

Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

ENERGY INCOME & GROWTH FUND

Form N-Q

April 27, 2009

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 811-21549

ENERGY INCOME AND GROWTH FUND  
(Exact name of registrant as specified in charter)

120 East Liberty Drive, Suite 400  
WHEATON, IL 60187  
(Address of principal executive offices) (Zip code)

W. Scott Jardine, Esq.  
First Trust Portfolios L.P.  
120 East Liberty Drive, Suite 400  
WHEATON, IL 60187  
(Name and address of agent for service)

Registrant's telephone number, including area code: 630-765-8000

Date of fiscal year end: NOVEMBER 30

Date of reporting period: FEBRUARY 28, 2009

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.

ENERGY INCOME AND GROWTH FUND  
PORTFOLIO OF INVESTMENTS (a) (b)

## Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

FEBRUARY 28, 2009 (UNAUDITED)

SHARES	DESCRIPTION	VALUE
MASTER LIMITED PARTNERSHIPS - 113.0%		
OIL, GAS & CONSUMABLE FUELS - 113.0%		
25,000	Buckeye GP Holdings, L.P. ....	\$ 390,000
465,471	Clearwater Natural Resources, L.P. (c) (d) (e) .....	465,471
148,050	Copano Energy, LLC .....	2,105,271
74,300	Duncan Energy Partners, L.P. ....	1,211,833
145,947	Enbridge Energy Partners, L.P. ....	4,155,111
7,582	Encore Energy Partners, L.P. ....	98,945
183,000	Energy Transfer Equity, L.P. ....	3,592,290
253,870	Energy Transfer Partners, L.P. ....	9,192,633
232,803	Enterprise GP Holdings, L.P. ....	4,555,955
459,998	Enterprise Products Partners L.P. ....	9,926,757
93,709	EV Energy Partner, L.P. ....	1,383,145
39,928	Exterran Partners, L.P. ....	489,118
88,393	Global Partners, L.P. ....	945,805
242,700	Holly Energy Partners, L.P. ....	6,183,996
147,836	Inergy Holdings, L.P. ....	4,121,668
132,000	Inergy, L.P. ....	2,972,640
205,771	Kinder Morgan Energy Partners, L.P. ....	9,488,101
398,239	Magellan Midstream Holdings, L.P. ....	6,339,965
302,756	Magellan Midstream Partners, L.P. ....	9,627,641
79,719	MarkWest Energy Partners, L.P. ....	857,776
102,788	Natural Resource Partners, L.P. ....	2,130,795
125,126	NuStar Energy, L.P. ....	5,773,313
200,000	NuStar GP Holdings, LLC .....	3,790,000
89,630	ONEOK Partners, L.P. ....	3,797,623
95,000	Penn Virginia Resource Partners, L.P. ....	1,106,750
245,921	Plains All American Pipeline, L.P. ....	9,477,795
59,500	Quicksilver Gas Services, L.P. ....	725,900
15,000	Sunoco Logistics Partners, L.P. ....	824,850
27,000	TC Pipelines, L.P. ....	698,490
60,000	TransMontaigne Partners, L.P. ....	1,023,000
46,200	Williams Partners, L.P. ....	505,890
60,000	Williams Pipeline Partners, L.P. ....	951,600
TOTAL MASTER LIMITED PARTNERSHIPS (Cost \$93,923,636) .....		108,910,127
CANADIAN INCOME TRUSTS - 1.1%		
OIL, GAS & CONSUMABLE FUELS - 1.1%		
83,700	Keyera Facilities Income Fund .....	1,041,480
TOTAL CANADIAN INCOME TRUSTS (Cost \$994,840) .....		1,041,480
COMMON STOCKS - 18.4%		
GAS UTILITIES - 9.6%		
253,000	ONEOK, Inc. (f) .....	5,652,020
149,800	UGI Corp. (g) .....	3,593,702
		9,245,722

# Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

See Notes to Quarterly Portfolio of Investments

Page 1

ENERGY INCOME AND GROWTH FUND  
 PORTFOLIO OF INVESTMENTS (a) (b) - (CONTINUED)  
 FEBRUARY 28, 2009 (UNAUDITED)

SHARES	DESCRIPTION	VALUE
COMMON STOCKS - (CONTINUED)		
	OIL, GAS & CONSUMABLE FUELS - 8.7%	
75,409	Enbridge Energy Management, LLC (h) .....	\$ 2,066,209
35,000	Enbridge, Inc. (g) .....	1,042,650
1,566	Kinder Morgan Management, LLC (h) .....	65,312
164,500	Spectra Energy Corp. (f) .....	2,138,500
265,300	Williams Companies, Inc. (f) .....	2,997,890
		8,310,561
	CAPITAL MARKETS - 0.1%	
20,000	NGP Capital Resources Co. ....	121,200
	TOTAL COMMON STOCKS .....	17,677,483
	(Cost \$28,565,836)	
RIGHTS - 0.0%		
	OIL, GAS & CONSUMABLE FUELS - 0.0%	
17	Clearwater Natural Resources, L.P. - Rights (c) (d) (e) .....	0
	TOTAL RIGHTS .....	0
	(Cost \$0)	
WARRANTS - 0.0%		
	OIL, GAS & CONSUMABLE FUELS - 0.0%	
48,956	Abraxas Petroleum Corp. - Warrants, Expiration 05/25/12 (c) (e) .....	5,787
	TOTAL WARRANTS .....	5,787
	(Cost \$0)	
	TOTAL INVESTMENTS - 132.5% .....	127,634,877
	(Cost \$123,484,312) (i)	
NUMBER OF CONTRACTS	DESCRIPTION	VALUE
CALL OPTIONS WRITTEN - (0.4%)		
	Enbridge, Inc.	
350	@ 35 due July 09 .....	(12,250)

## Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

ONEOK, Inc.		
1,150	@ 30 due July 09 .....	(48,875)
1,180	@ 32.5 due July 09 .....	(29,500)
		-----
		(78,375)
		-----
Spectra Energy Corp.		
945	@ 17.5 due June 09 .....	(14,175)
500	@ 17.5 due Sep 09 .....	(17,500)
		-----
		(31,675)
		-----
UGI Corp.		
300	@ 25 due Apr 09. ....	(28,500)
1,198	@ 25 due July 09 .....	(209,650)
		-----
		(238,150)
		-----

See Notes to Quarterly Portfolio of Investments

Page 2

ENERGY INCOME AND GROWTH FUND  
 PORTFOLIO OF INVESTMENTS (a) (b) - (CONTINUED)  
 FEBRUARY 28, 2009 (UNAUDITED)

NUMBER OF CONTRACTS	DESCRIPTION	VALUE
-----	-----	-----
CALL OPTIONS WRITTEN - (CONTINUED)		
Williams Companies, Inc.		
300	@ 20 due May 09 .....	\$ (1,500)
453	@ 25 due May 09 .....	(2,265)
		-----
		(3,765)
		-----
TOTAL CALL OPTIONS WRITTEN .....		(364,215)
(Premiums received \$1,488,111)		
NET OTHER ASSETS AND LIABILITIES - 2.3% .....		2,225,019
OUTSTANDING LOAN - (8.5)% .....		(8,150,000)
SERIES B ENERGY NOTES PAYABLE (j) - (25.9)% .....		(25,000,000)
		-----
NET ASSETS - 100.0%.....		\$ 96,345,681
		=====

- (a) All percentages shown in the Portfolio of Investments are based on net assets.
- (b) All or a portion of the securities are available to serve as collateral on the outstanding loan.
- (c) This security is restricted and cannot be offered for public sale without

## Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

first being registered under the Securities Act of 1933, as amended (the "1933 Act"). Prior to registration, restricted securities may only be resold in transactions exempt from registration. (See Note 1D - Restricted Securities in the Notes to Quarterly Portfolio of Investments).

- (d) This security is fair valued in accordance with valuation procedures adopted by the Fund's Board of Trustees.
- (e) Non-income producing security.
- (f) Call options were written on a portion of the Common Stock position. The underlying portion of this Common Stock position is pledged as collateral.
- (g) Call options were written on this entire Common Stock position. All Common Stocks relating to this call position are pledged as collateral.
- (h) Non-income producing security which pays regular in-kind distributions.
- (i) Aggregate cost for financial reporting purposes, which approximates the aggregate cost for federal income tax purposes. As of February 28, 2009, the aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost was \$33,675,736 and the aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value was \$29,525,171.
- (j) Series B Energy Notes were redeemed in full on March 13, 2009.

### SECURITY VALUATION INPUTS

A summary of the inputs used to value the Fund's investments as of February 28, 2009 is as follows (See Note 1A - Portfolio Valuation in the Notes to Quarterly Portfolio of Investments):

VALUATION INPUTS	INVESTMENTS
Level 1 - Quoted Prices .....	\$127,163,619
Level 1 - Written Options .....	(364,215)
Level 2 - Other Significant Observable Inputs ...	--
Level 3 - Significant Unobservable Inputs .....	471,258
TOTAL .....	\$127,270,662

The following table presents the Fund's investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the period presented.

ASSETS AT FAIR VALUE USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	INVESTMENTS
Balance as of November 30, 2008 .....	\$ 2,806,705
Change in unrealized appreciation (depreciation) .....	(2,335,447)

## Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

Balance as of February 28, 2009 .....	----- \$ 471,258 =====
---------------------------------------	------------------------------

Net unrealized depreciation from Level 3 investments held as of February 28, 2009 was \$8,130,302.

See Notes to Quarterly Portfolio of Investments

Page 3

### NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS

#### ENERGY INCOME AND GROWTH FUND FEBRUARY 28, 2009 (UNAUDITED)

#### 1. VALUATION AND INVESTMENT PRACTICES

##### A. PORTFOLIO VALUATION:

The net asset value ("NAV") of the Common Shares of Energy Income and Growth 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. The NAV per Common Share is calculated by dividing the value of all assets of the Fund (including accrued dividends and interest), less all liabilities (including accrued expenses, dividends declared but unpaid and deferred income taxes and any borrowings of the Fund) by the total number of shares outstanding. The Fund will rely to some extent on information provided by the Master Limited Partnerships ("MLPs"), which is not necessarily timely, to estimate taxable income allocable to the MLP units held in the Fund's portfolio and to estimate the associated deferred tax asset or liability. From time to time, the Fund will modify its estimates and/or assumptions regarding its deferred tax liability as new information becomes available. To the extent the Fund modifies its estimates and/or assumptions, the NAV of the Fund will likely fluctuate.

The Fund's investments are valued 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. 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. Fixed-income securities with a remaining maturity of 60 days or more will be valued by the Fund using a pricing service. Short-term investments that mature in less than 60 days when purchased are valued at amortized cost.

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective for fiscal years beginning after November 15, 2007. This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional

## Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below:

- Level 1 - quoted prices in active markets for identical investments
- Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. A summary of the inputs used to value the Fund's investments as of February 28, 2009 is included in the Fund's Portfolio of Investments.

### B. OPTION CONTRACTS:

COVERED OPTIONS. The Fund may write (sell) covered call or put options ("options") on all or a portion of the common stock of energy companies held in the Fund's portfolio as determined to be appropriate by Energy Income Partners, LLC (the "Sub-Advisor"). The number of options the Fund can write (sell) is limited by the amount of common stock of energy companies the Fund holds in its portfolio. The Fund will not write (sell) "naked" or uncovered options. By writing (selling) options, the Fund seeks to generate additional income, in the form of premiums received for writing (selling) the options, and provide a partial hedge against a market decline in the underlying equity security. Options are marked-to-market daily and their value will be affected by changes in the value and dividend rates of the underlying equity securities, changes in interest rates, changes in the actual or perceived volatility of the securities markets and the underlying equity securities and the remaining time to the options' expiration. The value of options may also be adversely affected if the market for the options becomes less liquid or smaller.

Options the Fund writes (sells) will either be exercised, expire or be cancelled pursuant to a closing transaction. If the price of the underlying equity security exceeds the option's exercise price, it is likely that the option holder will exercise the option. If an option written (sold) by the Fund is exercised, the Fund would be obligated to deliver the underlying equity security to the option holder upon payment of the strike price. In this case, the option premium received by the Fund will be added to the amount realized on the sale of the underlying security for purposes of determining gain or loss. If the price of the underlying equity security is less than the option's strike price, the option will likely expire without being exercised. The option premium received by the Fund will, in this case, be treated as short-term capital gain on the expiration date of the option. The Fund may also elect to close out its position in an option prior to its expiration by purchasing an option of the same series as the option written (sold) by the Fund.

Page 4

NOTES TO QUARTERLY PORTFOLIO OF INVESTMENTS - (CONTINUED)

ENERGY INCOME AND GROWTH FUND  
FEBRUARY 28, 2009 (UNAUDITED)

The options that the Fund writes (sells) give the option holder the right, but not the obligation, to purchase a security from the Fund at the strike price on

## Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

or prior to the option's expiration date. The ability to successfully implement the writing (selling) of covered call options depends on the ability of the Sub-Advisor to predict pertinent market movements, which cannot be assured. Thus, the use of options may require the Fund to sell portfolio securities at inopportune times or for prices other than current market value, which may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. As the writer (seller) of a covered option, the Fund foregoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the option above the sum of the premium and the strike price of the option, but has retained the risk of loss should the price of the underlying security decline. The writer (seller) of an option has no control over the time when it may be required to fulfill its obligation as a writer (seller) of the option. Once an option writer (seller) has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security to the option holder at the exercise price.

### C. 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.

Distributions received from the Fund's investments in MLPs generally are comprised of return of capital from the MLP to the extent of the cost basis of such MLP investments.

### D. RESTRICTED SECURITIES:

The Fund may invest up to 35% of its Managed Assets, which is the gross asset value of the Fund minus accrued liabilities (excluding the principal amount of any borrowings), in restricted securities. Restricted securities are securities that cannot be offered for public sale without first being registered under the 1933 Act. Prior to registration, restricted securities may only be resold in transactions exempt from registration. The Fund holds the restricted securities at February 28, 2009 shown in the following table. The Fund does not have the right to demand that such securities be registered. Restricted securities are valued at fair value in accordance with procedures adopted by the Fund's Board of Trustees and in accordance with provisions of the Investment Company Act of 1940, as amended.

SECURITY -----	ACQUISITION DATE -----	SHARES -----	VALUE PER SHARE -----	CARRYING COST -----	VALUE -----	% OF NET ASSETS -----
Clearwater Natural Resources, L.P.	08/01/05	465,471	\$1.00	\$8,601,560	\$465,471	0.48%
Clearwater Natural Resources, L.P. Rights	08/01/05	17	0.00	0	0	0.00
Abraxas Petroleum Corp. - Warrants	05/25/07	48,956	0.12	0	5,7870	0.01
		----- 514,444 =====		----- \$8,601,560 =====	----- \$471,258 =====	----- 0.49% =====

### 2. OPTION ACTIVITY

## Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

Written option activity for the three months ended February 28, 2009 was as follows:

WRITTEN OPTIONS	NUMBER OF CONTRACTS	PREMIUMS
Options outstanding at November 30, 2008 ...	4,546	\$ 534,868
Options written .....	5,623	1,371,753
Options expired .....	(2,215)	(203,992)
Options exercised .....	--	--
Options closed .....	(1,578)	(214,518)
Options outstanding at February 28, 2009 ...	6,376	\$1,488,111
	=====	=====

Page 5

### 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

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) ENERGY INCOME AND GROWTH FUND

Edgar Filing: ENERGY INCOME & GROWTH FUND - Form N-Q

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

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

Date APRIL 27, 2009  
-----

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 APRIL 27, 2009  
-----

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

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

Date APRIL 27, 2009  
-----

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