

Clough Global Allocation Fund
Form N-CSRS
December 08, 2008

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
(Address of principal executive offices)

80203
(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 March 31
end:

Date of reporting period: September 30, 2008

Item 1. **Reports to Stockholders.**

Semi-Annual Report

September 30, 2008 (Unaudited)



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<u>Shareholder Letter</u>	2
<u>Portfolio Allocation</u>	5
<u>Statement of Investments</u>	6
<u>Statement of Assets & Liabilities</u>	18
<u>Statement of Operations</u>	19
<u>Statement of Changes in Net Assets</u>	20
<u>Statement of Cash Flows</u>	21
<u>Financial Highlights</u>	22
<u>Notes to Financial Statements</u>	23
<u>Dividend Reinvestment Plan</u>	29
<u>Fund Proxy Voting Policies & Procedures</u>	31
<u>Portfolio Holdings</u>	31
<u>Notice</u>	31
<u>Shareholder Meeting</u>	31
<u>Investment Advisory Agreement</u>	32
<u>Trustees & Officers</u>	34

SHAREHOLDER LETTER

September 30, 2008 (Unaudited)

To Our Investors:

The underlying value of the Clough Global Allocation Fund, defined as the change in net asset value adjusted for reinvested distributions, is down 37.1% for the calendar year-to-date period through October 31, 2008. The return on the Fund's market price for the same period was -40.8%. The Morgan Stanley World Index declined 38.3% and the S&P 500 declined 32.8% over the same period. Since inception, the Fund's compound annual total return including distributions is 1.5% compared to 0.8% for the Morgan Stanley World Index and - 1.1% for the S&P 500 through October 31, 2008. The Fund's compound annual return since inception on market price was - 3.1%.

The last six months have been particularly challenging for global investors and our Funds have not been immune. The well publicized and analyzed credit crisis emanating from the US and other highly indebted large economies pressured all asset classes. Equity, corporate bonds and commodity markets virtually all declined, across nearly all geographic regions. Much of these declines were driven by forced selling as part of an ongoing deleveraging process.

This difficult period has undoubtedly created many investment opportunities for our Funds. The ongoing deflation of the credit structure in the developed world will moderate and legitimate investment cycles should reemerge. We believe that equities provide a far better value proposition today and we have begun to move our equity allocations higher. One thing we feel certain of is debt will not be so easily accessible in the future, and the default structure will migrate to other sectors of the economy besides housing. All of this implies a long period of weak economic activity so having a global perspective and a willingness to focus the Fund on a narrow list of themes that provide an earnings tailwind will be critical to performance.

First, we think equities in emerging markets, which benefit from high levels of private savings and low debt levels, will bottom first and lead global markets higher. Asia and Brazil remain our areas of greatest interest and both rallied strongly in early November. Brazil's market in particular intrigues us. We believe equities are cheap there and corporate activity is awakening. Banco Itau is acquiring Unibanco, creating South America's largest financial institution. Our investment focus there is on the banking and consumer sectors. Even as developed economies slow, Brazil's well capitalized banking sector continues to grow in excess of 20% annually.

Secondly, we think global infrastructure could be a major market theme looking ahead. We are beginning to build an important position in a group of industrial stocks which we believe will be beneficiaries of such a pickup. President Elect Obama has announced federal government spending on infrastructure will accelerate as the needs are legion and a new administration will have every incentive to bring forth stimulus spending in

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response to the credit crisis. Other governments will likely join in. Strong investment spending is already being planned in emerging economies. China is reducing interest rates and in contrast to a year ago when government policy was aimed at slowing real estate development, policy today has turned 180 degrees to regenerate both investment and exports. What makes the theme especially appealing is that many infrastructure stocks are down 60 - 80% off their highs and in many cases are back to their 2002 - 2003 levels. Alcoa and Freeport McMoran both trade at just 0.7 price-to-book ratio (ratio of market price to book value). Because the recent cycle has been so strong their balance sheets are flush with cash.

Thirdly, the stocks of oil and gas producers are close to a bottom, we think. The world's large oil fields are depleting and the sharp drop in energy prices has slowed much of the investment in new wells. Over time, that will only exacerbate supply problems while

softer commodity prices have already begun to stimulate demand.

Finally, a number of large capitalization issues that generate high free cash flow levels appear to have begun to bottom. Because of the overall equity market collapse, many stocks offer free cash flow yields of 8% or higher.

The dislocation in credit markets has also provided opportunities for us to enhance the yield generated by our asset allocation to fixed income markets. Corporate bond yields, both investment grade and non-investment grade, have increased significantly as structured finance vehicles such as Collateralized Loan Obligations (CLOs) are being forced to unwind and the bonds they hold search for a home. We have historically not had significant exposure to corporate credit, as we have generally not felt the risk adjusted returns were sufficiently attractive. That is no longer the case. We are seeing similarly attractive yield and return opportunities from high quality mortgage bonds which are also trading at much higher than normal spreads. We expect to shift the portfolio into these higher yielding securities over the coming months.

Ultimately the economy cannot operate properly until the financial system is functioning again. Central banks are generally slow to respond to deflationary pressures. The strong dollar and weak gold price attest to the fact that when the Fed reflate to stem a credit collapse, the results are not inflationary. Central banks appear to be coming to realize that the process of stuffing liquidity into the financial system did not undue the logjam which was restricting credit. It may have forestalled an immediate meltdown because it relieved short term funding needs, but it did not address the more fundamental issue of solvency and declining asset values. Now Federal Reserve spokespeople are signaling that quantitative easing is being considered, if not already being effectively put in place. Yield curves are still inverted in the U.K. and in Europe and that signals that money rates have a long way to fall there as well.

2008 Semi-Annual Report

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We believe there are two dynamics the financial markets have to navigate through. First, the demise of the large broker dealers did more than end an era on Wall Street. It removed liquidity and depth from the markets and minor changes in sentiment are now reflected in large changes in price so market volatility has picked up dramatically. Secondly, the economy has to negotiate its way through a major debt liquidation for the first time in decades and that signals a long period of weak earnings.

Investors responded to these factors by liquidating securities of all stripes in October and our question is where did they put the money? We think money rates will decline to near zero and remain there for years as banking system consolidation picks up, reducing the need for, and price of deposits. Yields on high quality long-term bonds will also likely decline to unattractive levels. Leveraged investment strategies in both fixed income and private equity may never be what they were. We believe that leaves global equities as the default strategy, the only securities class that offers reasonably high returns. As money rates fall, equities are likely to be the prime beneficiaries. We believe the Fund is invested in the areas to which the money will migrate.

If you have any questions or comments, please feel free to call me 877-256-8445 or visit the website at www.cloughglobal.com.

Sincerely,

Charles I. Clough, Jr.

Clough Capital Partners, L.P. is a Boston-based investment management firm that has approximately \$3.1 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.

PORTFOLIO ALLOCATION

September 30, 2008 (Unaudited)

Asset Type* (Unaudited)

Common Stocks	55.49%
Asset/Mortgage Backed Securities	19.67%
Government & Agency Obligations	11.65%
Short-Term Investments	3.12%
Options Purchased	2.94%
Corporate Bonds & Notes	2.33%
Preferred Stocks	1.97%
Exchange Traded Funds	1.84%
Structured Notes	0.77%
Closed-End Funds	0.22%

Global Breakdown* (Unaudited)

US	71.73%
Hong Kong	3.75%
South Korea	3.17%
Canada	2.72%
Brazil	2.68%
Great Britain	2.27%
Japan	2.14%
China	2.03%
Thailand	1.74%
Bermuda	1.60%
Indonesia	0.95%
Taiwan	0.75%
Israel	0.60%
Russia	0.57%
Papau New Guinea	0.51%
Greece	0.50%
Malaysia	0.43%
Finland	0.38%
India	0.35%
Vietnam	0.27%
Ireland	0.22%
Chile	0.18%
Singapore	0.14%
Netherlands	0.14%
Norway	0.07%
Argentina	0.06%
Australia	0.04%
South Africa	0.01%

* As a percentage of total investments, not including securities sold short or any foreign cash balances.

STATEMENT OF INVESTMENTS

September 30, 2008 (Unaudited)

	Shares	Value
COMMON STOCKS 84.38%		
Agriculture 0.06%		
Sadia S.A. - ADR	38,000	\$ 115,224
Consumer/Retail 4.29%		
ASKUL Corp.	21,700	330,331
B&G Foods, Inc.	11,300	80,795
Belle International Holdings, Ltd.	316,000	223,422
China Mengniu Dairy Co., Ltd.	191,000	194,816
DSW, Inc.(a)	5,392	73,870
GOME Electrical Appliances Holdings, Ltd.	1,236,800	358,384
Home Inns & Hotels Management, Inc. - ADR(a)	9,400	131,130
Honda Motor Co., Ltd.	57,528	1,732,167
Hyundai Department Store Co., Ltd. - ADR	11,700	891,835
Jardine Matheson Holdings, Ltd.	32,366	841,516
Jardine Strategic Holdings, Ltd.	25,814	363,977
Kraft Foods, Inc.	24,700	808,925
Little Sheep Group, Ltd.(a) (b)	59,000	13,829
Lotte Shopping Co., Ltd.	2,850	638,738
Parkson Retail Group, Ltd.	212,500	232,619
Pou Sheng International Holdings, Ltd.(a) (b)	818,000	94,812
Regal Hotels International Holdings, Ltd.	3,743,900	105,593
Swire Pacific, Ltd.	60,000	520,809
		7,637,568
Energy 16.36%		
Coal 4.28%		
Alpha Natural Resources, Inc.(a)	216	11,109
Arch Coal, Inc.	48,765	1,603,881
CONSOL Energy, Inc.	37,200	1,707,108
Massey Energy Co.	64,300	2,293,581
Patriot Coal Corp.(a)	240	6,972
Peabody Energy Corp.	44,187	1,988,415
		7,611,066
Exploration & Production 7.07%		
American Oil & Gas, Inc.(a)	22,725	59,312
Anadarko Petroleum Corp.	17,500	848,925
Canadian Natural Resources, Ltd.	13,300	910,518
Chesapeake Energy Corp.	48,400	1,735,624
ConocoPhillips	1,400	102,550
Devon Energy Corp.	9,000	820,800
Encana Corp.	9,800	644,154
EOG Resources, Inc.	2,700	241,542
Hess Corp.	2,900	238,032

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InterOil Corp.(a)	49,800	1,369,500
Newfield Exploration Co.(a)	4,020	128,600
OAO Gazprom - ADR	24,100	745,895
Occidental Petroleum Corp.	9,900	697,455
PetroHawk Energy Corp.(a) (c)	18,000	389,340

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	Shares	Value
Exploration & Production (continued)		
PetroHawk Energy Corp.(a)	72,500	\$ 1,568,175
Petroleo Brasileiro S.A. - ADR	16,300	716,385
Pioneer Natural Resources Co.	12,000	627,360
Range Resources Corp.	3,400	145,758
Southwestern Energy Co.(a)	3,400	103,836
Talisman Energy, Inc.	26,600	375,412
XTO Energy, Inc.	2,700	125,604
		12,594,777
Oil Services and Drillers 4.93%		
Cameron International Corp.(a)	10,000	385,400
Core Laboratories N.V.	3,000	303,960
FMC Technologies, Inc.(a)	5,200	242,060
Fred Olsen Energy ASA	5,000	190,214
Helmerich & Payne, Inc.	1,700	73,423
Hornbeck Offshore Services, Inc.(a)	15,428	595,829
National Oilwell Varco, Inc.(a)	31,500	1,582,245
Oceaneering International, Inc.(a)	4,000	213,280
Schlumberger, Ltd.	12,800	999,552
Seadrill, Ltd.	38,500	783,113
Suncor Energy, Inc.	33,300	1,407,591
Tenaris S.A. - ADR	4,000	149,160
Transocean, Inc.(a)	6,670	732,633
Weatherford International, Ltd.(a)	44,800	1,126,272
		8,784,732
Tankers 0.08%		
Golar LNG, Ltd.	10,500	139,440
TOTAL ENERGY		29,130,015
Finance 23.50%		
Banks 18.74%		
Banco Bradesco S.A. - ADR	90,495	1,456,970
Banco Itau Holding Financeira S.A. - ADR	118,700	2,077,250
Banco Santander Chile S.A. - ADR	11,400	487,806
Bangkok Bank PLC	249,500	751,595
Bank Mandiri Persero Tbk PT	3,816,000	1,072,365
Bank of America Corp.(d)	119,000	4,165,000
BlackRock Kelso Capital Corp.	105,700	1,218,721
Citigroup, Inc.	71,400	1,464,414
Daewoo Securities Co., Ltd.	41,830	585,714
Daishin Security System Co., Ltd.	77,200	222,591

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	Shares	Value
Banks (continued)		
Hana Financial Group, Inc.	49,800	\$ 1,136,741
ICICI Bank, Ltd. - ADR	40,400	950,208
Indochina Capital Vietnam Holdings, Ltd.(a)	200,000	718,000
Kasikornbank PLC	450,600	829,805
Kookmin Bank - ADR(a)	11,700	534,573
Korea Exchange Bank	47,500	432,909
LG Corp.	7,500	378,433
Malayan Banking BHD(e)	51,025	125,988
Melco International Development, Ltd.	218,000	60,643
Mirae Asset Securities	4,600	384,937
PennantPark Investment Corp.	155,301	1,150,780
Public Bank BHD	307,700	893,827
Sberbank	170,000	261,800
Siam Commercial Bank PCL NVDR	958,700	1,939,485
Siam Commercial Bank PCL	460,000	967,956
Star Asia Financial, Ltd.(b) (e)	75,000	142,500
Unibanco - Uniao de Bancos Brasileiros - GDR	23,000	2,321,160
VTB Bank OJSC	45,600	182,400
Wellsfargo & Co.(d)	147,434	5,533,198
Woori Finance Holdings Co., Ltd.	69,400	681,379
Woori Investment & Securities Co., Ltd.	16,600	248,942
		33,378,090
Non-Bank 4.76%		
Apollo Investment Corp.(d)	298,489	5,089,237
Ares Capital Corp.	86,179	898,847
Broadridge Financial Solutions, Inc.	3,600	55,404
CME Group, Inc.	5,100	1,894,701
IntercontinentalExchange, Inc.(a)	5,400	435,672
Maiden Holdings, Ltd.(b)	23,900	103,965
		8,477,826
TOTAL FINANCE		41,855,916
Health Care 0.64%		
BioSphere Medical, Inc.(a) (c)	50,000	175,000
BioSphere Medical, Inc.(a)	182,703	639,461
Molecular Insight Pharmaceuticals, Inc.(a)	42,900	329,472
		1,143,933

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	Shares	Value
Industrial 6.83%		
Aegean Marine Petroleum Network, Inc.	46,800	\$ 1,045,980
Bakrie Sumatera Plantations Tbk PT	2,320,000	174,677
Byd Co., Ltd.	253,840	419,751
Chicago Bridge & Iron Co.	20,200	388,648
China Railway Group, Ltd.(a)	1,000,000	596,277
China South Locomotive and Rolling Stock Corp.(a) (b)	1,382,500	525,236
Crown Holdings, Inc.(a)	16,100	357,581
Daelim Industrial Co., Ltd.	3,300	196,586
Dongyang Mechatronics Corp.	80,600	291,494
EI Du Pont de Nemours & Co.	18,900	761,670
Foster Wheeler, Ltd.(a)	11,600	418,876
Guangzhou Shipyard International Co., Ltd.	142,000	162,759
Hitachi Construction Machinery Co., Ltd.	21,800	517,559
Huaneng Power International, Inc.	1,175,000	770,234
Komatsu, Ltd.	44,700	703,987
Maanshan Iron & Steel Co., Ltd.	930,000	285,054
McDermott International, Inc.(a)	53,800	1,374,590
Nine Dragons Paper Holdings, Ltd.	310,000	113,782
PT Astra International Tbk	735,000	1,332,820
Shougang Concord International Enterprises Co., Ltd.	2,030,000	284,964
Sinopec Shanghai Petrochemical Co., Ltd.	990,000	219,296
Smurfit-Stone Container Corp.(a)	110,500	519,350
Spirit Aerosystems Holdings, Inc.(a)	21,000	337,470
STX Engine Co., Ltd.	7,500	144,476
Textron, Inc.	7,400	216,672
		12,159,789
Insurance 2.61%		
ACE, Ltd.	16,400	887,732
Fidelity National Financial, Inc.	154,100	2,265,270
Montpelier Re Holdings, Ltd.(d)	62,800	1,036,828
The Travelers Cos., Inc.	10,000	452,000
		4,641,830
Metals & Mining 1.87%		
Agnico-Eagle Mines, Ltd.	8,500	468,095
Alcoa, Inc.	46,100	1,040,938
Anglo American PLC - ADR	18,134	303,382
Cameco Corp.	39,300	876,783
Denison Mines Corp.(a)	47,900	141,326
First Uranium Corp.(a)	8,000	25,633
Freeport-McMoRan Copper & Gold, Inc.	5,888	334,733

	Shares	Value
Metals & Mining (continued)		
Paladin Energy, Ltd.(a)	37,500	\$ 115,574
Uex Corp.(a)	2,700	3,831
Uranium One, Inc.(a)	3,700	7,996
Ur-Energy, Inc.(a)	27,200	17,124
		3,335,415
Real Estate 4.69%		
Cheung Kong Holdings, Ltd.	251,800	2,796,930
Cosco Corp. Singapore, Ltd.	115,000	120,054
Great Eagle Holdings, Ltd.	235,080	514,673
Hang Lung Properties, Ltd.	117,000	269,414
Henderson Land Development Co., Ltd.	148,000	648,049
Hopewell Holdings, Ltd.	95,000	340,122
Hysan Development Co., Ltd.	406,875	1,046,944
Hyundai Development Co.	11,600	418,079
Italian-Thai Development PLC	2,088,000	233,096
Kerry Properties, Ltd.	63,500	201,994
Shun Tak Holdings, Ltd.(b)	60,000	20,400
Sun Hung Kai Properties, Ltd.	106,000	1,070,259
Wharf Holdings, Ltd.	192,250	538,508
YNH Property BHD	350,100	142,379
		8,360,901
Real Estate Investment Trusts (REITs) 4.68%		
Annaly Capital Management, Inc.(d)	293,200	3,943,540
Anworth Mortgage Asset Corp.	127,114	752,515
Capstead Mortgage Corp.	34,700	379,965
Hatteras Financial Corp.(b)	50,300	1,166,960
Hatteras Financial Corp.	71,900	1,668,080
MFA Mortgage Investments, Inc.	63,000	409,500
Regal Real Estate Investment Trust	37,439	5,545
		8,326,105
Technology & Communications 13.30%		
Centron Telecom International Holdings, Ltd.	238,000	29,118
Chartered Semiconductor Manufacturing, Ltd.(a)	960,000	253,889
China Mobile HK, Ltd-ADR	24,600	1,231,968
China Telecom Corp., Ltd.(e)	688,000	277,332
Chunghwa Telecom Co., Ltd.	85,200	2,016,684
Cisco Systems, Inc.(a) (d)	257,900	5,818,224
Comcast Corp.	121,800	2,401,896
Focus Media Holdings, Ltd. - ADR (a)	5,700	162,507
Ingram Micro, Inc.(a)	36,900	592,983

	Shares	Value
Technology & Communications (continued)		
Intel Corp.	153,300	\$ 2,871,309
Magal Security Systems, Ltd.(a)	76,443	668,876
Net Servicos de Comunicacao S.A. - ADR	57,000	500,460
Nokia Corp - ADR	54,900	1,023,885
Oracle Corp.(a)	118,500	2,406,735
Qualcomm Inc.	17,157	737,236
Radvision, Ltd.(a)	157,945	949,250
Samsung Electronics Co., Ltd.	3,145	1,404,495
Sistema JSFC	20,800	339,456
		23,686,303
Transportation 1.27%		
Babcock & Brown Air, Ltd. - ADR	62,800	587,180
Safe Bulkers, Inc.	28,900	315,010
Seaspan Corp.	75,000	1,356,750
		2,258,940
Utilities 4.28%		
AES Corp.(a)	67,600	790,244
Calpine Corp.(a)	53,200	691,600
DPL, Inc.	50,900	1,262,320
Dynegy, Inc. - Class A(a)	24,900	89,142
Enbridge, Inc.	31,400	1,161,881
Equitable Resources, Inc.	16,500	605,385
FirstEnergy Corp.	14,000	937,860
National Fuel Gas Co.	14,771	623,041
Quanta Services, Inc.(a)	13,400	361,934
Williams Cos., Inc.	46,600	1,102,090
		7,625,497
TOTAL COMMON STOCKS		
(Cost \$185,647,468)		150,277,436
EXCHANGE TRADED FUNDS 2.79%		
iShares MSCI Pacific Fund	12,000	430,800
Retail HOLDRs Trust	50,400	4,543,056
TOTAL EXCHANGE TRADED FUNDS		
(Cost \$5,041,070)		4,973,856
PREFERRED STOCKS 3.00%		
Arch Capital Group, Ltd., 7.875%	75,000	1,383,750
Ashford Hospitality Trust, Inc., 8.550%	49,300	566,950
Bank of America Corp., 8.200%	15,800	359,450

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	Shares		Value
PREFERRED STOCKS (continued)			
Citigroup, Inc., 8.125%	60,020	\$	990,330
Deutsche Bank Contingent Capital Trust V, 8.050%	32,000		646,400
JPMorgan Chase Capital XXVI, 8.000% (f)	32,400		783,432
Merrill Lynch & Co., Inc, 8.625%	32,000		607,680
TOTAL PREFERRED STOCKS (Cost \$7,399,724)			5,337,992

CLOSED-END FUNDS 0.34%			
The Ottoman Fund(a) (b)	515,340		604,687
TOTAL CLOSED-END FUNDS (Cost \$896,434)			604,687

Description and Maturity Date	Coupon Rate		Principal Amount	Value
CORPORATE BONDS 3.54%				
Anadarko Petroleum Corp. 09/15/2009(f)	3.219%	\$	1,025,000	1,013,164
Bank of America Corp. 12/29/2049(f)	8.000%		850,000	673,693
Chubb Corp. 11/15/2011	6.000%		550,000	558,931
Comcast Cable Communications LLC 06/15/2009	6.875%		715,000	722,236
Comcast Corp. 01/15/2010	5.850%		715,000	719,512
JPMorgan Chase & Co. 11/15/2010	4.500%		750,000	728,371
Merrill Lynch & Co., Inc. Series MTNC, 09/09/2009(f)	3.074%		1,450,000	1,394,751
Morgan Stanley 01/18/2011(f)	3.035%		750,000	489,125
TOTAL CORPORATE BONDS (Cost \$6,782,930)				6,299,783

ASSET/MORTGAGE BACKED SECURITIES 29.91%				
Fannie Mae Pool Series 2008-257201, 05/01/2018	5.000%		2,902,422	2,903,664
Series 2008-889279, 03/01/2023	5.000%		1,209,983	1,203,944

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Description and Maturity Date	Coupon Rate	Principal Amount	Value
Freddie Mac Gold Pool			
Series 2006-G12471, 12/01/2018	4.500%	\$ 1,322,858	\$ 1,302,164
Freddie Mac REMICS			
Series 2006-3155, Class SA, 11/15/2035(f)	23.175%	1,600,214	1,706,430
Ginnie Mae I pool			
Series 2008-675488, 06/15/2038	5.500%	1,495,118	1,499,152
Series 2008-675480, 06/15/2038	5.500%	3,587,006	3,596,683
Series 2008-696604, 08/15/2038	5.500%	1,300,000	1,303,507
Ginnie Mae II pool			
Series 2007-3939, 01/20/2037	5.000%	458,054	447,639
Series 2007-3952, 02/20/2037	5.000%	413,576	404,172
Series 2007-3953, 02/20/2037	5.500%	1,316,784	1,315,416
Series 2007-3964, 03/20/2037	5.000%	2,806,482	2,742,669
Series 2007-3994, 06/20/2037	5.000%	945,517	924,018
Series 2008-4097, 03/20/2038	5.000%	553,633	540,902
Series 2008-4113, 04/20/2038	5.000%	2,724,270	2,661,620
Series 2008-686743, 05/20/2038	5.500%	995,606	994,406
Series 2008-4169, 06/20/2038	5.500%	796,056	795,096
Series 2008-4183, 07/20/2038 (e)	6.000%	1,496,930	1,487,340
Series 2008-4194, 07/20/2038	5.500%	1,745,517	1,743,412
Series 2008-4195, 07/20/2038	6.000%	723,000	733,652
Government National Mortgage Association (GNMA)			
Series 2003-16, Class A, 04/16/2016	3.130%	1,508,354	1,507,197
Series 2006-8, Class A, 08/16/2025	3.942%	1,397,391	1,388,656
Series 2006-68, Class A, 07/16/2026	3.888%	825,891	818,001
Series 2007-52, Class A, 06/16/2027	4.054%	1,235,106	1,227,486
Series 2008-24, Class A, 08/16/2027	3.492%	1,575,881	1,555,382
Series 2008-8, Class A, 11/16/2027	3.612%	884,777	874,773
Series 2006-3, Class A, 01/16/2028	4.212%	3,476,654	3,459,726
Series 2008-48, Class A, 01/16/2029	3.725%	993,404	982,263
Series 2006-5, Class A, 07/16/2029	4.241%	574,654	571,846
Series 2006-19, Class A, 06/16/2030	3.387%	2,369,901	2,336,346
Series 2006-66, Class A, 08/16/2030	4.087%	2,593,725	2,575,331
Series 2006-67, Class A, 11/16/2030	3.947%	913,558	904,810
Series 2005-79, Class A, 10/16/2033	3.998%	313,813	311,645
Series 2008-22, Class A, 05/16/2035	3.500%	1,319,284	1,289,836
Series 2007-37, Class SA, 03/20/2037(f)	11.713%	533,259	508,927
Series 2007-37, Class SB, 03/20/2037(f)	11.713%	451,989	447,689
Series 2007-37, Class SY, 06/16/2037(f)	15.348%	298,780	297,839
Series 2008-45, Class A, 05/01/2048	3.576%	3,961,519	3,912,459
TOTAL ASSET/MORTGAGE BACKED SECURITIES			
(Cost \$53,174,482)			53,276,098

Description and Maturity Date	Coupon Rate	Principal Amount	Value	
GOVERNMENT & AGENCY OBLIGATIONS 17.71%				
Non-U.S. Government Obligations 2.87%				
United Kingdom Treasury 09/07/2015	4.750%	\$ 2,800,000	\$ 5,106,934	
U.S. Government Obligations 14.84%				
Federal Farm Credit Bank 09/29/2011	4.050%	1,000,000	999,279	
05/01/2013	4.250%	1,310,000	1,306,285	
U.S.Treasury Bond 06/30/2012	4.875%	600,000	648,235	
02/15/2014(d)	4.000%	2,000,000	2,101,408	
08/15/2016(d)	4.875%	3,900,000	4,222,666	
05/15/2017(d)	4.500%	3,000,000	3,159,141	
08/15/2017(d)	4.750%	5,500,000	5,891,445	
08/15/2018(d)	4.000%	1,000,000	1,013,751	
02/15/2025(d)	7.625%	1,500,000	2,064,611	
05/15/2038(d)	4.500%	1,750,000	1,802,502	
U.S.Treasury Note 05/31/2012(d)	4.750%	2,000,000	2,150,158	
07/31/2012(d)	4.625%	1,000,000	1,072,579	
			26,432,060	
TOTAL GOVERNMENT & AGENCY OBLIGATIONS (Cost \$31,188,837)			31,538,994	
STRUCTURED NOTES 1.17%				
Merrill Lynch & Co., Inc 01/29/2022(b) (e) (f)	9.580%	4,000,000	2,080,000	
TOTAL STRUCTURED NOTES (Cost \$4,000,000)			2,080,000	
	Expiration Date	Exercise Price	Number of Contracts	Value
PURCHASED OPTIONS 4.47%				
Purchased Call Options 0.04%				
Petroleo Brasileiro S.A.	January, 2009	\$ 60.00	500	73,750
TOTAL PURCHASED CALL OPTIONS (Cost \$511,528)				73,750

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	Expiration Date	Exercise Price	Number of Contracts	Value
Purchased Put Options 4.43%				
Energy Select Sector SPDR Fund	December, 2008	\$ 70.00	2,500	\$ 2,175,000
Oil Service HOLDRs Trust	October, 2008	170.00	500	1,136,250
Oil Service HOLDRs Trust	January, 2009	160.00	800	1,746,000
S&P 500 Index	December, 2008	1,250.00	250	2,837,500

TOTAL PURCHASED PUT OPTIONS
(Cost \$5,077,565) 7,894,750

TOTAL PURCHASED OPTIONS
(Cost \$5,589,093) 7,968,500

	7 Day Yield	Shares	Value
SHORT TERM INVESTMENTS 4.75%			
Dreyfus Treasury Prime Money Market Fund (g)	0.695%	8,450,411	8,450,411

TOTAL SHORT TERM INVESTMENTS
(Cost \$8,450,411) 8,450,411

Total Investments - 152.06%
(Cost \$308,170,449) 270,807,757

Liabilities in Excess of Other Assets - (52.06%) (92,710,289)

NET ASSETS - 100.00% \$ 178,097,468

	Expiration Date	Exercise Price	Number of Contracts	Value
SCHEDULE OF OPTIONS WRITTEN				
Call Options Written				
Petroleo Brasileiro S.A.	January, 2009	\$ 75.00	500	\$ (15,000)

TOTAL CALL OPTIONS WRITTEN
(Premiums received \$234,066) (15,000)

	Expiration Date	Exercise Price	Number of Contracts	Value
Put Options Written				
Energy Select Sector SPDR Fund	December, 2008	63.00	2,500	(1,150,000)
Oil Service HOLDRs Trust	October, 2008	140.00	500	(203,750)
Oil Service HOLDRs Trust	January, 2009	140.00	800	(886,000)
S&P 500 Index	December, 2008	1,175.00	250	(1,805,000)

TOTAL PUT OPTIONS WRITTEN
(Premiums received \$2,565,240) (4,044,750)

TOTAL OPTIONS WRITTEN
(Premiums received \$2,799,306) \$ (4,059,750)

SCHEDULE OF SECURITIES SOLD SHORT

Name	Shares	Value
Aluminum Corp. of China, Ltd.	(33,900)	\$ (513,585)
Amazon.com, Inc.	(14,600)	(1,062,296)
Ameriprise Financial, Inc.	(14,300)	(546,260)
ArcelorMittal	(1,400)	(69,132)
Ashland, Inc.	(3,700)	(108,188)
BHP Billiton, Ltd - ADR	(14,100)	(733,059)
Boston Properties, Inc.	(4,300)	(402,738)
Cia Vale do Rio Doce - ADR	(18,374)	(351,862)
CNOOC, Ltd.	(2,800)	(320,628)
Dawson Geophysical Co.	(1,400)	(65,366)
Financial Select Sector SPDR	(121,400)	(2,402,506)
General Motors Corp.	(30,797)	(291,032)
Harley-Davidson, Inc.	(6,300)	(234,990)
iShares Dow Jones US Real Estate Index Fund	(73,300)	(4,540,935)
iShares FTSE/Xinhua China 25 Index Fund	(126,973)	(4,376,759)
iShares MSCI Brazil Fund	(41,709)	(2,359,478)
iShares MSCI Emerging Markets Fund	(142,800)	(4,930,884)
iShares MSCI Mexico Investable Market Index Fund	(46,576)	(2,173,702)
iShares Russell 2000 Index Fund	(70,000)	(4,760,000)
iShares S&P 500 Index Fund	(9,800)	(1,151,500)
Las Vegas Sands Corp.	(12,400)	(447,764)
Li & Fung, Ltd.	(103,000)	(246,462)
Martin Marietta Materials, Inc.	(4,300)	(481,514)
Medtronic, Inc.	(13,000)	(651,300)
Metavante Technologies, Inc.	(144)	(2,773)
Mohawk Industries, Inc.	(2,989)	(201,429)
Nippon Steel Corp.	(210,000)	(764,139)
Salesforce.com, Inc.	(6,300)	(304,920)
Stone Energy Corp.	(7,600)	(321,708)
Swift Energy Co.	(12,923)	(499,991)
Tiffany & Co.	(16,200)	(575,424)
Vanguard Emerging Markets ETF	(58,000)	(2,010,280)
Wynn Resorts, Ltd.	(9,300)	(759,252)
TOTAL SECURITIES SOLD SHORT		
(Proceeds \$46,576,106)		\$ (38,661,856)

ADR - American Depositary Receipt

AG - Aktiengesellschaft is a German acronym on company names meaning public company

ASA - Allmennaksjeselskap is the Norwegian term for a public limited company

BHD - Berhad (in Malaysia; equivalent to Public Limited Company)

ETF - Exchange Traded Fund

GDR - Global Depositary Receipt

JSFC - Joint Stock Financial Corporation

LLC - Limited Liability Company

N.V. - Naamloze Vennootschap is the Dutch term for a public limited liability corporation

OJSC - Open Joint Stock Company

PCL - Public Company Limited

PLC - Public Limited Company

PT - equivalent to Public Limited Company in Indonesia

REMICS - Real Estate Mortgage Investment Conduits

S.A. - Generally designates corporations in various countries, mostly those employing the civil law.

SPDR - Standard & Poor's Depositary Receipt

Tbk - Terbuka (stock symbol in Indonesian)

Notes to Statement of Investments:

- (a) Non-Income Producing Security.*
- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. As of September 30, 2008, these securities had a total value of \$4,752,389 or 2.67% of total net assets.*
- (c) Private Placement; these securities may only be resold in transactions exempt from registration under the Securities Act of 1933. As of September 30, 2008, these securities had a total value of \$564,340 or 0.32% of total net assets.*
- (d) Security, or portion of security, is being held as collateral for written options and/or short sales.*
- (e) Fair valued security; valued in accordance with procedures approved by the Fund's Board of Trustees. As of September 30, 2008, these securities had a total value of \$3,835,828 or 2.15% of total net assets.*

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- (f) *Floating or variable rate security - rate disclosed as of September 30, 2008.*
- (g) *Investments in other funds are calculated at their respective net asset values as determined by those funds, in accordance with the Investment Company Act of 1940.*

See Notes to Financial Statements.

STATEMENT OF ASSETS & LIABILITIES

September 30, 2008 (Unaudited)

Assets:		
Investments, at value (Cost - see below)	\$	270,807,757
Cash		437,836
Foreign currency, at value (Cost \$17,857)		17,867
Deposit with broker for securities sold short and written options		22,925,361
Dividends receivable		470,327
Interest receivable		562,402
Receivable for investments sold		18,688,810
Total Assets		313,910,360
Liabilities:		
Loan payable		82,306,280
Interest due on loan payable		201,966
Securities sold short (Proceeds \$46,576,106)		38,661,856
Options written at value (Premiums received \$2,799,306)		4,059,750
Payable for investments purchased		10,181,731
Dividends payable - short sales		70,965
Interest payable - margin account		32,086
Accrued investment advisory fee		198,366
Accrued administration fee		80,763
Accrued trustees fee		19,129
Total Liabilities		135,812,892
Net Assets	\$	178,097,468
Cost of investments	\$	308,170,449
Composition of Net Assets:		
Paid-in capital		200,586,886
Overdistributed net investment income		(8,953,152)
Accumulated net realized gain on investments, options, securities sold short and foreign currency transactions		17,173,437
Net unrealized depreciation in value of investments, options, securities sold short and translation of assets and liabilities denominated in foreign currencies		(30,709,703)
Net Assets	\$	178,097,468
Shares of common stock outstanding of no par value, unlimited shares authorized		10,434,606
Net asset value per share	\$	17.07

See Notes to Financial Statements

STATEMENT OF OPERATIONS

For the Six Months Ended September 30, 2008 (Unaudited)

Investment Income:	
Dividends (Net of foreign withholding taxes of \$101,250)	\$ 3,217,485
Interest on investment securities	1,863,810
Miscellaneous income	553
Total Income	5,081,848
Expenses:	
Investment advisory fee	1,351,873
Administration fee	550,405
Interest on loan	1,064,682
Trustees fee	68,870
Dividend expense - short sales	496,757
Broker/dealer fees	33,639
Interest expense - margin account	171,373
Miscellaneous	2,887
Total Expenses	3,740,486
Net Investment Income	1,341,362
Net realized gain (loss) on:	
Investment securities	(2,106,405)
Securities sold short	7,323,012
Written options	3,279,730
Foreign currency transactions	22,556
Net change in unrealized appreciation/(depreciation) on investments, options, securities sold short and translation of assets and liabilities denominated in foreign currencies	(46,977,057)
Net loss on investments, options, securities sold short and foreign currency transactions	(38,458,164)
Distributions to Preferred Shareholders from:	
Net investment income	(544,694)
Net Decrease in Net Assets Attributable to Common Shares from Operations	\$ (37,661,496)

See Notes to Financial Statements

STATEMENT OF CHANGES IN NET ASSETS

	For the Six Months Ended September 30, 2008 (Unaudited)	For the Year Ended March 31, 2008
Common Shareholder Operations:		
Net investment income	\$ 1,341,362	\$ 4,846,452
Net realized gain (loss) from:		
Investment securities	(2,106,405)	19,092,394
Securities sold short	7,323,012	919,033
Written options	3,279,730	1,460,498
Foreign currency transactions	22,556	(26,124)
Net change in unrealized appreciation/depreciation on investments, options, securities sold short and translation of assets and liabilities denominated in foreign currencies	(46,977,057)	(6,199,564)
Distributions to Preferred Shareholders from:		
Net investment income	(544,694)	(4,352,185)
Net realized gains		(778,500)
Net Increase/(Decrease) in Net Assets Attributable to Common Shares from Operations	(37,661,496)	14,962,004
Distributions to Common Shareholders:		
From net investment income	(9,599,839)	(17,947,521)
From net realized gains		(7,617,262)
Net Decrease in Net Assets from Distributions	(9,599,839)	(25,564,783)
Net Decrease in Net Assets Attributable to Common Shares	(47,261,335)	(10,602,779)
Net Assets Attributable to Common Shares:		
Beginning of period	225,358,803	235,961,582
End of period*	\$ 178,097,468	\$ 225,358,803
<hr/>		
* Includes overdistributed net investment income of:	\$ (8,953,152)	\$ (149,981)

See Notes to Financial Statements

STATEMENT OF CASH FLOWS

For the Six Months Ended September 30, 2008 (Unaudited)

Common Shareholder Operations:	
Net decrease in net assets from operations	\$ (37,661,496)
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Purchase of investment securities	(266,794,753)
Proceeds from disposition of investment securities	276,850,828
Net realized loss from investment securities	2,106,405
Net proceeds from short-term investment securities	16,081,743
Net change in unrealized depreciation on investment securities	46,977,057
Premium amortization	69,465
Discount amortization	(21,358)
Decrease in deposits with brokers for securities sold short and written options	3,846,934
Increase in receivable for investments sold	(14,270,869)
Increase in dividends receivable	(20,575)
Increase in interest receivable	(88,460)
Decrease in other assets	15,170
Increase in interest due on loan payable	201,966
Decrease in securities sold short	(5,002,637)
Increase in options written at value	2,059,450
Decrease in payable for investments purchased	(2,343,680)
Increase in dividends payable short sales	22,819
Increase in interest payable - margin account	29,878
Decrease in accrued investment advisory fee	(25,012)
Decrease in accrued administration fee	(10,184)
Increase in accrued trustee fee	5,743
Decrease in other payables	(5,388)
Net Cash Provided by Operating Activities	22,023,046
Cash Flows From Financing Activities:	
Net proceeds from bank borrowing	82,306,280
Redemption of auction market preferred shares	(95,051,829)
Cash distributions paid	(10,144,533)
Net Cash Used in Financing Activities	(22,890,082)
Net decrease in cash	(867,036)
Cash and foreign currency, beginning balance	\$ 1,322,739
Cash and foreign currency, ending balance	\$ 455,703
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the period for interest from bank borrowing:	\$ 862,716

See Notes to Financial Statements

FINANCIAL HIGHLIGHTS

	For the Six Months Ended September 30, 2008 (unaudited)	For the Year Ended March 31, 2008	For the Year Ended March 31, 2007	For the Period June 1, 2005 to March 31, 2006 [^]	For the Period July 28, 2004 (inception) to May 31, 2005
Per Common Share Operating Performance					
Net asset value - beginning of period	\$ 21.60	\$ 22.61	\$ 24.42	\$ 20.78	\$ 19.10
Income from investment operations:					
Net investment income	0.13*	0.46*	1.79	0.92	0.93
Net realized and unrealized gain (loss) on investments	(3.69)	1.47	(0.98)	4.75	1.99
Distributions to Preferred Shareholders from:					
Net investment income	(0.05)	(0.49)	(0.47)	(0.31)	(0.14)
Total from Investment Operations	(3.61)	1.44	0.34	5.36	2.78
Distributions to Common Shareholders from:					
Net investment income	(0.92)	(1.72)	(1.44)	(1.05)	(0.93)
Net realized gain	(0.00)	(0.73)	(0.71)	(0.67)	(0.00)
Total Distributions to Common Shareholders	(0.92)	(2.45)	(2.15)	(1.72)	(0.93)
Capital Share Transactions:					
Common share offering costs charged to paid-in capital					(0.04)
Preferred share offering costs and sales load charged to paid-in capital					(0.13)
Total Capital Share Transactions					(0.17)
Net asset value - end of period	\$ 17.07	\$ 21.60	\$ 22.61	\$ 24.42	\$ 20.78
Market price - end of period	\$ 13.56	\$ 18.90	\$ 20.82	\$ 23.99	\$ 22.59
Total Investment Return - Net Asset Value (1):	(17.28%)	7.10%	1.59%	25.99%	13.89%
Total Investment Return - Market Price (1):	(24.90%)	1.77%	(4.77%)	13.85%	18.24%
Ratios and Supplemental Data					
Net assets attributable to common shares, end of period (000)	\$ 178,097	\$ 225,359	\$ 235,962	\$ 248,354	\$ 205,260
Ratios to average net assets attributable to common shareholders:					
Net expenses (3)	3.34%(2)	2.10%	2.02%	2.07%(2)	1.89%(2)
Net expenses excluding interest expense (3)	2.39%(2)	(5)	(5)	(5)	(5)
Net expenses excluding dividends on short sales (3)	2.89%(2)	1.85%	1.75%	1.83%(2)	1.54%(2)
Net investment income (3)	1.20%(2)	2.02%	2.63%	2.73%(2)	1.23%(2)
Preferred share dividends	0.49%(2)	2.14%	2.10%	1.62%(2)	0.82%(2)
Portfolio turnover rate	82%	136%			