Clough Global Allocation Fund
Form N-CSR
June 08, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21583

Clough Global Allocation Fund
(Exact name of registrant as specified in charter)

1290 Broadway, Suite 1100, Denver, Colorado	80203
(Address of principal executive offices)	(Zip code)

Erin E. Douglas, Secretary

Clough Global Allocation Fund

1290 Broadway, Suite 1100

Denver, Colorado 80203
(Name and address of agent for service)

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

Date of fiscal year end: March 31

Date of reporting period: March 31, 2009

Item 1. **Reports to Stockholders.**

sHAREHOLDER LETTER

March 31, 2009

To Our Shareholders:

- During the 12 months ended March 31, 2009, the Clough Global Allocation Fund s (the Fund) total return, assuming reinvestment of all distributions, was -32.20% based on net asset value and -37.50% based on the market price of the stock. That compares with a -38.09% return for the S&P 500 for the same period.

- Since the Fund s inception on July 28, 2004, the total growth in net asset value assuming reinvestment of all distributions has been 5.85%, this compares to a cumulative total return of -20.35% for the S&P 500 through March 31, 2009.

- The Fund s compound annual return since inception is 1.22% compared to -4.75% for the S&P 500 through March 31, 2009.

- Total distributions since inception have been $9.07, and based on the current dividend rate of $0.26 per share, offer a yield of 9.53% on market price as of April 22, 2009, of $10.91.

The financial markets over the past twelve months have suffered a contraction of liquidity that affected all investment asset classes. Today we think that positive equity returns in 2009 would be possible if the portfolio were properly focused. The indices may make little net progress over the year, but credit should begin to expand in certain industries and global fiscal stimulus will take root. Moreover, in a world characterized by an overwhelming shortage of yield, we believe the few profitable themes that emerge could work extremely well. Most of our efforts are centered on finding companies that offer exposure to an emerging or recovering demand cycle while generating attractive free cash flow yields. Our investments are focused on:

(1) High-quality corporate bonds currently offer attractive yields and fortunately we believe we have the analytical resources to find solid opportunities in that market. We have invested from about 11-20% among the Funds in investment grade corporate bonds. These markets remain relatively illiquid, which is one reason values have emerged. Wall Street firms no longer have balance sheet capacity with which to inventory bonds, so building a diversified portfolio is a cumbersome process. Fiduciaries will be actively seeking yield, though building these portfolios will prove difficult for most large institutional investors and we believe our smaller size gives us an advantage. We expect quality corporate bond yields to be arbitraged down closer to Treasury yields, and bond prices should rise providing attractive total return opportunities.

(2) A sustainable boom in Chinese domestic consumer demand powered by strong productivity gains and a secular decline in China s unnecessarily high savings rates. China is one place in which we not only see few signs of a bubble, but enormous pent up demand in an unleveraged consumer sector. Moreover, most of our Chinese company holdings are listed in Hong Kong. The Hong Kong currency peg to the U.S. dollar forces the central bank to mimic the U.S. Federal Reserve in expanding liquidity. That should also serve as a catalyst to higher equities values.

(3) Global crude oil producers and deep water drilling technologies. We have written at length in previous communications on our positive view of this sector. Our opinion has not changed although positive secular supply/demand constraints are temporarily masked by the decline in oil demand due to the global recession.

(4) Industrial or technology companies that currently face weak demand, but generate positive cash flow even at depressed operating levels. Profits for these companies would be leveraged to an even modest demand recovery and many have large cash holdings. Fund holding Cisco Systems currently holds 35% of its market capitalization in cash, for example.

(5) Brazilian financials and consumer companies which should benefit as a credit cycle reaccelerates in that economy in response to the Brazilian Central Bank s moves to lower interest rates.

Apart from these themes, however, we have identified a number of emerging opportunities which allow us to further diversify the Fund. The economic headlines may continue to be bad, but after a near 60% decline in equities and a decade of negative returns we have begun to increase our equity exposure. Our eyes are wide open and we are aware the economy will be deleveraging for some time, but not only has the 2008 equity price collapse presented us with selected equities which are priced at deep value levels, but some of them we think offer a strong secular or recovery growth profile. We highlight three areas of investment below:

(1) Auto Parts. While excess capacity and leverage will likely leave the economy s services sector in a long term state of low profitability, this should not be the case in some manufacturing sectors. In our view, the rate of inventory liquidation is unsustainable in some industries and we are near an inflection point where even stable demand will require higher production rates. We seldom gravitate to hyperbole but the auto parts supply industry is in a state of collapse and the survivors could offer a once in a generation price opportunity. Many auto parts suppliers have de minimis market capitalizations, current sales levels are well below replacement demand, and inventories are rapidly being drawn down. Substantial capacity will be taken out as companies disappear. Many of them could not make money when auto sales were twice the current level, and their bonds are several levels below investment grade. Now they are near bankruptcy and those bankruptcies will have the desired effect of reducing excess capacity and rendering the survivors a more profitable future.

Earlier this decade, we saw how a collapse in capacity restored pricing and profitability in the global steel industry. Today, great names like BorgWarner and Goodyear (neither currently held) trade 50-60% off their highs, will likely perform better in a more rational marketplace, and face a great deal of pent up demand.

(2) 3G wireless penetration. Smartphones are rapidly proliferating and the power behind 3G is becoming a present reality. According to Merrill Lynch, as of April 2, 2009, Carrier competition, emerging market demand and the emergence of mobile data service should cause subscribers to grow more than 20% annually and the number of handsets

to triple over the next four to five years. In emerging economies, 3G mobile broad-band may be the sole source of Internet access. After much delay, China is issuing 3G licenses to a number of carriers. Qualcomm, a chip supplier which collects royalties on every 3G handset, and Nokia, a cash rich handset provider, are the major Fund holdings in the sector and we are actively seeking others.

(3) Rebuilding the electric grid. We continue to search for investments which are exposed to the rebuilding of the nation s electric transmission system. Not only is it outmoded and prone to breakdowns (a colorful article in the recent edition of Wired magazine covers this issue), but investment in green energy plants will be in locations that are not serviced by sufficient transmission capacity, and will require totally new delivery systems. General Cable, with a $950 billion market capitalization, and Quanta Services, with a $4.4 billion market capitalization, both Fund holdings, are direct beneficiaries of both types of spending.

Others have commented about the deflationary economy we live in and the various government response programs that have been designed to resuscitate demand. The reality is that the private economy may remain depressed but so are interest rates and the cost of capital for legitimate needs. Therein lies the opportunity, we think, and we are optimistic about the likelihood we can build net asset value in coming quarters. We are always conscious of our downside, attempt to be careful in our use of leverage, and remain flexible.

We attempt to communicate regularly with our shareholders and update investment commentary on a regular basis on our website, www.cloughglobal.com. We thank you for your interest in the Clough Global Allocation Fund. If you have any questions about your investment, please call 1-877-256-8445.

Sincerely,

Charles I. Clough, Jr.

Clough Capital Partners, L.P. is a Boston-based investment management firm that has approximately $2.2 billion under management. For equities, the firm uses a global and theme-based investment approach based on identifying chronic shortages and growth opportunities. For fixed-income, Clough believes changing economic fundamentals help reveal potential global credit market opportunities based primarily on flow of capital into or out of a country. Clough was founded in 2000 by Chuck Clough and partners James Canty and Eric Brock. These three are the portfolio managers for the Clough Global Allocation Fund.

Forward-looking statements are based on information that is available on the date hereof, and neither the fund manager nor any other person affiliated with the fund manager has any duty to update any forward-looking statements. Important factors that could affect actual results to differ from these statements include, among other factors, material, negative changes to the asset class and the actual composition of the portfolio

PORTFOLIO ALLOCATION

March 31, 2009 (Unaudited)

Asset Type*

Common Stocks	62.75%
Corporate Bonds & Notes	17.50%
Government & Agency Obligations	12.84%
Asset/Mortgage Backed Securities	2.26%
Exchange Traded Funds	2.15%
Options Purchased & Written	1.25%
Short-Term Investments	0.65%
Equity Linked Notes	0.54%
Closed-End Funds	0.15%
Rights	-0.09%

Global Breakdown*

U.S.	75.00%
Brazil	3.88%
Switzerland	3.41%
China	3.19%
Hong Kong	2.60%
Bermuda	2.45%
Canada	1.91%
Taiwan	1.80%
Finland	1.04%
Papau New Guinea	1.00%
Israel	0.71%
Netherlands	0.53%
Thailand	0.53%
Malaysia	0.49%
Indonesia	0.48%
Greece	0.47%
Vietnam	0.37%
Luxembourg	0.30%
United Kingdom	0.23%
Russia	0.23%
Ireland	0.17%
Panama	0.08%
France	-0.14%
Japan	-0.15%
Mexico	-0.28%
South Korea	-0.30%

** As a percentage of total investments plus written options and securities sold short.*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

March 31, 2009

To the Shareholders and Board of

Trustees of Clough Global Allocation Fund:

We have audited the accompanying statement of assets and liabilities of Clough Global Allocation Fund, (the Fund), including the statement of investments, as of March 31, 2009, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for the periods presented. These financial statements and financial highlights are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of March 31, 2009, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Clough Global Allocation Fund as of March 31, 2009, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Denver, Colorado

May 22, 2009

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STATEMENT OF INVESTMENTS

March 31, 2009

	Shares		Value
COMMON STOCKS 80.35%			
Consumer/Retail 3.67%			
Anta Sports Products, Ltd.	482,000	$	317,163
Belle International Holdings, Ltd.	1,233,000		628,385
CarMax, Inc.(a)	15,700		195,308
China Dongxiang Group Co.	1,196,000		439,785
China Mengniu Dairy Co., Ltd.	191,000		267,133
Denway Motors, Ltd.	70,000		27,095
Ford Motor Co.(a)	53,725		141,297
GOME Electrical Appliances Holdings, Ltd.(b)	1,754,700		253,563
Home Inns & Hotels Management, Inc. - ADR(a)	21,439		211,603
Honda Motor Co., Ltd.	3,800		90,060
Indofood Sukses Makmur Tbk PT	1,331,500		108,317
Jardine Strategic Holdings, Ltd.	21,221		210,088
Kraft Foods, Inc.	32,700		728,883
Little Sheep Group, Ltd.(a)(c)	59,000		22,076
New World Department Store China, Ltd.	104,700		45,389
Nine Dragons Paper Holdings, Ltd.	286,000		108,487
Parkson Retail Group, Ltd.	296,500		299,920
Ports Design, Ltd.	425,000		490,220
Pou Sheng International Holdings, Ltd.(a)(c)	164,300		17,171
Regal Hotels International Holdings, Ltd.	374,390		71,008
Shanghai Industrial Holdings, Ltd.			