FIRST TRUST SENIOR FLOATING RATE INCOME FUND II
Form N-2
September 28, 2012

As filed with the Securities and Exchange Commission on September 28, 2012

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1933 Act File No. 333-________
1940 Act File No. 811-21539

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-2

(Check appropriate box or boxes)

[X] REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
[ ] Pre-Effective Amendment No. __
[ ] Post-Effective Amendment No. __

and

[ ] REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
[X] Amendment No. 6

First Trust Senior Floating Rate Income Fund II
Exact Name of Registrant as Specified in Declaration of Trust

120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187
Address of Principal Executive Offices (Number, Street, City, State, Zip Code)

(630) 765-8000
Registrant's Telephone Number, including Area Code

W. Scott Jardine, Esq.
First Trust Portfolios L.P.
120 East Liberty Drive, Suite 400
Wheaton, Illinois 60187
Name and Address (Number, Street, City, State, Zip Code) of Agent for Service

Copies of Communications to:

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

Approximate Date of Proposed Public Offering: From time to time after the effective date of this Registration Statement

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If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. [X]

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

[ ] when declared effective pursuant to section 8(c)

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amoun Regist Fee
Common Shares, $0.01 par value	1,000 shares	$15.60	$15,600	$1.

(1) Estimated pursuant to Rule 457(c) of the Securities Act of 1933, as amended, solely for the purpose of determining the registration fee, based upon the average of high and low prices reported on September 27, 2012, as reported on the NYSE.

(2) Transmitted prior to filing.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED SEPTEMBER 28, 2012

BASE PROSPECTUS

FIRST TRUST SENIOR FLOATING RATE INCOME FUND II

UP TO __________ COMMON SHARES

The Fund. First Trust Senior Floating Rate Income Fund II (the "Fund") is a diversified, closed-end management investment company which commenced operations in May, 2004.

Investment Objectives and Policies. The Fund's primary investment objective is to seek a high level of current income. As a secondary objective, the Fund attempts to preserve capital. There can be no assurance that the Fund will achieve its investment objectives.

The Fund pursues these objectives through investment in a portfolio of senior secured floating rate corporate loans ("Senior Loans"). Under normal market circumstances, the Fund invests at least 80% of its Managed Assets (as defined below) in a diversified portfolio of Senior Loans. Investment in Senior Loans involves credit risk and, during periods of generally declining credit quality, it may be particularly difficult for the Fund to achieve its secondary investment objective. Generally, at least 80% of the Fund's Managed Assets, including Senior Loans, will be invested in lower grade debt instruments. Lower grade debt instruments are commonly referred to as "high yield" or "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. The Fund may not be appropriate for all investors. See "The Fund's Investments."

The Fund's currently outstanding common shares are, and the common shares offered in this prospectus will be, subject to notice of issuance, listed on the New York Stock Exchange under the trading or "ticker" symbol "FCT." The net asset value of the Fund's common shares on August 31, 2012 was $14.77 per common share, and the last sale price of the common shares on the New York Stock Exchange on such date was $15.19.

THE FUND'S COMMON SHARES DO NOT REPRESENT A DEPOSIT OR OBLIGATION OF, AND ARE NOT GUARANTEED OR ENDORSED BY, ANY BANK OR OTHER INSURED DEPOSITORY INSTITUTION, AND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (THE "FDIC"), THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENT AGENCY.

The Fund may offer, on an immediate, continuous or delayed basis, up to ____________ of the Fund's common shares in one or more offerings. The Fund may offer its common shares in amounts, at prices and on terms set forth in a prospectus supplement to this prospectus. You should read this prospectus and the related prospectus supplement carefully before you decide to invest in any of the common shares.

The Fund may offer the common shares directly to one or more purchasers, through agents that the Fund or the purchasers designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the particular offering will identify any agents or underwriters involved in the sale of the common shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between the Fund and such agents or underwriters or among the underwriters or the basis upon which such amount may be calculated. For more information about the manner in which the Fund may offer the common shares, see "Plan of Distribution." The common shares may not be sold through agents, underwriters or dealers without delivery of a prospectus supplement.

INVESTING IN COMMON SHARES INVOLVES CERTAIN RISKS. YOU COULD LOSE SOME OR ALL OF YOUR INVESTMENT. SEE "RISKS" BEGINNING ON PAGE [ ].

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

(continued on the following page)

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Investment Advisor. First Trust Advisors L.P. ("First Trust Advisors" or the "Advisor") is the Fund's investment advisor and is responsible for the day-to-day management of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical and bookkeeping and other administrative services. The Advisor's Leveraged Finance Investment Team is responsible for determining the Fund's overall investment strategy and overseeing its implementation. First Trust Advisors serves as investment advisor or portfolio supervisor to investment portfolios with approximately $58 billion in assets which it managed or supervised as of August 31, 2012. See "Management of the Fund" in this prospectus and "Investment Advisor" in the Fund's Statement of Additional Information (the "SAI").

Use of Leverage. The Fund is currently engaged in leverage through the use of a revolving credit facility and may in the future also engage in the use of leverage through the issuance of preferred shares of beneficial interest ("Preferred Shares") or through commercial paper, notes, reverse repurchase agreements and/or other borrowings (collectively "Borrowings"). The Fund limits its use of leverage to an aggregate amount of up to 33-1/3% of the Fund's Managed Assets after such issuance and/or Borrowings. "Managed Assets" means the average daily gross asset value of the Fund (including assets attributable to the Fund's Preferred Shares, if any, and the principal amount of Borrowings) minus the sum of the Fund's accrued and unpaid dividends on any outstanding Preferred Shares and accrued liabilities (other than the principal amount of any Borrowings). As of August 31, 2012, the Fund's aggregate leverage through Borrowings was approximately 29.9% of Managed Assets. The determination to use leverage is subject to the approval of the Fund's Board of Trustees ("Board of Trustees"). Through leveraging, the Fund seeks to obtain a higher return for the holders of common shares than if the Fund did not use leverage. Leverage is a speculative technique and investors should note that there are special risks and costs associated with the leveraging of the common shares. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed. See "Borrowings and Preferred Shares-Effects of Leverage," "Risks-Leverage Risk" and "Description of Shares."

You should read this prospectus and any prospectus supplement, which contains important information about the Fund, before deciding whether to invest in the common shares, and retain it for future reference. This prospectus, together with any prospectus supplement, sets forth concisely the information about the Fund that a prospective investor ought to know before investing. The Statement of Additional Information (the "SAI"), dated ___________, 2012, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI, the table of contents of which is on page [ ] of this prospectus, annual and semi annual reports to shareholders, and other information about the Fund, and make shareholder inquiries by calling (800) 988-5891, by writing to the Fund or from the Fund's or the Advisor's website (http://www.ftportfolios.com). The information contained in the Fund's or the Advisor's website, whether currently posted or posted in the future, is not part of this prospectus or the documents incorporated by reference in this prospectus. You also may obtain a copy of the SAI (and other information regarding the Fund) from the Securities and Exchange Commission's web site (http://www.sec.gov).

Shares of common stock of closed-end investment companies, like the Fund, frequently trade at discounts to their net asset values. If the Fund's common shares trade at a discount to net asset value, the risk of loss may increase for purchasers in any offering, especially for those investors who expect to sell their common shares in a relatively short period after purchasing shares in such offering. See "Risks Market Discount From Net Asset Value."

Prospectus dated , 2012

CAUTIONARY NOTICE REGARDING FORWARD LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the SAI, including documents incorporated by reference, contain "forward looking statements." Forward looking statements can be identified by the words "may," "will," "intend," "expect," "estimate," "continue," "plan," "anticipate," and similar terms and the negative of such terms. By their nature, all forward looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward looking statements. Several factors that could materially affect the Fund's actual results are the performance of the portfolio of securities held by the Fund, the conditions in the U.S. and international financial and other markets, the price at which the Fund's common shares trade in the public markets and other factors discussed in the Fund's periodic filings with the Securities and Exchange Commission (the "SEC").

Although we believe that the expectations expressed in these forward looking statements are reasonable, actual results could differ materially from those projected or assumed in these forward looking statements. The Fund's future financial condition and results of operations, as well as any forward looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the "Risks" section of this prospectus. All forward looking statements contained or incorporated by reference in this prospectus or any accompanying prospectus supplement are made as of the date of this prospectus or the accompanying prospectus supplement, as the case may be. We do not intend, and we undertake no obligation, to update any forward looking statement. The forward looking statements contained in this prospectus and any accompanying prospectus supplement are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act").

Currently known risk factors that could cause actual results to differ materially from the Fund's expectations include, but are not limited to, the factors described in the "Risks" section of this prospectus. We urge you to review carefully that section for a more detailed discussion of the risks of an investment in the Fund's securities.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in the Fund's common shares. You should carefully read the entire prospectus, any related prospectus supplement and the SAI, including the documents incorporated by reference, particularly the section entitled "Risks" beginning on page [ ].

The Fund	First Trust Senior Floating Rate Income Fund II is a diversified, closed-end management investment company which commenced operations in May, 2004. The Fund's

	primary investment objective is to seek a high level of current income. As a secondary objective, the Fund attempts to preserve capital. The Fund pursues its objectives by investing in a portfolio of Senior Loans. There can be no assurance that the Fund's investment objectives will be achieved. The Fund may not be appropriate for all investors. The Fund completed its initial public offering of common shares in May, 2004, raising approximately $438.4 million in equity after the payment of offering expenses. As of August 31, 2012, the Fund had 25,362,005 common shares outstanding and net assets applicable to common shares of $374,575,564. The common shares of beneficial interest offered by this prospectus are called "Common Shares" and the holders of Common Shares are called "Common Shareholders" in this prospectus. As used in this prospectus, unless the context requires otherwise, "common shares" refers to the Fund's common shares of beneficial interest currently outstanding as well as those Common Shares offered by this prospectus and the holders of common shares are called "common shareholders."
Investment Advisor	First Trust Advisors L.P. ("First Trust Advisors" or the "Advisor") is the Fund's investment advisor and is responsible for the day-to-day management of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical and bookkeeping and other administrative services. The Advisor's Leveraged Finance Investment team is responsible for the day to day management of the Fund's portfolio. First Trust Advisors, a registered investment advisor, is an Illinois limited partnership formed in 1991. It serves as investment advisor or portfolio supervisor to investment portfolios with approximately $58 billion in assets which it managed or supervised as of August 31, 2012.
The Offering	The Fund may offer, on an immediate, continuous or delayed basis, up to _____ Common Shares on terms to be determined at the time of the offering. The Common Shares will be offered at prices and on terms to be set forth in one or more prospectus supplements to this prospectus. Offerings of the Common Shares will be subject to the provisions of the Investment Company Act of 1940, as amended (the "1940 Act") which generally require that the public offering price of common shares of a closed-end investment company (exclusive of distribution commissions and discounts) must equal or exceed the net asset value per share of a company's common stock (calculated within 48 hours of pricing), absent shareholder approval or under certain other circumstances. See "Description of Shares." The Fund may offer the Common Shares directly to one or more purchasers, through agents that the Fund or the purchasers designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any

agents or underwriters involved in the sale of the Common Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between the Fund and such agents or underwriters or among underwriters or the basis upon which such amount may be calculated. See "Plan of Distribution." The Common Shares may not be sold through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of the Common Shares.

Use of Proceeds	Unless otherwise specified in a prospectus supplement, the Fund will use the net proceeds from the sale of the Common Shares primarily to invest in accordance with its investment objective and policies, or use such proceeds for other general corporate purposes.
Distributions	The Fund's present distribution policy, which may be changed at any time by the Fund's Board of Trustees, is to distribute monthly all or a portion of its net investment income to common shareholders (after the payment of interest and/or dividends in connection with leverage). In addition, the Fund intends to distribute any net long-term capital gains to common shareholders as long-term capital gain dividends at least annually. Unless an election is made to receive dividends in cash, Common Shareholders will automatically have all dividends and distributions reinvested in Common Shares through the Fund's Dividend Reinvestment Plan. See "Dividend Reinvestment Plan."
	If the Fund realizes a long-term capital gain, it will be required to allocate such gain between the common shares and the Preferred Shares, if any, issued by the Fund in proportion to the total dividends paid to each class of shares for the year in which the income is realized. See "Distributions."
Investment Objectives and Policies	The Fund's primary investment objective is to seek a high level of current income. As a secondary objective, the Fund will attempt to preserve capital. The Fund pursues these objectives through investment in a portfolio of senior secured floating rate corporate loans ("Senior Loans"). There can be no assurance that the Fund will achieve its investment objectives. Investment in Senior Loans involves credit risk and, during periods of generally declining credit quality, it may be particularly difficult for the Fund to achieve its secondary investment objective. The Fund may not be appropriate for all investors. See "The Fund's Investments."
	Under normal conditions, the Fund invests at least 80% of its Managed Assets (as defined below) in a diversified portfolio of Senior Loans. The Fund cannot change this investment policy unless the Fund's shareholders receive at least 60 days prior notice of

any such change. The portion of the Fund's assets invested in Senior Loans will vary from time to time consistent with the Fund's investment objectives, changes in market prices for Senior Loans, changes in interest rates and other economic and market factors.

Senior Loans generally hold one of the most senior positions in the capital structure of a business entity (the "Borrower"), are typically secured with specific collateral and have a claim on the assets and/or stock of the Borrower that is senior to that held by subordinated debtholders and stockholders of the Borrower. The proceeds of Senior Loans primarily are used to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, and, to a lesser extent, to finance internal growth and for other corporate purposes. Senior Loans have rates of interest which are typically redetermined either monthly, quarterly or semiannually by reference to a base lending rate, plus a premium. This base lending rate is primarily the London Inter Bank Offered Rate ("LIBOR"), and secondarily the prime rate offered by one or more major United States banks (the "Prime Rate") on the certificate of deposit rate or other base lending rate used by commercial lenders. The Senior Loans held by the Fund typically will have a dollar weighted average period until the next interest rate adjustment of approximately 90 days or less. In the experience of

the Fund's portfolio managers, over the last 15 years, because of prepayments and refinancings, the average life of a typical Senior Loan has been approximately 24 to 36 months. The Senior Loans in which the Fund invests are primarily below investment grade, or "high yield."

Under normal circumstances, the Fund may also invest up to 10% of its Managed Assets through purchasing revolving credit facilities, investment grade debtor in possession financing, unsecured loans, other floating rate debt securities, such as notes, bonds, and asset backed securities (such as special purpose trusts investing in bank loans), investment grade loans and fixed income debt obligations, publicly-traded high-yield debt securities and money market instruments, such as commercial paper. On December 12, 2011, the Fund's Board of Trustees approved changes to the Fund's investment strategy, effective on or about April 9, 2012, to permit the purchase of publicly-traded high-yield debt securities. See "The Fund's Investments."

The Fund may also invest up to 10% of its Managed Assets in Senior Loans and, on limited occasions, equity and debt securities acquired in connection therewith, of (i) firms that, at the time of acquisition, have defaulted on their debt obligations and/or filed for protection under Chapter 11 of the U.S. Bankruptcy Code or have entered into a voluntary reorganization in conjunction with their creditors and stakeholders in order to avoid a bankruptcy filing, or (ii) firms prior to an event of default whose acute operating and/or financial problems have resulted in the markets valuing their respective securities and debt at sufficiently discounted prices so as to be yielding, should they not default, a significant premium over comparable duration U.S. Treasury bonds. Investing in the securities and debt of distressed issuers ("Special Situation Investments") involves a far greater level of risk than investing in issuers whose debt obligations are being met and whose debt trades at or close to its "par" value. While offering a greater potential opportunity for capital appreciation, Special Situation Investments are highly speculative with respect to the issuer's ability to continue to make interest payments and/or to pay its principal obligations in full. Special Situation Investments can be very difficult to properly value, making them susceptible to a high degree of price volatility and rendering them less liquid than performing debt obligations. Those Special Situation Investments involved in a bankruptcy proceeding can be subject to a high degree of uncertainty with regard to both the timing and the amount of the ultimate settlement. Special Situation Investments include non investment grade debtor in possession financing, sub performing real estate loans and mortgages, privately placed senior, mezzanine, subordinated and junior debt, letters of credit, trade claims, convertible bonds, and preferred and common stocks.

The Fund may invest up to 15% of its Managed Assets in U.S. dollar denominated foreign investments, predominantly in developed countries and territories of those countries, but in no case will the Fund invest in debt securities of issuers located in emerging markets. The value of foreign investments is affected by changes in foreign tax laws (including withholding tax), government policies (in this country or abroad) and relations between nations, and trading, settlement, custodial, and other operational risks. In addition, the costs of investing abroad are generally higher than in the United States, and foreign securities markets may be less liquid, more volatile, and less subject to governmental supervision than markets in the United States. Foreign investments could also be affected by other factors not present in the United States, including expropriation, armed conflict, confiscatory taxation, lack of uniform

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accounting and auditing standards, less publicly available financial and other information, and potential difficulties in enforcing contractual obligations.

It is anticipated that at least 80% of the Fund's Managed Assets will be invested in lower grade debt instruments, although from time to time all of the Fund's Managed Assets may be invested in such lower grade debt instruments. The Fund's investments in debt instruments may have fixed or variable principal payments and all types of interest rate and reset terms, including, but not limited to, fixed rate, adjustable rate, zero coupon, contingent, deferred, payment-in-kind and auction rate features. The Fund does not intend to purchase publicly-traded equity securities but may receive such securities as a result of a restructuring of the debt of the issuer or the reorganization of a Senior Loan or as part of a package of securities acquired together with the Senior Loans of an issuer.

Lower grade debt instruments are rated "Ba1" or lower by Moody's Investors Service, Inc. ("Moody's"), "BB+" or lower by Standard & Poor's Ratings Group, a division of the McGraw Hill Companies ("S&P"), or comparably rated by another nationally recognized statistical rating organization ("NRSRO") or, if unrated, are of comparable credit quality. Lower grade debt instruments are commonly referred to as "high yield" or "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. They involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated debt instruments. Lower grade debt instruments may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher rated debt instruments. Unlike higher rated debt instruments, which tend to react mainly to fluctuations in the general level of interest rates, the market values of lower grade debt instruments tend to reflect to a greater extent individual developments of the issuer, although movements in the general direction of interest rates can be expected to impact the market value of lower grade debt instruments. In addition, lower grade debt instruments tend to be more sensitive to economic conditions.

"Managed Assets" means the average daily gross asset value of the Fund (including assets attributable to the Fund's Preferred Shares, if any, and the principal amount of borrowings) minus the sum of the Fund's accrued and unpaid dividends on any outstanding Preferred Shares and accrued liabilities (other than the principal amount of any borrowings incurred or of commercial paper or notes issued by the Fund). For purposes of determining Managed Assets, the liquidation preference of any Preferred Shares is not treated as a liability. Percentage limitations described in this prospectus with respect to portfolio investments by the Fund (as opposed to the use of leverage) are as of the time of investment by the Fund and may be exceeded on a going forward basis as a result of market value fluctuations of the Fund's portfolio, with the exception of any limitations on Borrowings or Preferred Shares it may issue.

Under normal market conditions, the Fund invests at least 80% of its Managed Assets in Senior Loans to meet its investment objectives. The Fund may invest the remainder of its assets in other investments and securities of various types. For temporary defensive purposes, the Fund may depart from its principal investment strategies and invest part or all of its assets in securities with remaining maturities of less than one year, cash equivalents, or may hold cash. During such periods, the Fund may not be able to achieve its investment objectives.

The Fund may enter into various credit default swaps (including credit linked notes) for hedging and investment purposes. The Fund also may use interest rate swaps for risk management purposes and not as a speculative investment and would typically use such transactions to shorten the average interest rate reset time of the Fund's holdings. The Fund may also acquire equity securities as an incident to the purchase or ownership of a Senior Loan or in connection with a reorganization of a Borrower. Investments in equity securities incidental to investment in Senior Loans entail certain risks in addition to those associated with investments in Senior Loans. See "Risk-Strategic Transactions" and "Additional Information About the Fund's Investments" in the SAI.

Use of Leverage

The Fund is currently engaged in leverage through the use of a revolving credit facility to seek to enhance the level of its current distributions to common shareholders and may in the future also leverage its assets through the use of repurchase agreements and through the issuance of Preferred Shares or commercial paper, notes and/or other Borrowings (each a "Leverage Instrument" and collectively the "Leverage Instruments") in an aggregate amount of up to 33-1/3% of the Fund's Managed Assets after such issuance and/or borrowing. Leverage creates a greater risk of loss, as well as potential for more gain, for the Common Shares than if leverage is not used. The Fund's leveraging strategy may not be successful. See "Risks-Leverage Risk." Investors should understand that Leverage Instruments have seniority over the Common Shares.

The Fund entered into a Revolving Credit and Security Agreement on July 13, 2012 (the "Credit Facility") with Liberty Street Funding LLC, as conduit lender (the "Conduit Lender") and The Bank of Nova Scotia, as secondary lender and agent for the secured parties under the agreement, to be used as leverage for the

Fund. The Credit Facility currently has an expiration date of July 12, 2013 and may be renewed annually. The Credit Facility provides for a secured line of credit for the Fund, where Fund assets are pledged against advances made to the Fund. Under the requirements of the 1940 Act, the Fund, immediately after any such borrowings, must have an "asset coverage" of at least 300% (Borrowings cannot exceed 33-1/3% of the Fund's total assets). The total commitment under the Credit Facility is $175,000,000. At August 31, 2012, the amount outstanding was $160,000,000. The loans under the Credit Facility are funded by the Conduit Lender and bear interest for each settlement period at a rate per annum based on the commercial paper rate of the Conduit Lender. The high and low annual interest rates for the loans under the Credit Facility funded by the Conduit Lender since the commencement of the Credit Facility to August 31, 2012, were 0.238% and 0.235%, respectively, with a weighted average interest rate of 0.237%. The annual interest rate in effect for such loans at August 31, 2012 was 0.238%. The Fund also pays additional borrowing costs, which includes a utilization fee at a per annum rate of 0.40% of the daily average of the aggregate outstanding principal amount of the advances during the prior calendar month, and a commitment fee at a per annum rate of the product of (i) 0.40% of the daily average of the total commitment in effect (or if terminated, the aggregate outstanding principal amount of the advances funded or maintained) during the preceding calendar month and (ii) 1.02. See "Use of Leverage."

Preferred Shares, if issued, will generally pay dividends based on short-term rates, which will be reset frequently. So long as the rate of return, net of applicable Fund expenses, on the Fund's portfolio investments purchased with leverage exceeds the then current interest rate or dividend rate on the Leverage Instruments, the Fund will generate more return or income than will be needed to pay such dividends or

interest payments. In this event, the excess will be available to pay higher dividends to common shareholders. When leverage is employed, the NAV and market prices of the common shares and the yield to common shareholders will be more volatile.

Tax Matters

Distributions with respect to the Common Shares will constitute dividends to the extent of the Fund's current and accumulated earnings and profits, as calculated for U.S. federal income tax purposes. Such dividends generally will be taxable as ordinary income to common shareholders. Distributions of net capital gain that are designated by the Fund as capital gain dividends will be treated as long-term capital gains in the hands of common shareholders receiving such distributions. In addition, distributions generally will not constitute "qualified dividends" for U.S. federal income tax purposes and thus will not be eligible for the lower tax rates on qualified dividends. See "Tax Matters."

Listing	The Fund's currently outstanding common shares are, and the Common Shares offered in this prospectus and any applicable prospectus supplement will be, subject to notice of issuance, listed on the New York Stock Exchange under the trading or "ticker" symbol "FCT." The net asset value of the Fund's common shares at the close of business on August 31, 2012 was $14.77 per common share, and the last sale price of the common shares on the New York Stock Exchange on such date was $15.19.
Custodian,Administrator and Transfer Agent	BNY Mellon Investment Servicing (US) Inc. serves as the Fund's Administrator, Fund Accountant, Transfer Agent and Board Administrator in accordance with certain fee arrangements. The Bank of New York Mellon serves as the Fund's Custodian in accordance with certain fee arrangements.
Closed-End Structure	Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. By comparison, mutual funds issue securities redeemable at net asset value at the option of the shareholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset in flows and out flows that can complicate portfolio management, whereas closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund's investment objective and policies. In addition, in comparison to open-end funds, closed-end funds have greater flexibility in their ability to make certain types of investments, including investments in illiquid securities.
	Shares of closed-end investment companies listed for trading on a securities exchange frequently trade at a discount from net asset value, but in some cases trade at a premium. See "Market and Net Asset Value Information." The market price may be affected by net asset value, dividend or distribution levels (which are dependent, in part, on expenses), supply of and demand for the shares, stability of dividends or distributions, trading volume of the shares, general market and economic conditions and other factors beyond the control of the closed-end fund. The foregoing factors may result in the market price of the common shares of the Fund being greater than, less than or equal to, net asset value. The Board of Trustees has reviewed the structure of the Fund in light of its investment objective and policies and has determined that the closed-end structure is appropriate. As described in this prospectus, however, the Board of Trustees may review periodically the

trading range and activity of the Fund's common shares with respect to their net asset value and may take certain actions to seek to reduce or eliminate any

such discount. Such actions may include open market repurchases or tender offers for the common shares at net asset value or the possible conversion of the Fund to an open-end investment company. There can be no assurance that the Board of Trustees will decide to undertake any of these actions or that, if undertaken, such actions would result in the common shares trading at a price equal to or close to net asset value per common share. In addition, as noted above, the Board of Trustees determined in connection with the initial offering of common shares of the Fund that the closed end structure is desirable, given the Fund's investment objective and policies. Investors should assume, therefore, that it is highly unlikely that the Board of Trustees would vote to convert the Fund to an open-end investment company. See "Structure of the Fund; Common Share Repurchases and Change in Fund Structure."

Special Risk Considerations

Risk is inherent in all investing. The following discussion summarizes the principal risks that you should consider before deciding whether to invest in the Fund. For additional information about the risks associated with investing in the Fund, see "Risks."

Management Risk. The Fund is subject to management risk because it is an actively managed portfolio. The Advisor applies investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Credit Risk. The Fund's net asset value and ability to pay dividends is dependent upon the performance of the Fund's Managed Assets. That performance, in turn, is subject to a number of risks, primarily the credit risk of the Fund's underlying assets. Credit risk is the risk of nonpayment of scheduled interest and/or principal payments. Credit risk also is the risk that one or more investments in the Fund's portfolio will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status. The value of Senior Loans or other securities owned by the Fund is affected by the creditworthiness of the Borrowers/issuers and by general economic and specific industry conditions.

Senior Loans. In the event a Borrower fails to pay scheduled interest or principal payments on a Senior Loan held by the Fund, the Fund will experience a reduction in its income and a decline in the market value of the Senior Loan, which will likely reduce dividends and lead to a decline in the net asset value of the Fund's Common Shares. If the Fund acquires a Senior Loan from another Lender, for example, by acquiring a participation, the Fund may also be subject to credit risks with respect to that Lender. See "The Fund's Investments-Additional Information Concerning Senior Loans."

Senior Loans generally involve less risk than unsecured or subordinated debt and equity instruments of the same issuer because the payment of principal and interest on Senior Loans is a contractual obligation of the issuer that, in most instances, takes precedence over the payment of dividends, or the return of capital, to the issuer's shareholders and payments to bond holders. The Fund generally invests in Senior Loans that are secured with specific collateral. However, the value of the collateral may not equal the Fund's investment when the Senior Loan is acquired or may decline below the principal amount of the Senior Loan subsequent to the Fund's investment. Also, to the extent that collateral consists of stock of the Borrower or its subsidiaries or affiliates, the Fund bears the risk that the stock may decline in value, be relatively illiquid, and/or may lose all or substantially all of its value, causing the Senior Loan to be under collateralized.

Therefore, the liquidation of the collateral underlying a Senior Loan may not satisfy the issuer's obligation to the Fund in the event of non-payment of scheduled interest or principal, and the collateral may not be readily liquidated.

In the event of the bankruptcy of a Borrower, the Fund could experience delays and limitations on its ability to realize the benefits of the collateral securing the Senior Loan. Among the credit risks involved in a bankruptcy are assertions that the pledge of collateral to secure a Senior Loan constitutes a fraudulent conveyance or preferential transfer that would have the effect of nullifying or subordinating the Fund's rights to the collateral.

If legislation or state or federal regulations impose additional requirements or restrictions on the ability of financial institutions to make loans, the availability of Senior Loans for investment by the Fund may be adversely affected. In addition, such requirements or restrictions could reduce or eliminate sources of financing for certain Borrowers. This would increase the risk of default. If legislation or federal or state regulations require financial institutions to dispose of Senior Loans that are considered highly leveraged transactions or subject Senior Loans to increased regulatory scrutiny, financial institutions may determine to sell such Senior Loans. Such sales could result in prices that, in the opinion of the Advisor, do not represent fair value. If the Fund attempts to sell a Senior Loan at a time when a financial institution is engaging in such a sale, the price the Fund could get for the Senior Loan may be adversely affected.

Illiquidity. Although the resale, or secondary market for Senior Loans is growing, it is currently limited. There is no organized exchange or board of trade on which Senior Loans are traded. Instead, the secondary market for Senior Loans is an unregulated inter-dealer or inter-bank resale market.

Senior Loans usually trade in large denominations (typically $1 million and higher) and trades can be infrequent. The market has limited transparency so that information about actual trades may be difficult to obtain. Accordingly, some or many of the Senior Loans in which the Fund invests will be relatively illiquid.

In addition, Senior Loans in which the Fund invests may require the consent of the Borrower and/or agent prior to sale or assignment. These consent requirements can delay or impede the Fund's ability to sell Senior Loans and can adversely affect the price that can be obtained. The Fund may have difficulty disposing of Senior Loans if it needs cash to repay debt, to pay dividends, to pay expenses or to take advantage of new investment opportunities. In addition, if the Fund purchases a relatively large assignment of a Senior Loan to generate extra income sometimes paid to large lenders, the limitations of the secondary market may inhibit the Fund from selling a portion of the Senior Loan and reducing its exposure to the Borrower when the Advisor deems it advisable to do so.

Risks Associated with Adverse Developments in the Credit Markets. The Fund's results of operations are materially affected by conditions in the markets for Senior Loans, as well as the broader financial markets and the economy generally. Beginning in 2007, significant adverse changes in financial market conditions resulted in a deleveraging of the entire global financial system and the forced sale of large quantities of financial assets. Concerns over economic recession, geopolitical issues, unemployment and the availability and cost of financing contributed to increased volatility and diminished expectations for the economy and markets. As a result of these conditions, many investors suffered severe losses in

their portfolios and several major market participants failed or have been impaired, resulting in a significant contraction in market liquidity. This illiquidity negatively affected both the terms and availability of financing for Borrowers. Volatility and deterioration in the markets for Senior Loans as well as the broader financial markets may adversely affect the performance and market value of the Fund's portfolio. If these conditions exist, institutions from which the Fund seeks financing for the Fund's investments may tighten their lending standards or become insolvent, which could make it more difficult for the Fund to obtain financing on favorable terms or at all. Adverse developments in the broader loan market may adversely affect the value of the assets in which the Fund invests.

Investment and Market Risk. An investment in Common Shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Common Shares represents an indirect investment in the portfolio owned by the Fund. The value of these investments, like other investments, may move up or down, sometimes rapidly and unpredictably. The value of the portfolio in which the Fund invests will affect the value of the Common Shares. Your Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Government Intervention Risk. The recent instability in the financial markets has led the U.S. Government to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal, state and other governments, their regulatory agencies or self regulatory organizations may take additional actions that affect the regulation of the securities in which the Fund invests, or the issuers of such securities, in ways that are unforeseeable. Issuers of corporate fixed income securities might seek protection under the bankruptcy laws. Legislation or regulation may also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund's ability to achieve its investment objectives. The Advisor will monitor developments and seek to manage the Fund's portfolio in a manner consistent with achieving the Fund's investment objectives, but there can be no assurance that it will be successful in doing so.

Congress has enacted sweeping financial legislation, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), signed into law by President Obama on July 21, 2010, which addresses, among other areas, the operation of financial institutions. Many provisions of the Dodd-Frank Act will be implemented through regulatory rulemakings and similar processes over a period of time. The impact of the Dodd-Frank Act, and of follow-on regulation, on trading strategies and operations is impossible to predict, and may be adverse. Practices and areas of operation subject to significant change based on the impact, direct or indirect, of the Dodd-Frank Act and follow-on regulation, may change in manners that are unforeseeable, with uncertain effects. By way of example and not limitation, direct and indirect changes from the Dodd-Frank Act and follow-on regulation may occur to a significant degree with regard to, among other areas, the trading and use of many derivative instruments, including swaps. There can be no assurance that such legislation or regulation will not have a material adverse effect on the Fund.

Further, the Dodd-Frank Act created the Financial Stability Oversight Council ("FSOC"), an interagency body charged with identifying and monitoring systemic risks to financial markets. The FSOC has the authority to require that non-bank financial companies that are "predominantly engaged in financial activities" whose failure it determines would pose systemic risk, be placed under the supervision of the Board of Governors of the Federal Reserve System ("Federal Reserve"). The FSOC has the authority to recommend that the Federal Reserve adopt more stringent prudential standards and reporting and disclosure requirements for non-bank financial companies supervised by the Federal Reserve. The FSOC also has the authority to make recommendations to the Federal Reserve on various other matters that may affect the Fund. The FSOC may also recommend that other federal financial regulators impose more stringent regulation upon, or ban altogether, financial activities of any financial firm that poses what it determines are significant risks to the financial system.

The implementation of the Dodd-Frank Act could also adversely affect the Advisor and the Fund by increasing transaction and/or regulatory compliance costs. In addition, greater regulatory scrutiny and the implementation of enhanced and new regulatory requirements may increase the Advisor's and the Fund's exposure to potential liabilities, and in particular liabilities arising from violating any such enhanced and/or new regulatory requirements. Increased regulatory oversight could also impose administrative burdens on the Advisor and the Fund, including, without limitation, responding to investigations and implementing new policies and procedures. The ultimate impact of the Dodd-Frank Act, and any resulting regulation, is not yet certain and the Advisor and the Fund may be affected by the new legislation and regulation in ways that are currently unforeseeable.

Potential Conflicts of Interest Risk. First Trust Advisors and the portfolio managers have interests which may conflict with the interests of the Fund. In particular, First Trust Advisors may manage and/or advise other investment funds or accounts with the same or similar investment objective and strategies as the Fund. As a result, First Trust Advisors and the Fund's portfolio managers may devote unequal time and attention to the management of the Fund and those other funds and accounts, and may not be able to formulate as complete a strategy or identify equally attractive investment opportunities as might be the case if they were to devote substantially more attention to the management of the Fund. First Trust Advisors and the Fund's portfolio managers may identify a limited investment opportunity that may be suitable for multiple funds and accounts, and the opportunity may be allocated among these several funds and accounts, which may limit the Fund's ability to take full advantage of the investment opportunity. Additionally, transaction orders may be aggregated for multiple accounts for purpose of execution, which may cause the price or brokerage costs to be less favorable to the Fund than if similar transactions were not being executed concurrently for other accounts. At times, a portfolio manager may determine that an investment opportunity may be appropriate for only some of the funds and accounts for which he or she exercises investment responsibility, or may decide that certain of the funds and accounts should take differing positions with respect to a particular security. In these cases, the portfolio manager may place separate transactions for one or more funds or accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other funds and accounts. For example, a portfolio manager may determine that it would be in the interest of another

account to sell a security that the Fund holds, potentially resulting in a decrease in the market value of the security held by the Fund.

The portfolio managers may also engage in cross trades between funds and accounts, may select brokers or dealers to execute securities transactions based in part on brokerage and research services provided to First Trust Advisors which may not benefit all funds and accounts equally and may receive different amounts of financial or other benefits for managing different funds and accounts. Finally, First Trust Advisors or its affiliates may provide more services to some types of funds and accounts than others.

There is no guarantee that the policies and procedures adopted by First Trust Advisors and the Fund will be able to identify or mitigate the conflicts of interest that arise between the Fund and any other investment funds or accounts that First Trust Advisors may manage or advise from time to time. For further information on potential conflicts of interest, see "Investment Advisor" in the SAI.

Valuation Difficulties. The Fund will value its Senior Loans daily. However, because the secondary market for Senior Loans is limited, it may be difficult to value some loans. Market quotations may not be readily available for some Senior Loans and valuation may require more research than for liquid securities. In addition, elements of judgment may play a greater role in valuation of Senior Loans than for securities with a secondary market, because there is less reliable objective data available.

Interest Rate Risk. During normal market conditions, changes in market interest rates will affect the Fund in certain ways. The principal effect will be that the yield on the Fund's Common Shares will tend to rise or fall as market interest rates rise and fall. This is because Senior Loans, the majority of the assets in which the Fund invests, pay interest at rates which float in response to changes in market rates. However, because the rates of interest paid on the Senior Loans in which the Fund invests will have a weighted average reset period that is typically less than 90 days, changes in prevailing interest rates can be expected to cause some fluctuation in the Fund's Net Asset Value ("NAV"). Similarly, a sudden and significant increase in market interest rates may cause a decline in the Fund's NAV. See "Risks-Interest Rate Risk."

Changes to Net Asset Value. The NAV of the Fund is expected to change in response to a variety of factors, primarily in response to changes in the creditworthiness of the Borrowers on the Senior Loans in which the Fund invests. Changes in market interest rates may also have a moderate impact on the Fund's NAV. Another factor which can affect the Fund's NAV is changes in the pricing obtained for the Fund's assets. See "Net Asset Value."

Lower Grade and Below Investment Grade Debt Risk. The Fund may invest up to 100% of its Managed Assets in lower grade debt securities, which may also be referred to as below investment grade debt securities. Below investment grade debt securities are rated below "Baa" by Moody's, below "BBB" by S&P, comparably rated by another NRSRO or, if unrated, determined to be of comparable credit quality by the Advisor. Below investment grade debt instruments are commonly referred to as "high-yield" or "junk" bonds and are considered speculative with respect to the issuer's capacity to pay interest and repay principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high-yield securities tend to be very volatile, and these securities are less liquid than investment grade debt securities. For these reasons, your investment in the Fund is subject to the following specific risks:

- increased price sensitivity to changing interest rates and to a deteriorating economic environment;
- greater risk of loss due to default or declining credit quality;
- adverse company specific events more likely to render the issuer unable to make interest and/or principal payments; and
- negative perception of the high-yield market which may depress the price and liquidity of high-yield securities.

The secondary market for high-yield securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on the Fund's ability to dispose of a particular security. There are fewer dealers in the market for high-yield securities than for investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high-yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these securities may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund's NAV.

The Senior Loans in which the Fund invests are generally lower grade. These lower grade debt instruments may become the subject of bankruptcy proceedings or otherwise subsequently default as to the repayment of principal and/or payment of interest or be downgraded to ratings in the lower rating categories ("Ca" or lower by Moody's, "CC" or lower by S&P or comparably rated by another NRSRO). The value of these securities is affected by the creditworthiness of the issuers of the securities and by general economic and specific industry conditions. Issuers of lower grade debt instruments are not perceived to be as strong financially as those with higher credit ratings, so the securities are usually considered speculative investments. These issuers are generally more vulnerable to financial setbacks and recession than more creditworthy issuers which may impair their ability to make interest and principal payments. Lower grade debt instruments tend to be less liquid than higher grade debt instruments. See

"Risks-Credit Risk."

Investment decisions will be based largely on the credit analysis performed by the Advisor, and not on rating agency evaluation. This analysis may be difficult to perform. Information about a Senior Loan and its issuer generally is not in the public domain. Moreover, Senior Loans may not be rated by any NRSRO. Many issuers have not issued securities to the public and are not subject to reporting requirements under federal securities laws. Generally, however, issuers are required to provide financial information to lenders and information may be available from other Senior Loan participants, agents or others that invest in, trade in, originate or administer Senior Loans.

Fixed-Income Securities Risk. In addition to the risks discussed above, debt securities, including high-yield securities such as the publicly-traded high-yield debt securities in which the Fund invests, are subject to certain risks, including:

- Issuer/Credit Risk. The value of fixed-income securities may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage, reduced demand for the issuer's goods and services, and failure.

- Interest Rate Risk. Interest rate risk is the risk that fixed-income securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected prepayments. This may lock in a below market yield, increase the security's duration and reduce the value of the security. Investments in debt securities with long-term maturities may experience significant price declines if long-term interest rates increase. Market interest rates in the United States currently are near historically low levels. An increase in the interest payments on the Fund's Borrowings or dividends on any Preferred Shares relative to the interest it earns on its investment securities may adversely affect the Fund's performance.

- Reinvestment Risk. Reinvestment risk is the risk that income from the Fund's portfolio will decline if the Fund invests the proceeds from matured, traded or called bonds at market interest rates that are below the Fund's portfolio's current earnings rate. A decline in income could affect the common shares' market price, level of distributions or the overall return of the Fund.

- o Prepayment Risk. During periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest the proceeds from such prepayment in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

Economic Sector Risk. Under normal market conditions, the Fund is 80% invested in Senior Loans. This may make the Fund more susceptible to adverse economic, political or regulatory events that affect the value of Senior Loans, and increase the potential for fluctuation in the net asset value of the Fund's Common Shares.

Market Discount From Net Asset Value. The Fund's common shares have been publicly traded since May 28, 2004 and have traded both at a premium and at a discount relative to net asset value. There is no assurance that any premium of the public offering price for the Common Shares over net asset value with respect to any offering hereunder will continue after such offering or that the common shares will not again trade at a discount. Shares of closed-end investment companies frequently trade at a discount from their NAV. This characteristic is a risk separate and distinct from the risk that the Fund's NAV could decrease as a result of its investment activities and may be greater for investors expecting to sell their Common Shares in a relatively short period following completion of this offering. Although the value of the Fund's net assets is generally considered by market participants in determining whether to purchase or sell Common Shares, whether investors will realize gains or losses upon the sale of the Common Shares will depend entirely upon whether the market price of

the Common Shares at the time of sale is above or below the investor's purchase price for the Common Shares. Because the market price of the Common Shares will be determined by factors such as NAV, dividend and distribution levels (which are dependent, in part, on expenses), supply of and demand for the Common Shares, stability of dividends or distributions, trading volume of the Common Shares, general market and economic conditions and other factors beyond the control of the Fund, the Fund cannot predict whether the Common Shares will trade at, below or above NAV or at, below or above the public offering price with respect to any offering hereunder.

Leverage Risk. The Fund may borrow an amount up to 33 1/3% (or such other percentage as permitted by law) of its Managed Assets (including the amount borrowed) less all liabilities other than Borrowings. The Fund may also issue Preferred Shares in an amount up to 50% of the Fund's Managed Assets (including the proceeds from Leverage Instruments). Under normal circumstances, the Fund anticipates utilizing leverage in an amount up to 33-1/3% of the Fund's Managed Assets. The Fund currently leverages its assets through the use of the Credit Facility. The Fund may use leverage for investment purposes, to finance the repurchase of its Common Shares and to meet cash requirements. Although the use of leverage by the Fund may create an opportunity for increased return for the Common Shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on the securities and investments purchased with leverage proceeds are greater than the cost of the leverage, the Common Shares' return will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and investments purchased with such proceeds does not cover the cost of leverage, the return to the Common Shares will be less than if leverage had not been used. There is no assurance that a leveraging strategy will be successful. Leverage involves risks and special considerations for Common Shareholders including:

- the likelihood of greater volatility of NAV and market price of the Common Shares than a comparable portfolio without leverage;

- the risk that fluctuations in interest rates on repurchase agreements, Borrowings and other short-term debt or in the dividend rates on any Preferred Shares that the Fund may pay will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares;

- the effect of leverage in a declining market, which is likely to cause a greater decline in the NAV of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares; and

- when the Fund uses leverage, the investment advisory fee payable to the Advisor will be higher than if the Fund did not use leverage.

The Advisor, in its judgment, nevertheless may determine to continue to use leverage if it expects that the benefits to the Fund's shareholders of maintaining the leveraged position will outweigh the current reduced return.

In order to reduce the variability of leverage borrowing costs, the Fund may enter into interest rate swaps with the effect of fixing net borrowing costs for longer periods of time.

The value of the Fund's interest rate swaps could increase or decrease, with a corresponding impact on the NAV of the Fund. To the extent there is a decline in interest rates, the value of the interest rate swap could decrease, and could result in a decrease in the Fund's NAV. In addition, if the counterparty to an interest rate swap defaults, the Fund would be obligated to make the payments that it had intended to avoid. Depending on whether the Fund would be entitled to receive net payments from the counterparty on the swap, which in turn would depend on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, a default could adversely affect the NAV of the Common Shares.

Strategic Transactions. The Fund may use various other investment management techniques that also involve certain risks and special considerations, including engaging in hedging and risk management transactions, including credit default swaps, credit linked notes, interest rate options, futures, swaps, caps, floors, and collars and other derivative transactions. These strategic transactions may be entered into to seek to manage the risks of the Fund's portfolio securities, but may have the effect of limiting the gains from favorable market movements. Certain of these strategic transactions may provide investment leverage to the Fund's portfolio and result in many of the same risks of leverage to Common Shareholders as discussed above under "-Leverage Risk." See "Additional Information About the Fund's Investments" in the SAI for more information about these techniques.

The derivatives markets have become subject to comprehensive statutes, regulations and margin requirements. In particular, in the United States the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law in July 2010 and could impact and restrict the Fund's ability to use certain Strategic Transactions. For instance, the Dodd-Frank Act requires most over-the-counter derivatives to be executed on a regulated market and cleared through a central counterparty, which may result in increased margin requirements and costs for the Fund. Further, the Commodity Futures Trading Commission (the "CFTC") has recently rescinded certain exemptions from registration requirements under the U.S. Commodity Exchange Act (the "CEA") that have been previously available under the CFTC Rule 4.5 to investment advisers registered with the SEC under the Investment Advisers Act of 1940. The status of these amended rules is unclear because of litigation against the CFTC challenging the amendments. In the event that the Fund's investment in derivative instruments regulated under the CEA, including futures, swaps and options, exceeds a certain threshold, the Advisor may be required to register as a "commodity pool operator" and/or "commodity trading advisor" with the CFTC. In the event the Advisor is required to register with the CFTC, it will become subject to additional recordkeeping and reporting requirements with respect to the Fund. The Fund currently intends to limit its investments in derivative instruments so as not to require the Advisor to register as a commodity pool operator under the amended rules.

The SEC has also indicated that it may adopt new policies on the use of derivatives by registered investment companies. Such policies could affect the nature and extent of derivative use by the Fund.

Portfolio Turnover Risk. The Fund's annual portfolio turnover rate may vary greatly from year to year. Although the Fund cannot accurately predict its annual portfolio turnover rate, it is not expected to exceed 100% under normal circumstances. For the fiscal year ended May 31, 2012, portfolio turnover was approximately 63%. However, portfolio turnover rate is not considered a limiting factor in the execution of

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investment decisions for the Fund. High portfolio turnover may result in the Fund's recognition of gains that will be taxable as ordinary income to the Fund. A high portfolio turnover may increase the Fund's current and accumulated earnings and profits, resulting in a greater portion of the Fund's distributions being treated as a dividend for U.S. federal income tax purposes to the Fund's Common Shareholders. In addition, a higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. See "The Fund's Investments-Investment Practices-Portfolio Turnover" and "Tax Matters."

Market Disruption Risk. Ongoing U.S. military action and related events throughout the world, as well as the continuing threat of terrorist attacks, could have significant adverse effects on the U.S. economy, the stock market and world economies and markets generally. The Fund cannot predict the effects of such events in the future on the U.S. and world economies, the value of the Common Shares or the NAV of the Fund.

Certain Affiliations. Certain broker-dealers may be considered to be affiliated persons of the Fund or First Trust Advisors. Absent an exemption from the SEC or other regulatory relief, the Fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to utilize affiliated brokers for agency transactions is subject to restrictions. This could limit the Fund's ability to engage in securities transactions and take advantage of market opportunities.

Anti-Takeover Provisions. The Fund's Declaration of Trust includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could have the effect of depriving the common shareholders of opportunities to sell their common shares at a premium over the then current market price of the common shares. See "Certain Provisions in the Declaration of Trust and By-Laws" and "Risks-Anti-Takeover Provisions."

Secondary Market for the Fund's Shares. The issuance of common shares through the Fund's Dividend Reinvestment Plan may have an adverse effect on the secondary market for the Fund's common shares. The increase in the number of outstanding common shares resulting from issuances pursuant to the Fund's Dividend Reinvestment Plan and the discount to the market price at which such common shares may be issued, may put downward pressure on the market price for the common shares. Common shares will not be issued pursuant to the Fund's Dividend Reinvestment Plan at any time when common shares are trading at a lower price than the Fund's NAV per common share. When the Fund's common shares are trading at a premium, the Fund may also issue common shares that may be sold through private transactions effected on the NYSE or through broker-dealers. The increase in the number of outstanding common shares resulting from these offerings may put downward pressure on the market price for common shares.

SUMMARY OF FUND EXPENSES

The following table and example contains information about the costs and expenses that common shareholders will bear directly or indirectly. In accordance with Securities and Exchange Commission requirements, the table below shows the Fund's expenses as a percentage of the Fund's net assets as of August 31, 2012, and not as a percentage of gross assets or Managed Assets. By showing expenses as a percentage of net assets, expenses are not expressed as a percentage of all the assets the Fund invests. The table and example are based on the Fund's capital structure as of August 31, 2012. As of that date, the Fund had $160,000,000 of leverage outstanding pursuant to the Credit Facility. Such leverage represented 29.9% of Managed Assets as of August 31, 2012.

Shareholder Transaction Expenses:

Sales Load (as a percentage of offering price)	- %*
Offering Expenses Borne by the Fund (as a percentage of offering price)(1)	- %*
Dividend Reinvestment Plan Fees	None(2)

	Percentage of Net Assets Attributable to Common Shares, (Assumes 29.9% Leverage is Outstanding
Annual Expenses:	
Management Fees(3)	1.07%
Interest and Fees on Leverage(4)	0.48%
Other Expenses	0.26%
Total Annual Expenses	1.81%

The purpose of the table above and the example below is to help you understand all fees and expenses that you, as a holder of Common Shares, would bear directly or indirectly. The expenses shown in the table under "Other Expenses" and "Total Annual Expenses" are based on estimated amounts for the Fund's twelve months of operations after August 31, 2012 unless otherwise indicated and assumes that the Fund has not issued any additional common shares.

Example:

The following examples illustrate the expenses that you would pay on a $1,000 investment in Common Shares, assuming: (i) total annual expenses of 1.81% of net assets attributable to Common Shares through year 10 and (ii) a 5% annual return and (iii) all distributions are reinvested at net asset value(1):

1 Year	3 years	5 Years	10 Years
$18	$57	$98	$213

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(1) This example should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown. This example assumes that the estimated "Other expenses" set forth in the Annual Expenses table are accurate, all dividends and distributions are reinvested at net asset value and that the Fund is engaged in leverage of 29.9% of Managed Assets, assuming interest and fees on leverage of 0.48%. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

FINANCIAL HIGHLIGHTS

The information in this table for the years ended May 31, 2012 and 2011 is derived from the Fund's financial statements audited by Deloitte & Touche LLP, whose report on certain of such financial statements is contained in the Fund's 2012 Annual Report. Such report is incorporated by reference into the Fund's SAI, which is available from the Fund upon request.

FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD

	YEAR ENDED 5/31/2012	YEAR ENDED 5/31/2011 (a)	YEAR ENDED 5/31/2010
Net asset value, beginning of period	$ 14.76	$ 13.96	$ 11.79
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income (loss)	0.91	0.73	0.47
Net realized and unrealized gain (loss)	(0.31)	0.77	2.15
Distributions paid to AMP (b) Shareholders from:			
Net investment income	--	--	(0.02
Total from investment operations	0.60	1.50	2.60
DISTRIBUTIONS PAID TO SHAREHOLDERS FROM:			
Net investment income	(0.87)	(0.70)	(0.43
Total distributions to Common Shareholders.............	(0.87)	(0.70)	(0.43
Net asset value, end of period	$ 14.49	$ 14.76	$ 13.96
Market value, end of period	$ 14.34	$ 14.82	$ 12.65
Total return based on net asset value (c)..............	4.45%	11.19%	22.99
Total return based on market value (c).................	2.95%	23.20%	30.76

RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON SHARES:

	YEAR ENDED 5/31/2012	YEAR ENDED 5/31/2011 (a)	YEAR ENDED 5/31/2010
Ratio of total expenses to average net assets	1.88%	1.98%	2.42
Ratio of total expenses to average net assets excluding interest expense	1.33%	1.31%	1.39
Ratio of net investment income (loss) to average net assets	6.38%	5.09%	3.49
Ratio of net investment income (loss) to average net assets net of AMP Shares dividends (d)............	N/A	N/A	3.37
SUPPLEMENTAL DATA:			
Portfolio turnover rate	63%	95%	52
Net assets, end of period (in 000's)...................	$ 367,172	$ 373,902	$ 353,106
Ratio of total expenses to total average Managed Assets (e)	1.31%	1.39%	1.77
Ratio of total expenses to total average Managed Assets excluding interest expense (e)....................	0.93%	0.92%	1.01
PREFERRED SHARES AND LOAN OUTSTANDING			
Total AMP Shares outstanding (f)......................	N/A	N/A	N/A
Liquidation and market value per AMP share (g)..........	N/A	N/A	N/A
Asset coverage per share...............................	N/A	N/A	N/A
Total loan outstanding (in 000's)	$ 158,000	$ 160,000	$ 153,500
Asset coverage per $1,000 of loan outstanding (i).....	$ 3,324	$ 3,337	$ 3,300

(a) From inception to October 12, 2010, Four Corners Capital Management, LLC served as the Fund's sub-advisor. Effective October 12, 2010, the Leveraged Finance Investment Team of First Trust Advisors L.P. assumed the day-to-day responsibility for management of the Fund's portfolio.

(b) Auction Market Preferred ("AMP") Shares.

(c) Total return is based on the combination of reinvested dividend, capital gain and return of capital distributions, if any, at prices obtained by the Dividend Reinvestment Plan and changes in net asset value per share for net asset value returns and changes in Common Share price for market value returns. Total returns do not reflect sales load and are not annualized for periods less than one year. Past performance is not indicative of future results.

(d) Ratio reflects the effect of distributions to AMP Shareholders.

(e) Managed Assets are calculated by taking the Fund's total asset value (which includes assets attributable to the Fund's AMP Shares, if AMP Shares are outstanding, and the principal amount of borrowings), minus the sum of the Fund's accrued and unpaid dividends on any outstanding AMP Shares, if AMP Shares are outstanding, and liabilities, other than the principal amount of borrowing.

(f) As of November 18, 2009, the Fund no longer has any Series A or Series B AMP Shares outstanding.

(g) Includes accumulated and unpaid distributions to AMP Shareholders.

(h) Calculated by taking the Fund's total assets less the Fund's total liabilities (not including the AMP Shares liquidation value), and dividing by the number of AMP Shares outstanding.

(i) Calculated by taking the Fund's total assets less the Fund's total liabilities (not including the AMP Shares liquidation value and the loan outstanding) and dividing by the outstanding loan balance in 000's.

N/A Not applicable.

MARKET AND NET ASSET VALUE INFORMATION

The Fund's currently outstanding common shares are, and the Common Shares offered by this prospectus and the applicable prospectus supplement, subject to notice of issuance, will be, listed on the New York Stock Exchange. The Fund's common shares commenced trading on the New York Stock Exchange on May 28, 2004.

The Fund's common shares have traded both at a premium and at a discount in relation to net asset value. Shares of closed-end investment companies frequently trade at a discount from net asset value. The Fund's issuance of the Common Shares may have an adverse effect on prices in the secondary market for the Fund's common shares by increasing the number of common shares available, which may put downward pressure on the market price for the Fund's common shares. See "Risks Market Discount from Net Asset Value."

The following table sets forth for each of the periods indicated the high and low closing market prices for common shares of the Fund on the New York Stock Exchange, the net asset value per share and the premium or discount to net asset value per share at which the Fund's common shares were trading. Net asset value is determined daily as of the close of regular trading on the New York Stock Exchange(normally 4:00 p.m. eastern time). See "Net Asset Value" for information as to the determination of the Fund's net asset value.

	MARKET PRICE(1)		NET ASSET VALUE(2)		PREMIUM/(DISCOUNT TO NET ASSET VALU	
Quarter Ended	High	Low	High	Low	High	Low
June 30, 2004(*)	$20.08	$20.00	$19.04	$19.04	5.46%	5.04%
September 30, 2004	$20.20	$19.12	$19.10	$19.05	5.76%	0.37%
December 30, 2004	$19.41	$18.00	$18.98	$19.11	2.27%	-5.81%
March 31, 2005	$19.29	$18.42	$19.14	$19.07	0.78%	-3.41%
June 30, 2005	$18.76	$17.17	$19.09	$18.99	-1.73%	-9.58%
September 30, 2005	$17.98	$17.16	$19.06	$19.18	-5.67%	-10.53%
December 30, 2005	$17.49	$16.55	$19.10	$18.90	-8.43%	-12.43%
March 31, 2006	$17.97	$16.84	$19.03	$18.88	-5.57%	-10.81%
June 30, 2006	$17.93	$17.39	$19.00	$18.98	-5.63%	-8.38%
September 30, 2006	$17.95	$17.58	$18.87	$18.84	-4.88%	-6.69%
December 30, 2006	$18.05	$17.64	$18.79	$18.73	-3.94%	-5.82%
March 31, 2007	$18.95	$17.99	$18.87	$18.72	0.42%	-3.90%
June 29, 2007	$19.08	$18.43	$18.84	$18.84	1.27%	-2.18%
September 28, 2007	$18.69	$15.19	$18.65	$17.60	0.21%	-13.69%
December 31, 2007	$16.29	$14.81	$17.82	$17.23	-8.59%	-14.05%
March 31, 2008	$15.45	$13.04	$17.18	$15.03	-10.07%	-13.24%
June 30, 2008	$15.10	$13.65	$16.17	$15.35	-6.62%	-11.07%
September 30, 2008	$14.01	$10.04	$16.23	$14.30	-13.68%	-29.79%
December 31, 2008	$10.63	$ 5.51	$13.83	$ 8.01	-23.14%	-31.21%
March 31, 2009	$ 8.61	$ 6.74	$ 9.59	$ 9.23	-10.22%	-26.98%
June 30, 2009	$10.10	$ 7.99	$11.99	$ 9.69	-15.76%	-17.54%
September 30, 2009	$11.32	$ 9.78	$13.39	$12.49	-15.46%	-21.70%
December 31, 2009	$11.90	$10.68	$13.71	$13.37	-13.20%	-20.12%
March 31, 2010	$13.16	$11.96	$14.25	$13.72	-7.65%	-12.83%
June 30, 2010	$13.69	$12.03	$14.32	$14.02	-4.40%	-14.19%
September 30, 2010	$13.30	$12.30	$14.04	$13.74	-5.27%	-10.48%
December 30, 2010	$13.98	$13.10	$14.58	$14.24	-4.12%	-8.01%
March 31, 2011	$14.95	$13.91	$14.75	$14.59	1.36%	-4.66%
June 30, 2011	$15.57	$14.15	$14.76	$14.63	5.49%	-3.28%
September 30, 2011	$14.47	$12.25	$14.65	$13.29	-1.23%	-7.83%
December 31, 2011	$13.85	$12.71	$14.24	$13.41	-2.74%	-5.22%
March 31, 2012	$15.00	$13.41	$14.68	$14.12	2.18%	-5.03%
June 30, 2012	$14.97	$13.79	$14.75	$14.30	1.49%	-3.57%

The last reported sale price, net asset value per share and percentage premium to net asset value per share of the common shares as of August 31, 2012 were $15.19, $14.77 and 2.84%, respectively. As of August 31, 2012, the Fund had 25,362,005 common shares outstanding and net assets of the Fund were $374,575,564.

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(1) Based on high and low closing market price for the respective quarter.

(2) Based on the net asset value calculated daily as of the close of regular

trading on the NYSE (normally 4:00 p.m. eastern time).

(3) Calculated based on the information presented.

* The Fund commenced operations on March 25, 2004.

THE FUND

The Fund is a diversified, closed-end management investment company registered under the 1940 Act. The Fund was organized on March 25, 2004 as a Massachusetts business trust pursuant to a Declaration of Trust (the "Declaration of Trust"). On May 28, 2004, the Fund issued an aggregate of 23,000,000 common shares in its initial public offering. The Fund's currently outstanding common shares are, and the Common Shares offered in this prospectus and applicable prospectus supplement will be, listed on the New York Stock Exchange under the symbol "FCT." The Fund's principal office is located at 120 East Liberty Drive, Suite 400, Wheaton, Illinois 60187. Investment in the Fund involves certain risks and special considerations, including risks associated with the Fund's use of leverage. See "Risks."

The following table provides information about the Fund's outstanding securities as of August 31, 2012:

Title of Class	Amount Authorized	Amount Held by the Fund or for Its Account	Amount Outstanding
Common shares	Unlimited	0	25,362,005

USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement, the Fund will invest the net proceeds from any sales of Common Shares in accordance with the Fund's investment objective and policies as stated below, or use such proceeds for other general corporate purposes. Pending any such use, the proceeds may be invested in cash, cash equivalents or other securities.

THE FUND'S INVESTMENTS

Investment Objectives and Policies

The Fund's primary investment objective is to seek a high level of current income. As a secondary objective, the Fund will attempt to preserve capital. The Fund pursues these objectives through investment in a portfolio of Senior Loans. Under normal conditions, the Fund invests at least 80% of its Managed Assets in a diversified portfolio of Senior Loans. Under normal circumstances, the Fund may also invest up to 10% of its Managed Assets through purchasing revolving credit facilities, investment grade debtor in possession financing, unsecured loans, other floating rate debt securities, such as notes, bonds, and asset backed securities (such as special purpose trusts investing in bank loans), investment grade loans and fixed income debt obligations, publicly-traded high-yield debt securities and money market instruments, such as commercial paper. The Fund may also invest up to 15% of its Managed Assets in U.S. dollar denominated foreign investments, predominantly in developed countries and territories of those countries, but in no case will the Fund invest in debt securities of issuers located in emerging markets. There can be no assurance that the Fund will achieve its investment objectives.

The Fund may invest up to 10% of its Managed Assets in Senior Loans and, on limited occasions, equity and debt securities acquired in connection therewith, of (i) firms that, at the time of acquisition, have defaulted on their debt obligations and/or filed for protection under Chapter 11 of the U.S. Bankruptcy Code or have entered into a voluntary reorganization in conjunction with their creditors and stakeholders in order to avoid a bankruptcy filing, or (ii) firms

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prior to an event of default whose acute operating and/or financial problems have resulted in the markets valuing their respective securities and debt at sufficiently discounted prices so as to be yielding, should they not default, a significant premium over comparable duration U.S. Treasury bonds. Investing in the securities and debt of distressed issuers ("Special Situation Investments") involves a far greater level of risk than investing in issuers whose debt obligations are being met and whose debt trades at or close to its "par" value. While offering a greater potential opportunity for capital appreciation, Special Situation Investments are highly speculative with respect to the issuer's ability to continue to make interest payments and/or to pay its principal obligations in full. Special Situation Investments can be very difficult to properly value, making them susceptible to a high degree of price volatility and rendering them less liquid than performing debt obligations. Those Special Situation Investments involved in a bankruptcy proceeding can be subject to a high degree of uncertainty with regard to both the timing and the amount of the ultimate settlement. Special Situation Investments include non investment grade debtor in possession financing, sub performing real estate loans and mortgages, privately placed senior, mezzanine, subordinated and junior