

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
Form N-Q
November 06, 2007

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 811-21905

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY 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: DECEMBER 31

Date of reporting period: SEPTEMBER 30, 2007

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.

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The Schedule(s) of Investments is attached herewith.

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
 PORTFOLIO OF INVESTMENTS (a)
 SEPTEMBER 30, 2007 (UNAUDITED)

| PRINCIPAL VALUE (LOCAL CURRENCY) | DESCRIPTION | COUPON | STATE MATURITY |
|---|--|--------|-------------------|
| BONDS AND NOTES (b) - 58.7% | | | |
| | ARGENTINA - 4.8% | | |
| 760,000 | Banco Hipotecario SA (USD) | 9.75% | 04/27/ |
| 3,797,421 | Republic of Argentina (ARS) (c) | 2.00% | 02/04/ |
| 4,620,000 | Republic of Argentina (USD) | 7.00% | 04/17/ |
| | BRAZIL - 5.2% | | |
| 3,420,000 | Brazil NTN - B Note (BRL) | 6.00% | 08/15/ |
| 1,000,000 | Isa Capital do Brasil SA (USD) | 7.88% | 01/30/ |
| 5,530,000 | Nota do Tesouro Nacional (BRL) | 10.00% | 01/01/ |
| | CHINA - 1.0% | | |
| 670,000 | Parkson Retail Group Ltd. (USD) | 7.88% | 11/14/ |
| 540,000 | Parkson Retail Group Ltd. (USD) | 7.13% | 05/30/ |
| | COLOMBIA - 4.1% | | |
| 5,275,000,000 | Republic of Colombia (COP) | 12.00% | 10/22/ |
| 2,130,000 | Republic of Colombia (USD) | 7.38% | 09/18/ |
| | DOMINICAN REPUBLIC - 1.4% | | |
| 820,000 | Cerveceria Nacional Dominica (USD) (c) | 16.00% | 03/27/1 |
| 740,000 | Dominican Republic (USD) | 8.63% | 04/20/2 |
| | ECUADOR - 1.6% | | |
| 630,000 | Republic of Ecuador (USD) | 9.38% | 12/15/ |
| 1,610,000 | Republic of Ecuador (USD) | 10.00% | 08/15/ |
| | EGYPT - 2.7% | | |
| 7,500,000 | Arab Republic of Egypt (EGP) | 8.75% | 07/18/ |
| 2,140,000 | Egypt Government Bond (EGP) | 9.10% | 09/20/ |
| 10,000,000 | Egypt Treasury Bill (EGP) | 0.00% | 04/29/ |

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| | | | | |
|------------|--|-------|--|--------|
| | EL SALVADOR - 0.9% | | | |
| 1,090,000 | Republic of El Salvador (USD) | 7.65% | | 06/15/ |
| | GHANA - 1.3% | | | |
| 1,600,000 | Republic of Ghana (USD) | 8.50% | | 10/04/ |
| | INDIA - 1.8% | | | |
| 65,000,000 | JPMorgan Chase Bank NA (INR) (c) | 8.07% | | 01/15/ |
| 28,000,000 | JPMorgan International Derivatives (GBP) | 7.49% | | 09/08/ |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
 PORTFOLIO OF INVESTMENTS (a) - (CONTINUED)
 SEPTEMBER 30, 2007 (UNAUDITED)

| PRINCIPAL VALUE (LOCAL CURRENCY) | DESCRIPTION | COUPON | STATE MATURI |
|---|---|--------|-----------------|
| BONDS AND NOTES (b) - (CONTINUED) | | | |
| | INDONESIA - 5.5% | | |
| 1,140,000 | Adaro Finance BV (USD) | 8.50% | 12/08/ |
| 1,290,000 | BLT Finance BV (USD) | 7.50% | 05/15/ |
| 28,500,000,000 | Indonesian Government (IDR) | 12.50% | 03/15/ |
| 3,900,000,000 | Indonesian Government (IDR) | 10.25% | 07/15/ |
| 120,000 | Majapahit Holding BV (USD) | 7.75% | 10/17/ |
| 670,000 | Majapahit Holding BV (USD) | 7.25% | 06/28/ |
| | KAZAKHSTAN - 0.5% | | |
| 700,000 | Intergas Finance BV (USD) | 6.38% | 05/14/ |
| | MEXICO - 2.7% | | |
| 330,000 | Desarrolladora Homex SA (USD) | 7.50% | 09/28/ |
| 15,580,000 | Mexican Fixed Rate Bonds (MXN) | 9.50% | 12/18/ |
| 17,300,000 | Mexican Fixed Rate Bonds (MXN) | 8.00% | 12/07/ |
| | NIGERIA - 0.7% | | |
| 1,000,000 | GTB Finance BV (USD) | 8.50% | 01/29/ |
| | PAKISTAN - 1.3% | | |
| 1,020,000 | Islamic Republic of Pakistan (USD) | 6.88% | 06/01/ |
| 830,000 | Pakistan Mobile Communication (USD) | 8.63% | 11/13/ |
| | PERU - 2.3% | | |

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| | | | |
|------------|---|--------|--------|
| 6,040,000 | Peru Bono Soberano (PEN) | 7.84% | 08/12/ |
| 790,000 | Republic of Peru (USD) | 6.55% | 03/14/ |
| | PHILIPPINES - 0.9% | | |
| 1,000,000 | Republic of Philippines (USD) | 8.25% | 01/15/ |
| | RUSSIA - 2.6% | | |
| 830,000 | Alfa Bond ISS (USD) (c) | 8.64% | 02/22/ |
| 33,614,824 | Red Arrow International Leasing PLC (RUB) | 8.38% | 03/31/ |
| 1,180,000 | UBS (Vimpelcom) (USD) | 8.25% | 05/23/ |
| | SERBIA - 1.0% | | |
| 1,460,000 | Republic of Serbia (USD) | 3.75% | 11/01/ |
| | TURKEY - 4.8% | | |
| 730,000 | Republic of Turkey (USD) | 8.00% | 02/14/ |
| 330,000 | Republic of Turkey (USD) | 6.88% | 03/17/ |
| 1,380,000 | Turkey Government Bond (TRY) | 10.00% | 02/15/ |
| 4,780,000 | Turkey Government Bond (TRY) | 16.00% | 03/07/ |

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See Notes to Quarterly Portfolio of Investments.

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
 PORTFOLIO OF INVESTMENTS (a) - (CONTINUED)
 SEPTEMBER 30, 2007 (UNAUDITED)

| PRINCIPAL VALUE (LOCAL CURRENCY) | DESCRIPTION | COUPON | STATE MATURI |
|---|-------------------------------------|--------|-----------------|
| BONDS AND NOTES (b) - (CONTINUED) | | | |
| | UKRAINE - 3.0% | | |
| 800,000 | Alfa Bank Ukraine (USD) | 9.75% | 12/22/ |
| 1,070,000 | EX-IM Bank of Ukraine (USD) | 7.65% | 09/07/ |
| 500,000 | UBS AG Jersey Branch (USD) | 9.13% | 06/21/ |
| 910,000 | Ukraine Government (USD) | 6.39% | 06/26/ |
| 660,000 | Ukraine Government (USD) | 6.58% | 11/21/ |
| | URUGUAY - 2.9% | | |
| 1,390,000 | Republic Orient Uruguay (USD) | 7.63% | 03/21/ |
| 37,710,000 | Republic Orient Uruguay (UYU) | 5.00% | 09/14/ |
| 8,560,000 | Republic Orient Uruguay (UYU) | 4.25% | 04/05/ |

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| | | | |
|-----------|-----------------------------------|-------|--------|
| | VENEZUELA - 5.7% | | |
| 1,370,000 | Republic of Venezuela (USD) | 5.75% | 02/26/ |
| 2,600,000 | Republic of Venezuela (USD) | 7.65% | 04/21/ |
| 3,820,000 | Republic of Venezuela (USD) | 9.25% | 09/15/ |

TOTAL BONDS AND NOTES

(Cost \$74,712,173)

| SHARES | DESCRIPTION |
|-----------------------|--|
| ----- | |
| COMMON STOCKS - 45.6% | |
| | ARGENTINA - 0.9% |
| 23,200 | Tenaris SA, ADR |
| | BRAZIL - 7.4% |
| 52,300 | Banco Bradesco SA, ADR |
| 78,000 | Companhia Vale do Rio Doce, ADR |
| 47,000 | Lojas Renner SA |
| 30,300 | Petroleo Brasileiro SA, ADR |
| 44,000 | Souza Cruz SA |
| 28,000 | Telecomunicacoes de Sao Paulo SA |
| 24,600 | Ultrapar Participacoes SA, Preference Shares |
| | CHILE - 1.1% |
| 29,000 | Banco Santander Chile SA, ADR |
| | CHINA - 7.4% |
| 140,000 | China Mobile Ltd. |
| 170,000 | CLP Holdings Ltd. |
| 300,000 | Dah Sing Banking Group Ltd. |
| 200,000 | Hang Lung Group Ltd. |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
 PORTFOLIO OF INVESTMENTS (a) - (CONTINUED)
 SEPTEMBER 30, 2007 (UNAUDITED)

| SHARES | DESCRIPTION |
|-----------------------------|-------------|
| ----- | |
| COMMON STOCKS - (CONTINUED) | |

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| | |
|-----------|---|
| | CHINA - (CONTINUED) |
| 1,120,000 | PetroChina Company Ltd., H Shares |
| 490,000 | Swire Pacific Ltd., B Shares |
| 730,000 | Zhejiang Expressway Company, Ltd., H Shares |
| | CZECH REPUBLIC - 1.1% |
| 9,000 | Erste Bank der Oesterreichischen Sparkassen AG |
| 3,000 | Komerčni Banka AS |
| | HUNGARY - 0.9% |
| 5,300 | Richter Gedeon, Sponsored GDR |
| | INDIA - 4.6% |
| 90,000 | Gail India Ltd. |
| 20,000 | Glaxosmithkline Pharmaceuticals Ltd. |
| 8,000 | Grasim Industries Ltd. |
| 40,000 | Hero Honda Motors Ltd. |
| 22,000 | Housing Development Finance Corp. Ltd. |
| 33,000 | ICICI Bank Ltd. |
| 74,000 | Satyam Computer Services Ltd. |
| | INDONESIA - 1.5% |
| 300,000 | PT Astra International Tbk |
| 1,800,000 | PT Unilever Indonesia Tbk |
| | ISRAEL - 0.4% |
| 22,400 | Check Point Software Technologies Ltd. (d) |
| | MALAYSIA - 1.6% |
| 68,000 | British American Tobacco Malaysia Berhad |
| 420,000 | Public Bank Berhad |
| | MEXICO - 4.3% |
| 38,900 | Fomento Economico Mexicano, S.A.B. de C.V., Sponsored ADR |
| 34,000 | Grupo Aeroportuario del Centro Norte, S.A.B. de C.V., ADR |
| 361,000 | Grupo Continental, S.A.B. |
| 297,000 | Grupo Financiero Banorte, S.A.B. de C.V., O Shares |
| 274,000 | Kimberly-Clark de Mexico, S.A.B. de C.V., A Shares |
| | PHILIPPINES - 1.1% |
| 970,000 | Bank of the Philippine Islands |

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See Notes to Quarterly Portfolio of Investments.

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PORTFOLIO OF INVESTMENTS (a) - (CONTINUED)
 SEPTEMBER 30, 2007 (UNAUDITED)

| SHARES | DESCRIPTION |
|-----------------------------|---|
| COMMON STOCKS - (CONTINUED) | |
| | RUSSIA - 0.9% |
| 15,000 | LUKOIL, ADR |
| | SOUTH AFRICA - 1.9% |
| 138,000 | Massmart Holdings Ltd. |
| 167,000 | Truworths International Ltd. |
| | SOUTH KOREA - 3.1% |
| 65,000 | Pusan Bank |
| 4,800 | Samsung Electronics Company Ltd., Preference Shares |
| 850 | Shinsegae Company Ltd. |
| | TAIWAN - 3.2% |
| 1,000,000 | Fubon Financial Holdings Company, Ltd. |
| 1,140,000 | Taiwan Mobile Company, Ltd. |
| 923,599 | Taiwan Semiconductor Manufacturing Company, Ltd. |
| | THAILAND - 1.8% |
| 220,000 | PTT Exploration and Production Public Company Ltd. |
| 200,000 | Siam Cement Public (The) Company Ltd. |
| | TURKEY - 2.4% |
| 249,000 | Aksigorta AS |
| 9,000 | Bim Birlesik Magazalar AS |
| 35,000 | Migros Turk TAS |
| | TOTAL COMMON STOCKS |
| | (Cost \$43,682,160) |

| PRINCIPAL VALUE | DESCRIPTION | COUPON | STATE MATURITY |
|--------------------|---------------------------------|--------|-------------------|
| | U.S. TREASURY OBLIGATION - 1.1% | | |

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| | | | | |
|----|-----------|--------------------------------------|-------|-------|
| \$ | 1,480,000 | U.S. Treasury Note | 4.50% | 4/30/ |
| | | TOTAL U.S. TREASURY OBLIGATION | | |
| | | (Cost \$1,488,885) | | |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
 PORTFOLIO OF INVESTMENTS (a) - (CONTINUED)
 SEPTEMBER 30, 2007 (UNAUDITED)

DESCRIPTION

| |
|---|
| TOTAL INVESTMENTS - 105.4% |
| (Cost \$119,883,218) (e) |
| LOAN OUTSTANDING - (6.1)% |
| NET OTHER ASSETS AND LIABILITIES - 0.7% |
| NET ASSETS - 100.0% |

-
- (a) All percentages shown in the Portfolio of Investments are based on net assets.
 - (b) Fixed-income portfolio securities are included in a country based upon their underlying credit exposure as determined by Aberdeen Asset Management Inc., the Sub-Advisor.
 - (c) Variable rate security. The interest rate shown reflects the rate in effect at September 30, 2007.
 - (d) Non-income producing security.
 - (e) Aggregate cost for federal income tax and financial reporting purposes.

| | |
|-----|-----------------------------|
| ADR | American Depositary Receipt |
| ARS | Argentine Peso |
| BRL | Brazilian Real |
| COP | Colombian Peso |
| EGP | Egyptian Pound |
| GBP | British Pound Sterling |
| GDR | Global Depositary Receipt |
| IDR | Indonesian Rupiah |
| INR | Indian Rupee |
| MXN | Mexican Peso |
| PEN | Peruvian New Sol |
| RUB | Russian Ruble |
| TRY | Turkish Lira |
| USD | United States Dollar |
| UYU | Uruguayan Peso |

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See Notes to Quarterly Portfolio of Investments.

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
SCHEDULE OF FORWARD FOREIGN CURRENCY CONTRACTS
SEPTEMBER 30, 2007 (UNAUDITED)

| FORWARD FOREIGN CURRENCY CONTRACTS TO BUY CONTRACTS TO RECEIVE | | | | | | |
|---|-----------------------|---------------------|-------------------------------|--|--|-------------|
| EXPIRATION DATE | LOCAL CURRENCY (a) | VALUE IN U.S. \$ | IN EXCHANGE FOR U.S. \$ | NET UNREALIZED APPRECIATION OF CONTRACTS U.S. \$ | NET UNREALIZED DEPRECIATION OF CONTRACTS U.S. \$ | |
| 10/24/07 | BRL | 10,285,000 | \$ 5,594,619 | \$ 5,326,056 | \$ 268,563 | \$ -- |
| 10/24/07 | COP | 1,564,825,000 | 771,194 | 795,135 | -- | (23,941) |
| 10/24/07 | IDR | 23,353,160,000 | 2,547,015 | 2,481,738 | 65,277 | -- |
| 10/24/07 | INR | 59,442,000 | 1,491,089 | 1,451,044 | 40,045 | -- |
| 10/24/07 | MXN | 10,947,000 | 999,018 | 988,943 | 10,075 | -- |
| 10/24/07 | TRY | 4,399,000 | 3,612,088 | 3,311,067 | 301,021 | -- |
| | | | | | \$ 684,981 | \$ (23,941) |

| FORWARD FOREIGN CURRENCY CONTRACTS TO SELL CONTRACTS TO DELIVER | | | | | | |
|--|-----------------------|---------------------|-------------------------------|--|--|----------------|
| EXPIRATION DATE | LOCAL CURRENCY (a) | VALUE IN U.S. \$ | IN EXCHANGE FOR U.S. \$ | NET UNREALIZED APPRECIATION OF CONTRACTS U.S. \$ | NET UNREALIZED DEPRECIATION OF CONTRACTS U.S. \$ | |
| 10/24/07 | BRL | 18,398,000 | \$ 10,007,759 | \$ 9,529,398 | \$ -- | \$ (478,361) |
| 10/24/07 | COP | 5,996,738,000 | 2,955,378 | 2,946,800 | -- | (8,578) |
| 10/24/07 | IDR | 23,353,160,000 | 2,547,015 | 2,486,665 | -- | (60,350) |
| 10/24/07 | INR | 59,442,000 | 1,491,089 | 1,408,578 | -- | (82,511) |
| 10/24/07 | MXN | 43,016,000 | 3,929,029 | 3,954,650 | 25,621 | -- |
| 10/24/07 | TRY | 8,932,000 | 7,334,206 | 6,789,933 | -- | (544,273) |
| | | | | | \$ 25,621 | \$ (1,174,073) |
| Unrealized Appreciation (Depreciation) | | | | \$ 710,602 | \$ (1,198,014) | |
| Net Unrealized Appreciation (Depreciation) | | | | | \$ (487,412) | |

(a) Please see page 6 for currency descriptions.

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
PORTFOLIO COMPONENTS (a)
SEPTEMBER 30, 2007 (UNAUDITED)

PORTFOLIO COMPONENTS -- BY INDUSTRY

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

| | |
|-------------------------------------|-------|
| Government Bonds and Notes | 43.7% |
| Commercial Banks Non-US | 8.9% |
| Diversified Financial Services | 6.9% |
| Oil & Gas | 4.5% |
| Retail | 4.3% |
| Cellular Telecommunications | 3.7% |
| Semiconductors | 2.9% |
| Beverages | 2.3% |
| Building Products-Cement/Aggregates | 1.6% |
| Diversified Minerals | 1.6% |
| Electric Utilities | 1.4% |
| Tobacco | 1.4% |
| Insurance | 1.3% |
| Medical-Drugs | 1.2% |
| Telecommunications | 1.2% |
| Gas Utilities | 1.1% |
| Food-Retail | 1.0% |
| Household Products | 1.0% |
| Paper & Related Products | 0.9% |
| Steel Producers | 0.9% |
| Transportation | 0.9% |
| Coal | 0.9% |
| Diversified Operations | 0.9% |
| Real Estate | 0.8% |
| Export/Import Bank | 0.8% |
| Commercial Services | 0.8% |
| Airport Development/Maintenance | 0.7% |
| Chemicals | 0.7% |
| Applications Software | 0.6% |
| Leisure Time | 0.5% |
| Internet Security | 0.4% |
| Building-Residential/Commercial | 0.2% |

(a) Percentages are based on total investments. Please note that the percentages on the Portfolio of Investments are based on net assets.

Page 8 See Notes to Quarterly Portfolio of Investments.

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
PORTFOLIO COMPONENTS (a) (b) - (CONTINUED)
SEPTEMBER 30, 2007 (UNAUDITED)

PORTFOLIO COMPONENTS -- BY COUNTRY

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

| | |
|-----------|-------|
| Brazil | 12.0% |
| China | 7.9% |
| Turkey | 6.8% |
| Indonesia | 6.7% |
| Mexico | 6.6% |

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| | |
|--------------------|------|
| India | 6.0% |
| Venezuela | 5.5% |
| Argentina | 5.5% |
| Colombia | 3.9% |
| Russia | 3.3% |
| Taiwan | 3.1% |
| South Korea | 2.9% |
| Ukraine | 2.9% |
| Uruguay | 2.7% |
| Egypt | 2.5% |
| Peru | 2.2% |
| Philippines | 1.8% |
| South Africa | 1.8% |
| Thailand | 1.7% |
| Malaysia | 1.5% |
| Ecuador | 1.5% |
| Dominican Republic | 1.3% |
| Pakistan | 1.2% |
| Ghana | 1.2% |
| United States | 1.1% |
| Chile | 1.1% |
| Czech Republic | 1.0% |
| Serbia | 1.0% |
| El Salvador | 0.9% |
| Hungary | 0.8% |
| Nigeria | 0.7% |
| Kazakhstan | 0.5% |
| Israel | 0.4% |

- (a) Percentages are based on total investments. Please note that the percentages on the Portfolio of Investments are based on net assets.
- (b) Fixed-income portfolio securities are included in a country based upon their underlying credit exposure as determined by Aberdeen Asset Management Inc., the Sub-Advisor.

See Notes to Quarterly Portfolio of Investments.

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NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND SEPTEMBER 30, 2007 (UNAUDITED)

1. VALUATION AND INVESTMENT PRACTICES

A. PORTFOLIO VALUATION:

The net asset value ("NAV") of the Common Shares of First Trust/Aberdeen Emerging Opportunity Fund (the "Fund") is determined daily as of the close of regular 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 NAV per Common Share is calculated 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.

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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 addition, structured products, including currency-linked notes and credit-linked notes, as well as interest rate swaps and credit default swaps, are valued using a pricing service or quotes provided by the selling dealer or financial institution. 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, First Trust Advisors L.P. ("First Trust") may use a fair value method to value the Fund's securities and investments. Additionally, if events occur after the close of the principal market for particular securities (e.g., domestic debt and foreign securities), but before the Fund values its assets, that could materially affect NAV, 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.

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 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 maintains liquid assets with a current value at least equal to the amount of its when-issued or delayed-delivery purchase commitments. At September 30, 2007, the Fund had no when-issued or delayed-delivery purchase commitments.

C. FORWARD FOREIGN CURRENCY CONTRACTS:

Forward foreign currency contracts are agreements to exchange one currency for another at a future date and at a specified price. The Fund may use forward foreign currency contracts to facilitate transactions in foreign securities and to manage the Fund's foreign currency exposure. These contracts are valued daily, and the Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in Net Other Assets and Liabilities on the Portfolio of Investments. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates. Due to the risks, the Fund could incur losses up to the entire contract amount, which may exceed the net unrealized value shown in the Schedule of Forward Foreign Currency Contracts.

D. FOREIGN CURRENCY:

The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments and other assets and liabilities are translated into U.S. dollars at the exchange rates prevailing at the end of the period. Purchases and sales of investment securities are translated on the respective dates of such transactions. Net realized foreign currency gains and losses include the effect of changes in exchange rates between trade date and settlement date on investment security and foreign currency transactions.

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NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS - (CONTINUED)

FIRST TRUST/ABERDEEN EMERGING OPPORTUNITY FUND
SEPTEMBER 30, 2007 (UNAUDITED)

2. UNREALIZED APPRECIATION (DEPRECIATION)

As of September 30, 2007, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$19,281,559 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$1,699,241.

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ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

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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/ABERDEEN EMERGING OPPORTUNITY 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 NOVEMBER 5, 2007

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 NOVEMBER 5, 2007

By (Signature and Title)* /S/ MARK R. BRADLEY

Mark R. Bradley, Treasurer, Controller, Chief
Financial Officer and Chief Accounting Officer
(principal financial officer)

Date NOVEMBER 5, 2007

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