

Report on Closed-End Fund Net Asset Value

NAV Changes between Aug 31st and Sep 3rd 2010

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

NAV on August 31, 2010	\$ 5.928
NAV on September 3, 2010	5.804
Increase or (Decrease)	\$ (0.123)
Due to:	
- Portfolio Performance, net ¹	\$ 0.003
- Distributions	-
- Fx on Portfolio	(0.126)
- Fx on Hedge	-
	\$ (0.123)

*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