

FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND
Form N-Q
March 28, 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 811-21876

FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND

(Exact name of registrant as specified in charter)

1001 Warrenville Road, Suite 300
LISLE, IL 60532

(Address of principal executive offices) (Zip code)

W. Scott Jardine, Esq.
First Trust Portfolios L.P.
1001 Warrenville Road, Suite 300
LISLE, IL 60532

(Name and address of agent for service)

Registrant's telephone number, including area code: (630) 241-4141

Date of fiscal year end: OCTOBER 31

Date of reporting period: JANUARY 31, 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.

The Schedule(s) of Investments is attached herewith.

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FIRST TRUST TAX-ADVANTAGE PREFERRED INCOME FUND
 PORTFOLIO OF INVESTMENTS
 JANUARY 31, 2007 (UNAUDITED)

| PRINCIPAL VALUE ----- | DESCRIPTION ----- | MARKE VALUE |
|---------------------------------------|---|----------------|
| PREFERRED SECURITIES - 122.6% | | |
| CAPITAL MARKETS - 16.6% | | |
| 140,000 | Deutsche Bank Capital Funding Trust VIII, 6.38%..... | \$ 3,57 |
| 120,000 | Goldman Sachs Group Inc., Series D, 5.88% +..... | 3,14 |
| 18,600 | Lehman Brothers Holdings, Inc., Series G, 6.07% +..... | 48 |
| 80,000 | Merrill Lynch & Company, Series H, 6.05% +..... | 2,08 |
| 10,000 | Morgan Stanley, Series A, 6.19% +..... | 26 |
| | | ----- |
| | | 9,54 |
| | | ----- |
| COMMERCIAL BANKS - 48.4% | | |
| 3,200 | ABN Amro Capital Fund Trust V, Series E, 5.90%..... | 7 |
| 100,000 | Barclays Bank PLC, Series 2, 6.63%..... | 2,65 |
| 6,000 | Heartland Financial, 9.60% **..... | 6,00 |
| 100,000 | HSBC Holdings PLC, Series A, 6.20%..... | 2,55 |
| 6,000 | Irwin Financial Corporation, 8.61% **..... | 6,00 |
| 7,900 | Royal Bank of Scotland PLC, Series M, 6.40%..... | 20 |
| 80,000 | Royal Bank of Scotland PLC, Series R, 6.13%..... | 1,99 |
| 40,000 | Santander Finance Preferred SA Unipersonal, 6.50% **..... | 1,00 |
| 100,000 | Santander Finance Preferred SA Unipersonal, 6.80% **..... | 2,51 |
| 19,900 | SunTrust Banks, Series A, 5.92% +..... | 52 |
| 101,400 | U.S. Bancorp, Series B, 5.97% +..... | 2,69 |
| 63,000 | Zions Bancorporation, Series A, 5.87% +..... | 1,60 |
| | | ----- |
| | | 27,82 |
| | | ----- |
| DIVERSIFIED FINANCIAL SERVICES - 3.3% | | |
| 40,000 | Bank of America Corp., Series D, 6.20%..... | 1,06 |
| 31,900 | ING Groep NV, 6.13%..... | 80 |
| | | ----- |
| | | 1,86 |
| | | ----- |
| ELECTRIC UTILITIES - 7.1% | | |
| 40,000 | Alabama Power Company, 5.63%..... | 99 |
| 80,000 | PPL Electric Utilities Corp., 6.25%..... | 2,09 |
| 10,000 | Southern California Edison Company, 6.13%..... | 1,02 |
| | | ----- |
| | | 4,10 |
| | | ----- |
| INSURANCE - 23.6% | | |
| 38,700 | Aspen Insurance Holdings Ltd., 7.40% +..... | 99 |
| 1,000,000 | AXA SA, 6.46% +**..... | 97 |
| 115,000 | Axis Capital Holdings Ltd., Series A, 7.25%..... | 2,98 |
| 80,000 | Endurance Specialty Holdings Ltd., Series A, 7.75%..... | 2,09 |
| 36,573 | Prudential PLC, 6.50%..... | 94 |
| 20,000 | Renaissancere Holdings Ltd., Series B, 7.30%..... | 51 |
| 80,000 | Renaissancere Holdings Ltd., Series D, 6.60%..... | 1,97 |
| 120,000 | XL Capital Ltd., Series B, 7.63%..... | 3,07 |
| | | ----- |

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13,56

| | |
|--|-------|
| OIL, GAS & CONSUMABLE FUELS - 4.6% | ----- |
| 100,000 GMX Resources Inc., Series B, 9.25%..... | 2,65 |
| | ----- |

See Notes to Quarterly Portfolio of Investments.

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FIRST TRUST TAX-ADVANTAGE PREFERRED INCOME FUND
 PORTFOLIO OF INVESTMENTS - (CONTINUED)
 JANUARY 31, 2007 (UNAUDITED)

| PRINCIPAL VALUE ----- | DESCRIPTION ----- | MARKE VALUE ----- |
|------------------------------------|---|-------------------------|
| PREFERRED SECURITIES - (CONTINUED) | | |
| | THRIFTS & MORTGAGE FINANCE - 14.4% | |
| 17,000 | FannieMae, Series H, 5.81%..... | \$ 84 |
| 40,000 | Franklin Bank Corp., Series A, 7.50%..... | 1,01 |
| 40,000 | FreddieMac, Series S, 5.87% +..... | 2,11 |
| 73,000 | FreddieMac, Series V, 5.57%..... | 1,82 |
| 90,100 | Sovereign Bancorp, Inc., Series C, 7.30%..... | 2,45 |
| | | ----- |
| | | 8,25 |
| | | ----- |
| | TRADING COMPANIES & DISTRIBUTORS - 4.6% | |
| 250,400 | Willis Lease Finance Corp., Series A, 9.00%..... | 2,64 |
| | | ----- |
| | TOTAL PREFERRED SECURITIES..... | 70,47 |
| | | ----- |
| | (Cost \$69,145,608) | |
| CANADIAN INCOME TRUSTS - 10.0% | | |
| 110,000 | Atlantic Power Corp., IPS..... | 1,00 |
| 21,800 | BFI Canada Income Fund..... | 49 |
| 78,000 | Boralex Power Income Fund..... | 61 |
| 60,000 | Crescent Point Energy Trust..... | 85 |
| 80,900 | Energy Savings Income Fund..... | 88 |
| 115,000 | Teranet Income Fund..... | 89 |
| 90,000 | Yellow Pages Income Fund..... | 99 |
| | | ----- |
| | TOTAL CANADIAN INCOME TRUSTS..... | 5,74 |
| | | ----- |
| | (Cost \$6,506,011) | |
| | TOTAL INVESTMENTS - 132.6%..... | 76,21 |
| | | ----- |
| | (Cost \$75,651,619)* | |
| | NET OTHER ASSETS & LIABILITIES - 5.7%..... | 3,24 |
| | AUCTION PREFERRED SHARES, AT LIQUIDATION VALUE - (38.3)%..... | (22,00) |
| | | ----- |

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NET ASSETS - 100.0%..... \$ 57,46
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SCHEDULE OF FOREIGN CURRENCY FUTURES CONTRACTS:

| NUMBER OF CONTRACTS | DESCRIPTION | UNREALIZED APPRECIATION/ VALUE | (DEPRECIATION) |
|-----------------------------------|---------------------------------|--------------------------------------|----------------|
| FUTURE CONTRACTS - SHORT POSITION | | | |
| 50 | Canadian Dollar March 2007..... | \$ 4,259,000 | \$ 1 |
| | | ----- | ----- |
| | | \$ 4,259,000 | \$ 1 |
| | | ===== | ===== |

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See Notes to Quarterly Portfolio of Investments.

NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS - (UNAUDITED)

FIRST TRUST TAX-ADVANTAGE PREFERRED INCOME FUND
JANUARY 31, 2007

1. VALUATION AND INVESTMENT PRACTICES

A. PORTFOLIO VALUATION:

First Trust Tax-Advantaged Preferred Income Fund (the "Fund") determines the net asset value ("NAV") of its shares daily, as of the close of regular session trading on the New York Stock Exchange ("NYSE"), normally 4:00 p.m. Eastern time, on each day the NYSE is open for trading. Domestic debt securities and foreign securities are priced using data reflecting the earlier closing of the principal markets for those securities. The Fund calculates NAV per Common Share by subtracting the Fund's liabilities (including accrued expenses, dividends payable and any borrowings of the Fund) and the liquidation value of any outstanding Preferred Shares from the Fund's Total Assets (the value of the securities and other investments the Fund holds plus cash or other assets, including interest accrued but not yet received) and dividing the result by the total number of Common Shares outstanding.

The Fund's investments are valued daily at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Fund's Board of Trustees. A majority of the Fund's assets are valued using market information supplied by third parties. In the event that market quotations are not readily available, the pricing service does not provide a valuation for a particular asset, or the valuations are deemed unreliable, or if events occurring after the close of the principal markets for particular securities (e.g., domestic debt and foreign securities), but before the Fund values its assets, would materially affect NAV, First Trust Advisors L.P. 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

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of the Investment Company Act of 1940, as amended. 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 purchase commitments.

C. RESTRICTED SECURITIES:

The Fund may invest in restricted securities, which are securities that may not be offered for public sale without first being registered under the Securities Act of 1933, as amended. Prior to registration, restricted securities may only be resold in transactions exempt from registration. As of January 31, 2007, the Fund held restricted securities as shown in the following table. The Fund does not have the right to demand that such securities be registered. These securities are valued according to the valuation procedures as stated in the Portfolio Valuation footnote (Note 1A) and are not expressed as a discount to the carrying value of a comparable unrestricted security.

| SECURITY ----- | ACQUISITION DATE ----- | CARRYING VALUE PER UNIT ----- | COST ----- |
|---|------------------------------|-------------------------------------|---------------|
| AXA SA, 6.46%..... | 12/07/06 | \$ 0.98 | \$1,000,000 |
| Heartland Financial, 9.60% | 12/21/06 | 1,000.00 | 6,000,000 |
| Irwin Financial Corporation, 8.61% | 12/22/06 | 1,000.00 | 5,940,000 |
| Santander Finance Preferred SA Unipersonal, 6.80% . | 10/31/06 | 25.16 | 2,500,000 |
| Santander Finance Preferred SA Unipersonal, 6.50%.. | 01/11/07 | 25.22 | 1,000,000 |

2. UNREALIZED APPRECIATION/(DEPRECIATION)

As of January 31, 2007, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$1,498,720 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$933,726.

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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

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240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) FIRST TRUST TAX-ADVANTAGED PREFERRED INCOME FUND

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

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

Date MARCH 22, 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 MARCH 22, 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 MARCH 22, 2007

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

