Loan Receivables Trust, Series 1997-B, Class A | 8/4/05 | | 9 |
| Forte CDO (Cayman) Ltd., Series B, Senior Secured Note | 8/4/05 | | 9 |
| GE Capital Commercial Mortgage Corp., Series 2000-1, Class G | 6/6/06 | | 9 |
| GMAC Commercial Mortgage Securities, Inc., Series 1999-C3, Class G | 8/24/05 | | 8 |
| GS Mortgage Securities Corp. II, Series 1998-C1, Class H | 8/2/05 | | 5 |
| GSAMP Trust, Series 2004-AR2, Class B4 | 8/17/05 | | 8 |
| Halyard CBO I, Multi Asset CBO I, Ltd., Series 1A, Class B | 3/27/06 | | 7 |
| Helios Series I, Multi Asset CBO I, Ltd., Series 1A, Class B | 2/28/06 | | 8 |
| Interactive Health, LLC, Senior Note | 12/13/05 | | 8 |
| LB-UBS Commercial Mortgage Trust, Series 2001-C7, Class Q | 9/19/05 | | 7 |
| LB-UBS Commercial Mortgage Trust, Series 2001-C7, Class S | 9/29/05 | | 5 |
| Longhorn CDO Ltd., Series 1, Class C | 3/24/06 | | 9 |
| Metallurg Holdings, Inc., Senior Secured Note | 9/16/05 | | 9 |
| Morgan Stanley Capital I Inc., Series 1999-WF1, Class M | 8/3/05 | | 6 |
| North Street Referenced Linked Notes, Series 2000-1A, Class C | 3/27/06 | | 7 |
| Park Place Securities, Inc., Series 2004-WCW2, Class M10 | 3/24/06 | | 9 |
| Park Place Securities, Inc., Series 2005-WHQ4, Class M10 | 8/26/05 | | 8 |
| PCA Finance Corp., LLC, Secured Note | 4/6/06 | | 10 |
| Pegasus Aviation Lease Securitization III, Series 2001-1A, Class A3 | 8/4/05 | | 8 |
| Pro Rata Funding Ltd. Inc. | 4/11/06 | | |
| Rafealla Apparel Group, Inc., Senior Note | 5/16/06 | | 9 |
| Soloso CDO Ltd., Series 2005-1 | 8/12/05 | | |
| Soundview Home Equity Loan Trust, Series 2005-A, Class B2 | 8/4/05 | | 9 |
| Spansion LLC, Senior Note | 4/3/06 | | 10 |
| Structured Asset Securities Corp., Series 2003-BC3, Class B | 2/28/06 | | 9 |
| Summit CBO I, Ltd., Series 1A, Class B | 8/3/05 | | 2 |
| Uno Restaurant Holdings Corp., Senior Note | 9/15/05 | | 7 |
| Wilbraham CBO Ltd., Series 1A, Class A2 | 2/28/06 | | 8 |

2. UNREALIZED APPRECIATION/(DEPRECIATION)

As of July 31, 2006, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$3,471,189, and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$2,426,573.

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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

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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 STRATEGIC HIGH INCOME FUND

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

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

Date SEPTEMBER 21, 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 SEPTEMBER 21, 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 SEPTEMBER 21, 2006

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