

Report on Closed-End Fund Net Asset Value

NAV Changes between Aug 27th and Aug 31st 2010

(FHM) First Trust/Highland Capital Floating Rate Income Fund II

| | | |
|---|-----------|--------------|
| NAV on August 27, 2010 | \$ | 5.895 |
| NAV on August 31, 2010 | | 5.928 |
| Increase or (Decrease) | \$ | 0.033 |
| Due to: | | |
| - Portfolio Performance, net ¹ | \$ | 0.001 |
| - Distributions | | - |
| - Fx on Portfolio | | 0.032 |
| - Fx on Hedge | | - |
| | \$ | 0.033 |

*The weekly NAV for the fund has been calculated by the Custodian.
The components of the change in NAV are estimates prepared by the Manager and are provided for information purposes only to show the approximate impact of each component.*

¹net of fund expenses