

Edgar Filing: Clough Global Allocation Fund - Form N-Q

Clough Global Allocation Fund  
Form N-Q  
April 28, 2006

**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 811-21583

**CLOUGH GLOBAL ALLOCATION FUND**  
(Exact name of registrant as specified in charter)

1625 Broadway, Suite 2200, Denver, Colorado  
(Address of principal executive offices)

80202  
(Zip code)

Erin Douglas  
Clough Global Allocation Fund  
1625 Broadway, Suite 2200  
Denver, Colorado 80202  
(Name and address of agent for service)

Registrant's telephone number, including area code: (303) 623-2577

Date of fiscal year end: May 31

Date of reporting period: February 28, 2006

---

**Item 1 Schedule of Investments.****CLOUGH GLOBAL ALLOCATION FUND****STATEMENT OF INVESTMENTS**

February 28, 2006 (Unaudited)

|                                     | SHARES        | VALUE      |
|-------------------------------------|---------------|------------|
| <b>COMMON STOCKS</b>                | <b>99.04%</b> |            |
| <b>Consumer/Retail</b>              | <b>8.31%</b>  |            |
| Ashford Hospitality                 | 48,000        | \$ 599,520 |
| B & G Foods Inc.                    | 67,000        | 1,004,330  |
| Bridgestone Corp.                   | 109,000       | 2,146,948  |
| Carmax Inc. *                       | 12,900        | 405,318    |
| Coinmach Service Class A            | 50,000        | 469,000    |
| Daimaru Inc./The                    | 101,000       | 1,375,111  |
| Deere & Co.                         | 10,400        | 793,208    |
| Fast Retailing Co.                  | 16,000        | 1,404,345  |
| Komeri Co. Ltd.                     | 52,100        | 1,944,383  |
| Matsumotokiyoshi Co.                | 21,900        | 609,200    |
| Mitsukoshi Ltd.                     | 195,000       | 1,120,254  |
| Nikon Corp.                         | 86,000        | 1,482,182  |
| Sapporo Holdings Ltd.               | 117,000       | 611,507    |
| Toppan Forms Co. Ltd.               | 41,300        | 637,937    |
| Trustreet Properties Inc.           | 88,600        | 1,284,700  |
| Uni-Charm Corp.                     | 49,500        | 2,475,962  |
| Wacoal Holdings Corp.               | 35,900        | 495,910    |
| Yamada Denki Co. Ltd.               | 3,500         | 379,768    |
| York-Benimaru Co. Ltd.              | 33,000        | 1,100,428  |
|                                     |               | 20,340,011 |
| <b>ENERGY</b>                       | <b>22.47%</b> |            |
| <b>Coal</b>                         | <b>4.22%</b>  |            |
| ALPHA Natural Resources Inc. *      | 62,400        | 1,333,488  |
| Arch Coal Inc.                      | 8,000         | 584,880    |
| CONSOL Energy Inc.                  | 6,000         | 384,120    |
| Fording Canadian Coal Trust         | 63,500        | 2,591,435  |
| KFx Inc. *                          | 50,700        | 1,058,616  |
| Massey Energy Co.                   | 23,200        | 863,040    |
| Peabody Energy Corp.                | 32,000        | 1,544,640  |
| Walter Industries                   | 30,000        | 1,974,900  |
|                                     |               | 10,335,119 |
| <b>Exploration &amp; Production</b> | <b>7.96%</b>  |            |
| Amerada Hess Corp.                  | 16,100        | 2,226,791  |
| Anadarko Petroleum Corp.            | 25,000        | 2,479,000  |
| Canadian Natural Resources          | 34,800        | 1,898,688  |
| Cheniere Energy Inc. *              | 18,000        | 713,700    |
| Chesapeake Energy Corp.             | 40,300        | 1,196,507  |
| Chevron Corp.                       | 5,000         | 282,400    |
| Encana Corp.                        | 34,100        | 1,408,671  |

Edgar Filing: Clough Global Allocation Fund - Form N-Q

|                                       |              |            |
|---------------------------------------|--------------|------------|
| EOG Resources Inc.                    | 7,000        | 471,800    |
| Gazprom ADR                           | 16,600       | 1,404,360  |
| Kerr-McGee Corp.                      | 24,000       | 2,344,800  |
| McMoran Exploration *                 | 10,000       | 176,900    |
| Nexen Inc.                            | 18,000       | 938,880    |
| Petro-Canada                          | 21,300       | 974,688    |
| Petrohawk Energy *                    | 18,000       | 227,340    |
| Plains Exploration & Production Co. * | 25,000       | 1,018,750  |
| Southwestern Energy Co. *             | 40,000       | 1,283,600  |
| Suncor Energy Inc.                    | 6,000        | 448,500    |
|                                       |              | 19,495,375 |
| <b>Oil Services &amp; Drillers</b>    | <b>9.43%</b> |            |
| Addax Petro. Corp. 144A *             | 14,700       | 297,505    |
| Atwood Oceanics Inc. *                | 12,500       | 1,127,250  |
| BJ Services Co.                       | 50,100       | 1,568,631  |
| Cal Dive International Inc.*          | 33,000       | 1,161,930  |
| Diamond Offshore Drilling             | 32,000       | 2,476,480  |
| ENSCO International Inc.              | 25,600       | 1,144,064  |

Edgar Filing: Clough Global Allocation Fund - Form N-Q

|                                     |               |            |
|-------------------------------------|---------------|------------|
| Global Santa Fe Corp.               | 15,500        | 857,770    |
| Grant Prideco Inc. *                | 52,100        | 2,108,487  |
| Halliburton Co.                     | 25,900        | 1,761,200  |
| Hercules Offshore *                 | 5,480         | 166,592    |
| Hornbeck Offshore *                 | 10,000        | 321,600    |
| National - Oilwell Varco Inc. *     | 27,570        | 1,678,462  |
| Noble Corp.                         | 22,500        | 1,662,975  |
| Oil States International Inc. *     | 28,300        | 977,199    |
| Rowan Companies Inc.                | 12,000        | 483,000    |
| Tidewater Inc.                      | 16,000        | 836,000    |
| Transocean Inc. *                   | 32,100        | 2,381,178  |
| Veritas DGC Inc. *                  | 10,000        | 421,300    |
| Weatherford International *         | 38,300        | 1,651,496  |
|                                     |               | 23,083,119 |
| <b>Refiners</b>                     | <b>0.86%</b>  |            |
| Frontier Oil Corp.                  | 20,000        | 925,000    |
| Valero Energy Corp.                 | 22,000        | 1,183,380  |
|                                     |               | 2,108,380  |
|                                     |               | 55,021,993 |
| <b>FINANCE</b>                      | <b>18.26%</b> |            |
| <b>Bank</b>                         | <b>5.76%</b>  |            |
| Banco Bilbao Vizcaya - Spon ADR     | 35,300        | 716,943    |
| Banco Bradesco S.A.                 | 8,600         | 356,556    |
| Bank of Ireland                     | 8,100         | 144,260    |
| Barclays PLC - Spon ADR             | 13,500        | 632,745    |
| Brookline Bancorp, Inc.             | 40,000        | 600,400    |
| Fidelity Bankshares, Inc.           | 25,470        | 813,257    |
| ICICI Bank LTD-Spon ADR             | 30,900        | 948,939    |
| Mellon Financial                    | 3,000         | 108,270    |
| The Bank of Yokohama Ltd.           | 659,000       | 5,397,020  |
| The Jyo Bank Ltd.                   | 351,000       | 2,271,168  |
| The Shizuoka Bank Ltd.              | 213,000       | 2,106,907  |
|                                     |               | 14,096,465 |
| <b>Non-Bank</b>                     | <b>12.50%</b> |            |
| Apollo Investment Corp.             | 213,289       | 4,007,700  |
| Cohen & Steers, Inc.                | 33,400        | 750,498    |
| Daiwa Securities Group Inc.         | 569,000       | 6,881,776  |
| Fannie Mae                          | 21,800        | 1,192,024  |
| Mitsubishi Tokyo Financial          | 208           | 3,144,573  |
| Mitsubishi UFJ Financial Group Inc. | 84,000        | 1,251,600  |
| Mizuho Financial Group Inc.         | 364           | 2,943,320  |
| Nikko Cordial Corp.                 | 345,000       | 5,549,566  |
| Nomura Holdings Inc.                | 80,000        | 1,551,553  |
| Nomura Holdings Inc. - ADR          | 135,800       | 2,619,582  |
| Thomas Weisel Group *               | 2,400         | 51,288     |
| Waddell and Reed Financial          | 28,500        | 663,765    |
|                                     |               | 30,607,245 |
|                                     |               | 44,703,710 |
| <b>Healthcare</b>                   | <b>2.06%</b>  |            |
| Biosphere Medical Inc. *            | 182,703       | 1,388,543  |
| Biosphere Medical Inc. 144A *       | 50,000        | 380,000    |
| Sepracor Inc. *                     | 53,700        | 3,077,547  |
| Sugi Pharmacy Co.                   | 8,800         | 207,542    |
|                                     |               | 5,053,632  |

Edgar Filing: Clough Global Allocation Fund - Form N-Q

| <b>Industrial</b>                     | <b>10.82%</b> |           |            |
|---------------------------------------|---------------|-----------|------------|
| Airport Facilities Co., Ltd.          | 59,000        | 389,918   |            |
| American Science & Engineering Inc. * | 43,000        | 3,271,870 |            |
| Bunge Ltd.                            | 32,200        | 1,825,418 |            |
| Chicago Bridge & Iron                 | 12,500        | 305,875   |            |
| Dresser-Rand Group Inc. *             | 31,971        | 808,547   |            |
| Empresa Brasileira DE AE-ADR          | 33,600        | 1,335,600 |            |
| Fluor Corp.                           | 7,000         | 604,100   |            |
| Foster Wheeler Ltd. *                 | 26,900        | 1,291,200 |            |
| Hexcel Corp. *                        | 100,800       | 2,169,216 |            |
| Insituform Technologies - Class A *   | 75,000        | 2,018,250 |            |
| Jacobs Engineering Group Inc. *       | 9,000         | 771,660   |            |
| Kokuyo Co., Ltd.                      | 114,500       | 1,718,168 |            |
| Magal Security Systems Ltd. *         | 66,443        | 829,209   |            |
| Methanex Corp.                        | 180,200       | 3,582,376 |            |
| Nisshinbo Industries Inc.             | 137,000       | 1,447,462 |            |
| Noritz Corp.                          | 41,200        | 783,033   |            |
| Sasol Ltd. - ADR                      | 52,500        | 1,806,000 |            |
| Washington Group Intl. Inc.           | 10,000        | 583,700   |            |
| Willbros Group Inc. *                 | 49,500        | 940,005   |            |
|                                       |               |           | 26,481,607 |

Edgar Filing: Clough Global Allocation Fund - Form N-Q

|  |              |         |            |
|--|--------------|---------|------------|
| <b>Insurance</b>                         | <b>7.73%</b> |         |            |
| Allstate Corp.                           |              | 25,000  | 1,369,500  |
| American International Group             |              | 24,000  | 1,592,640  |
| Arthur J Gallagher & Co.                 |              | 15,600  | 460,044    |
| Aspen Insurance Hldg.                    |              | 8,200   | 190,322    |
| Axis Capital Holdings Ltd.               |              | 20,000  | 619,200    |
| Bristol West Holdings Inc.               |              | 116,900 | 2,167,326  |
| CNA Financial Corp. *                    |              | 26,500  | 819,380    |
| Everest Re Group Ltd.                    |              | 6,000   | 594,240    |
| Hanover Insurance Group                  |              | 10,000  | 484,500    |
| IPC Holdings Ltd.                        |              | 21,700  | 570,059    |
| Marsh and McLennan Cos.                  |              | 117,100 | 3,619,561  |
| Montpelier Re Holdings Ltd.              |              | 5,000   | 86,200     |
| PartnerRe Ltd.                           |              | 51,800  | 3,139,598  |
| Platinum Underwriters Holdings           |              | 37,500  | 1,148,250  |
| St. Paul Travelers Cos. Inc.             |              | 14,400  | 618,912    |
| Willis Group Holdings Ltd.               |              | 15,000  | 516,600    |
| XL Capital Ltd. - Class A                |              | 13,700  | 925,435    |
|  |              |         | 18,921,767 |
| <b>Media</b>                             | <b>0.36%</b> |         |            |
| Toho Co., Ltd.                           |              | 46,000  | 868,299    |
| <b>Metals &amp; Mining</b>               | <b>7.14%</b> |         |            |
| BHP Billiton LTD - Spon ADR              |              | 29,600  | 1,068,264  |
| Cia Vale Do Rio Doce - ADR               |              | 23,000  | 1,067,890  |
| Cleveland-Cliffs Inc.                    |              | 13,500  | 1,161,675  |
| First Quantum Minerals                   |              | 4,800   | 152,855    |
| Ivanhoe Mines Ltd. *                     |              | 208,900 | 1,671,200  |
| North American Palladium Ltd. *          |              | 49,800  | 506,964    |
| Newmont Mining Corp.                     |              | 24,400  | 1,291,248  |
| Olin Corp.                               |              | 109,800 | 2,306,898  |
| Oregon Steel Mills Inc. *                |              | 75,800  | 2,871,304  |
| Pan American Silver Corp. *              |              | 51,400  | 1,138,510  |
| Rio Tinto PLC - Spon ADR                 |              | 11,500  | 2,169,360  |
| Sherritt International Corp.             |              | 233,000 | 2,085,098  |
|  |              |         | 17,491,266 |
| <b>Real Estate</b>                       | <b>0.48%</b> |         |            |
| Goldcrest Co. Ltd.                       |              | 13,000  | 1,023,109  |
| TOC Co. Ltd.                             |              | 26,650  | 160,469    |
|  |              |         | 1,183,578  |
| <b>Technology &amp; Communications</b>   | <b>9.33%</b> |         |            |
| Avnet Inc. *                             |              | 30,400  | 763,952    |
| Canadian Satellite Radio Holdings Inc. * |              | 48,000  | 475,164    |
| Cisco Systems Inc. *                     |              | 94,500  | 1,912,680  |
| Micron Technology *                      |              | 68,000  | 1,054,680  |
| Microsoft Corp.                          |              | 61,700  | 1,659,730  |
| Mobile Telesystems                       |              | 10,900  | 393,163    |
| News Corp - Class B                      |              | 184,500 | 3,164,175  |
| NTT Docomo Inc-Spon ADR                  |              | 9,100   | 134,953    |
| Oracle Corp. *                           |              | 341,600 | 4,242,672  |
| Pasona Inc.                              |              | 668     | 1,367,682  |
| Photon Dynamics Inc. *                   |              | 30,000  | 635,700    |
| Radvision Ltd. *                         |              | 152,445 | 3,056,522  |
| Research In Motion *                     |              | 34,700  | 2,447,391  |

Edgar Filing: Clough Global Allocation Fund - Form N-Q

|                       |        |            |
|-----------------------|--------|------------|
| Semitoool Inc. *      | 95,000 | 1,199,850  |
| Verint Systems Inc. * | 9,300  | 336,939    |
|                       |        | 22,845,253 |

|                             |              |            |
|-----------------------------|--------------|------------|
| <b>Transportation</b>       | <b>4.42%</b> |            |
| American Commercial Lines * | 13,000       | 494,000    |
| Central Japan Railway Co.   | 31           | 305,300    |
| East Japan Railway Co.      | 190          | 1,359,077  |
| Jetblue Airways Corp. *     | 83,500       | 951,900    |
| Kirby Corp. *               | 7,700        | 472,010    |
| Lan Airlines SA-Spon ADR    | 11,000       | 449,350    |
| Nippon Express Co., Ltd.    | 270,000      | 1,448,490  |
| Tokyu Corporation           | 336,000      | 2,121,861  |
| US Airways Group Inc. *     | 97,081       | 3,212,410  |
|                             |              | 10,814,398 |

Edgar Filing: Clough Global Allocation Fund - Form N-Q

|   |              |               |                         |
|---|--------------|---------------|-------------------------|
| <b>Utilities</b>  | <b>7.66%</b> |               |                         |
| Aquila Inc. *   |              | 50,000        | 195,000                 |
| British Energy Group *                                    |              | 136,200       | 1,474,073               |
| Dominion Resources Inc.                                   |              | 4,700         | 352,970                 |
| Dynegy Inc. *   |              | 168,500       | 911,585                 |
| EL Paso Corp.   |              | 118,000       | 1,543,440               |
| Exelon Corp.  |              | 32,000        | 1,827,520               |
| FPL Group, Inc.   |              | 20,000        | 838,600                 |
| McDermott International *                                 |              | 26,000        | 1,340,300               |
| NRG Energy Inc. *   |              | 15,000        | 648,750                 |
| PPL Corp.   |              | 34,000        | 1,081,200               |
| Primary Energy Recycling-EIS                              |              | 116,600       | 957,260                 |
| Public Service Enterprise Group                           |              | 39,200        | 2,720,088               |
| Reliant Energy Inc. *                                     |              | 41,400        | 420,624                 |
| Southern Co.  |              | 27,000        | 918,810                 |
| Southern Union Co. *                                      |              | 47,250        | 1,163,295               |
| Williams Companies Inc.                                   |              | 109,000       | 2,351,130               |
|   |              |               | 18,744,645              |
| <b>TOTAL COMMON STOCKS</b><br>(Cost \$162,425,014)        |              |               | 242,470,159             |
| <b>EXCHANGE TRADED FUNDS</b>                              | <b>8.73%</b> |               |                         |
| iShares   |              |               |                         |
| FTSE/Xinhua China 25                                      |              | 72,400        | 5,245,380               |
| MSCI Brazil   |              | 32,500        | 1,339,975               |
| MSCI Canada   |              | 56,000        | 1,307,040               |
| MSCI Emerging Markets                                     |              | 21,800        | 2,112,420               |
| MSCI Germany  |              | 97,900        | 2,158,695               |
| MSCI Hong Kong  |              | 282,800       | 3,755,584               |
| MSCI Malaysia   |              | 323,400       | 2,373,756               |
| MSCI Pacific  |              | 20,000        | 2,074,000               |
| MSCI South Korea  |              | 17,000        | 790,500                 |
| MSCI Taiwan   |              | 17,600        | 222,464                 |
| <b>TOTAL EXCHANGE TRADED FUNDS</b><br>(Cost \$19,392,337) |              |               | 21,379,814              |
| <b>PREFERRED STOCK</b>                                    | <b>0.53%</b> |               |                         |
| Ashford Hospitality Trust*                                |              | 50,000        | 1,300,500               |
| <b>TOTAL PREFERRED STOCK</b><br>(Cost \$1,250,000)        |              |               | 1,300,500               |
| <b>MUTUAL FUNDS</b>                                       | <b>5.21%</b> |               |                         |
| J.P. Morgan Prime Money Market Fund                       |              | 12,748,959    | 12,748,959              |
| <b>TOTAL MUTUAL FUNDS</b><br>(Cost \$12,748,959)          |              |               | 12,748,959              |
| <b>CLOSED-END FUNDS</b>                                   | <b>0.44%</b> |               |                         |
| The Ottoman Fund Ltd *                                    |              | 515,340       | 1,066,676               |
| <b>TOTAL CLOSED-END FUNDS</b><br>(Cost \$896,434)         |              |               | 1,066,676               |
| <b>DUE DATE</b>   |              | <b>COUPON</b> | <b>PRINCIPAL AMOUNT</b> |
| <b>CORPORATE BONDS AND NOTES</b>                          | <b>8.80%</b> |               | <b>VALUE</b>            |



Edgar Filing: Clough Global Allocation Fund - Form N-Q

|   |        |           |            |
|---|--------|-----------|------------|
| Barclays Bank PLC<br>03/22/2006                               | 16.50% | 1,500,000 | 1,639,940  |
| Barclays Bank PLC<br>09/24/2007                               | 17.00% | 3,000,000 | 3,321,967  |
| Barclays Bank PLC<br>09/26/2007                               | 17.05% | 5,000,000 | 5,525,550  |
| Barclays Bank PLC<br>09/28/2007                               | 16.90% | 5,000,000 | 5,544,154  |
| Barclays Bank PLC<br>03/28/2006                               | 16.50% | 2,500,000 | 2,744,422  |
| J Ray Mcdermott SA *<br>12/15/2013                            | 11.50% | 2,325,000 | 2,778,375  |
| <b>TOTAL CORPORATE BONDS AND NOTES</b><br>(Cost \$19,729,320) |        |           | 21,554,408 |

|  |                       |                            |              |
|--|-----------------------|----------------------------|--------------|
| <b>FOREIGN GOVERNMENT &amp; AGENCY OBLIGATIONS</b>   | <b>2.09%</b>          |                            |              |
| UK Treasury  |                       |                            |              |
| 09/07/2015   | 4.75%                 | 2,800,000                  | 5,126,924    |
| <b>TOTAL FOREIGN GOVERNMENT &amp; AGENCY OBLIGATIONS</b><br>(Cost \$5,342,957)   |                       |                            | 5,126,924    |
| <b>U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS</b>  | <b>14.57%</b>         |                            |              |
| United States T-Bond, 08/15/2022   | 7.25%                 | 15,500,000                 | 19,977,454   |
| United States T-Bond, 02/15/2025   | 7.63%                 | 11,500,000                 | 15,694,809   |
| <b>TOTAL U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS</b><br>(Cost \$35,157,464)   |                       |                            | 35,672,263   |
| <b>PUT OPTIONS PURCHASED</b>   | <b>0.13%</b>          |                            |              |
|  | <b>EXERCISE PRICE</b> | <b>NUMBER OF CONTRACTS</b> | <b>VALUE</b> |
| iShares Russell 2000   | \$ 65                 | 1,000                      | 50,000       |
| Oil Service HOLDERS  | 120                   | 1,500                      | 255,000      |
| <b>TOTAL PUT OPTIONS PURCHASED</b><br>(Cost \$1,952,750)   |                       |                            | 305,000      |
| <b>TOTAL INVESTMENTS</b><br>(Cost \$301,803,602)   | <b>139.54%</b>        | \$                         | 341,624,703  |
| Liabilities in Excess of Other Liabilities   | <b>-0.60%</b>         |                            | (1,479,420)  |
| Liquidation Preference of Auction Market Preferred Shares, Series W28<br>(including dividends payable on preferred shares) | <b>-38.94%</b>        |                            | (95,321,198) |
| <b>NET ASSETS ATTRIBUTABLE TO COMMON SHARES</b>  | <b>100.00%</b>        | \$                         | 244,824,085  |

\*Non-income producing security  
ADR - American Depositary Receipt

**Income Tax Information:**

Net unrealized appreciation/depreciation of investments based on federal tax costs were as follows:

|  |             |
|--|-------------|
| As of February 28, 2006                            |             |
| Gross appreciation (excess of value over tax cost) | 42,610,358  |
| Gross depreciation (excess of tax cost over value) | (4,218,388) |
| Net unrealized appreciation                        | 38,391,970  |
| Cost of investments for income tax purposes        | 303,232,733 |

See Notes to Quarterly Statement of Investments

## SCHEDULE OF SECURITIES SOLD SHORT

| NAME                               | SHARES    | VALUE        |
|------------------------------------|-----------|--------------|
| Amazon.com Corp. *                 | (46,400)  | (1,739,536)  |
| Comerica Inc.                      | (10,000)  | (573,200)    |
| Countrywide Financial              | (131,000) | (4,516,880)  |
| Dillards Inc. - Class A            | (104,000) | (2,565,680)  |
| Energy Select Sector               | (100,000) | (5,225,000)  |
| Factset Research Systems Inc.      | (36,400)  | (1,425,060)  |
| Ford Motor Co.                     | (111,700) | (890,249)    |
| Frontline Limited                  | (300)     | (11,556)     |
| General Motors Corp.               | (25,500)  | (517,905)    |
| Harley-Davidson Inc.               | (24,200)  | (1,270,742)  |
| IndyMac Bancorp Inc.               | (5,000)   | (194,100)    |
| iShares MSCI Japan                 | (426,500) | (5,885,700)  |
| Jefferies Group Inc.               | (32,800)  | (1,870,912)  |
| LandAmerica Financial              | (57,300)  | (3,821,910)  |
| Lear Corp.                         | (25,000)  | (521,500)    |
| Polaris Industries Inc.            | (76,900)  | (3,848,845)  |
| Posco-ADR                          | (39,600)  | (2,314,224)  |
| Sony Corp.                         | (35,600)  | (1,668,928)  |
| TRW Automotive Holdings *          | (19,600)  | (501,760)    |
| Tellabs Inc. *                     | (114,000) | (1,674,660)  |
| Toro Co.                           | (55,200)  | (2,546,376)  |
| Winnebago Industries               | (18,300)  | (587,796)    |
| <b>TOTAL SECURITIES SOLD SHORT</b> |           |              |
| (Proceeds \$42,908,366)            |           | (44,172,519) |

*See Notes to Quarterly Statement of Investments*

**Notes to Quarterly Statement of Investments**



## 1. Significant Accounting and Operating Policies

Clough Global Allocation Fund is a closed-end management investment company (the Fund) that was organized under the laws of the state of Delaware by an Agreement and Declaration of Trust dated April 27, 2004. The Fund is a non-diversified series with an investment objective to provide a high level of total return. The Declaration of Trust provides that the Trustees may authorize separate classes of shares of beneficial interest.

The following summarizes the significant accounting policies of the Fund.

**Security Valuation:** The net asset value per Share of the Fund is determined no less frequently than daily, on each day that the American Stock Exchange (the Exchange) is open for trading, as of the close of regular trading on the Exchange (normally 4:00 p.m. New York time). Trading may take place in foreign issues held by the Fund at times when the Fund is not open for business. As a result, the Fund's net asset value may change at times when it is not possible to purchase or sell shares of the Fund. Securities held by the fund for which exchange quotations are readily available are valued at the last sale price, or if no sale price or if traded on the over-the-counter market, at the mean of the bid and asked prices on such day. Over-the-counter securities traded on NASDAQ are valued based upon the closing price. Debt securities for which the over-the-counter market is the primary market are normally valued on the basis of prices furnished by one or pricing services at the mean between the latest available bid and asked prices. As authorized by the Trustees, debt securities (other than short-term obligations) may be valued on the basis of valuations furnished by a pricing service which determines valuations based upon market transactions for normal, institutional-size trading units of securities. Short-term obligations maturing within 60 days are valued at amortized cost, which approximates value, unless the Trustees determine that under particular circumstances such method does not result in fair value. Over-the-counter options are valued at the mean between bid and asked prices provided by dealers. Financial futures contracts listed on commodity exchanges and exchange-traded options are valued at closing settlement prices. Securities for which there is no such quotation or valuation and all other assets are valued at fair value in good faith by or at the direction of the Trustees.

**Foreign Securities:** The Fund may invest a portion of its assets in foreign securities. In the event that the Fund executes a foreign security transaction, the Fund will generally enter into a forward foreign currency contract to settle the foreign security transaction. Foreign securities may carry more risk than U.S. securities, such as political, market and currency risks.

The accounting records of the Fund are maintained in U.S. dollars. Prices of securities denominated in foreign currencies are translated into U.S. dollars at the closing rates of exchange at period end. Amounts related to the purchase and sale of foreign securities and investment income are translated at the rates of exchange prevailing on the respective dates of such transactions.

The effect of changes in foreign currency exchange rates on investments is separately identified from the fluctuations arising from changes in market values of securities held and reported with all other foreign currency gains and losses in the Fund's Statement of Operations.

**Options:** In order to hedge against adverse market shifts, the Fund may utilize up to 10% of its total assets to purchase put and call options on securities. The Fund may also utilize an additional 10% of its total assets to purchase put and call options on domestic stock indices to hedge against risks of market-wide price movements affecting its assets. When a Fund purchases a call or put option, an amount equal to the premium paid is included in the Fund's Statement of Assets and Liabilities, which is included in the Annual and Semi-Annual reports to shareholders, as an investment, and is subsequently marked-to-market to reflect the current market value of the option. If an option expires on the stipulated expiration date or if the Fund enters into a closing sale transaction, a gain or loss is realized. If the Fund exercises a call, the cost of the security acquired is increased by the premium paid for the call. If the Fund exercises a put option, a gain or loss is realized from the sale of the underlying security, and the proceeds from such a sale are decreased by the premium originally paid.

The Fund may also write covered put and call options on securities and stock indices. When a Fund writes a put or call option, an amount equal to the premium received is included in the Statement of Assets and Liabilities, which is included in the Annual and Semi-Annual reports to shareholders, as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option. If an option expires on its stipulated expiration date or if the Fund enters into a closing purchase transaction, a gain or loss is realized. If a written call option is exercised, a gain or loss is realized for the sale of the underlying security and the proceeds from the sale are increased by the premium originally received. If a written put option is exercised, the cost of the security acquired is decreased by the premium originally received. As a writer of an option, a Fund has no control over whether the underlying securities are subsequently sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the security underlying the written option. Written and purchased options are non-income producing securities.

Written option activity as of February 28, 2006 was as follows:

PUT OPTIONS

|   | Principal/<br>Number of<br>Contracts | Amount of<br>Premiums |
|---|--------------------------------------|-----------------------|
| Options outstanding as of November 30, 2005 | 10,200                               | \$ 918,761            |
| Positions opened                            |                                      |                       |
| Options expired                             | (10,200)                             | (918,761)             |
| Options split                               |                                      |                       |
| Options outstanding as of February 28, 2006 |                                      |                       |

**Short Sales:** The Fund may sell a security it does not own in anticipation of a decline in the fair value of that security. When the Fund sells a security short, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in size, will be recognized upon the termination of the short sale.

**Securities Transactions and Investment Income:** Investment security transactions are accounted for as of trade date. Dividend income is recorded on the ex-dividend date. Interest income, which includes amortization of premium and accretion of discount, is accrued as earned. Realized gains and losses from securities transactions and unrealized appreciation and depreciation of securities are determined using the highest cost basis for both financial reporting and income tax purposes.



**Item 2 - Controls and Procedures.**

(a) The Registrant's Principal Executive Officer and Principal Financial Officer have evaluated the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded that the Registrant's disclosure controls and procedures were effective, as of that date.

(b) There was no change in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) during Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 3 Exhibits.**

Separate certifications for the Registrant's Principal Executive Officer and Principal Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Ex99.CERT.

**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.

CLOUGH GLOBAL ALLOCATION FUND

By: /s/ Edmund J. Burke  
**Edmund J. Burke**  
**President** (principal executive officer)

Date: April 28, 2006

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: /s/ Edmund J. Burke  
**Edmund J. Burke**  
**President** (principal executive officer)

Date: April 28, 2006

By: /s/ Jeremy O. May  
**Jeremy O. May**  
**Treasurer** (principal financial officer)

Date: April 28, 2006