

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

Clough Global Allocation Fund
Form N-Q
October 28, 2005

**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: August 31, 2005

Item 1 Schedule of Investments.

CLOUGH GLOBAL ALLOCATION FUND

QUARTERLY STATEMENT OF INVESTMENTS

August 31, 2005. (Unaudited)

| | SHARES | VALUE |
|-------------------------------------|---------------|-------------------|
| COMMON STOCKS | 94.58% | |
| Consumer/Retail | 7.56% | |
| B&G Foods Inc. | 67,000 | 867,650 |
| Blue Nile Inc. * | 9,800 | 331,338 |
| China Mobile HK Ltd. ADR | 16,000 | 349,600 |
| The Daimaru Inc. | 101,000 | 1,022,820 |
| DSW Inc. * | 2,700 | 60,750 |
| Fast Retailing Co., Ltd. | 16,000 | 1,218,483 |
| Kokuyo Co., Ltd. | 114,500 | 1,547,423 |
| Komeri Co. Ltd. | 52,100 | 1,675,559 |
| Leapfrog Enterprises Inc. * | 10,000 | 134,400 |
| Lion Corp. | 170,000 | 999,774 |
| Martek Biosciences Corp. * | 1,000 | 51,000 |
| Mitsukoshi Ltd. | 195,000 | 958,309 |
| Nikon Corp. | 86,000 | 1,008,429 |
| Noritz Corp. | 41,200 | 682,604 |
| Sapporo Holdings Ltd. | 117,000 | 535,878 |
| Sunstone Hotel Investors Inc. | 64,200 | 1,624,260 |
| Tempur-Pedic International Inc. * | 136,400 | 2,191,948 |
| Turkcell Iletisim ADR | 10,400 | 139,672 |
| Wacoal Corp. | 84,000 | 1,145,851 |
| York-Benimaru Co., Ltd. | 33,000 | 974,841 |
| TOTAL CONSUMER/RETAIL | | 17,520,589 |
| ENERGY | 31.79% | |
| Coal | 5.39% | |
| Alpha Natural Resources Inc. * | 43,400 | 1,294,622 |
| CONSOL Energy Inc. | 28,000 | 1,951,600 |
| Fording Canadian Coal Trust | 30,500 | 3,769,800 |
| KFX Inc. * | 139,000 | 2,230,950 |
| Peabody Energy Corp. | 45,500 | 3,260,985 |
| | | 12,507,957 |
| Exploration & Production | 11.42% | |
| Amerada Hess Corp. | 33,100 | 4,207,010 |
| Burlington Resources Inc. | 30,000 | 2,213,700 |
| Canadian Natural Resources Ltd. | 30,800 | 1,517,516 |
| Chesapeake Energy Corp. | 110,800 | 3,502,388 |
| Compton Petroleum Corp. * | 62,700 | 749,892 |
| EnCana Corp. | 49,700 | 2,444,743 |
| EOG Resources Inc. | 30,000 | 1,914,900 |
| Nexen Inc. | 45,400 | 1,980,802 |

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

| | | |
|---------------------------------------|--------|-----------|
| PetroQuest Energy Inc. * | 33,600 | 262,080 |
| Plains Exploration & Production Co. * | 26,600 | 985,530 |
| Suncor Energy Inc. | 42,000 | 2,488,920 |
| Talisman Energy Inc. | 30,000 | 1,464,617 |
| Western Gas Resources Inc. | 41,000 | 1,968,000 |
| XTO Energy Inc. | 20,000 | 796,000 |

26,496,098

Oil Services & Drillers 14.98%

| | | |
|---------------------------------|--------|-----------|
| Atwood Oceanics Inc. | 10,000 | 752,300 |
| Baker Hughes Inc. | 34,000 | 1,997,500 |
| BJ Services Co. | 35,000 | 2,207,800 |
| Cooper Cameron Corp. * | 31,000 | 2,236,650 |
| Diamond Offshore Drilling Inc. | 2,000 | 118,120 |
| ENSCO International Inc. | 68,800 | 2,811,168 |
| FMC Technologies Inc. * | 50,500 | 2,030,605 |
| Grant Prideco Inc. * | 55,000 | 2,027,300 |
| Halliburton Co. | 38,900 | 2,410,633 |
| Helmerich & Payne Inc. | 23,500 | 1,396,370 |
| Key Energy Services Inc. * | 49,600 | 696,508 |
| Nabors Industries Ltd. * | 34,200 | 2,291,400 |
| National - Oilwell Varco Inc. * | 60,070 | 3,857,095 |
| Noble Corporation | 21,000 | 1,497,300 |
| Patterson Utility Energy Inc. | 30,000 | 1,020,600 |
| Rowan Cos Inc. | 51,000 | 1,897,200 |
| Schlumberger Ltd. | 10,000 | 862,300 |
| Smith International Inc. | 10,000 | 347,400 |
| Tesoro Corp. | 9,000 | 520,200 |
| TETRA Technologies Inc. * | 19,350 | 551,475 |

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

| | | |
|--|--------|-------------------|
| Tidewater Inc. | 5,000 | 222,700 |
| Transocean Inc. * | 36,100 | 2,131,344 |
| Valero Energy Corp. | 8,000 | 852,000 |
| TOTAL OIL SERVICES & DRILLERS | | 34,735,968 |
| TOTAL ENERGY | | 73,740,023 |

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

| | | | |
|---|---------------|---------|-------------------|
| Finance | 15.05% | | |
| ACOM Co. Ltd. | | 19,400 | 1,272,361 |
| Aiful Corp. | | 18,000 | 1,378,924 |
| Apollo Investment Corp. | | 208,200 | 4,003,686 |
| Banco Bradesco S.A. | | 6,400 | 272,512 |
| Banco LatinoAmericano | | 20,000 | 342,800 |
| Bank of Ireland | | 8,100 | 128,397 |
| Brookline Bancorp, Inc. | | 105,000 | 1,621,200 |
| Cohen & Steers, Inc. | | 83,200 | 1,705,600 |
| Daiwa Securities Group Inc. | | 377,000 | 2,550,910 |
| Fidelity Bankshares, Inc. | | 30,470 | 917,452 |
| ICICI Bank Ltd. ADR | | 62,300 | 1,456,574 |
| KKR Financial Corp. | | 15,100 | 353,189 |
| Mitsubishi Tokyo Financial Group Inc. | | 350 | 3,572,880 |
| NewAlliance Bancshares, Inc. | | 30,000 | 436,500 |
| Nikko Cordial Corp. | | 406,000 | 2,002,584 |
| Nomura Holdings Inc. - ADR | | 91,000 | 1,252,160 |
| Nomura Holdings Inc. | | 80,000 | 1,087,673 |
| Promise Co. Ltd. | | 13,000 | 880,799 |
| Sovereign Bancorp, Inc. | | 19,600 | 457,072 |
| The Bank of Yokohama Ltd. | | 509,000 | 3,260,138 |
| The Jyo Bank Ltd. | | 351,000 | 1,918,379 |
| The Shizuoka Bank Ltd. | | 213,000 | 1,939,600 |
| UFJ Holdings Inc. * | | 100 | 623,334 |
| Waddell & Reed Financial Inc. | | 75,900 | 1,470,942 |
| TOTAL FINANCE | | | 34,905,666 |
| Healthcare | 1.96% | | |
| Biosphere Medical Inc. * | | 182,703 | 986,596 |
| HCA Inc. | | 14,200 | 700,060 |
| Medtronic Inc. | | 10,000 | 570,000 |
| Pfizer Inc. | | 26,200 | 667,314 |
| Sepracor Inc. * | | 26,700 | 1,340,340 |
| Stryker Corporation | | 5,000 | 272,750 |
| TOTAL HEALTHCARE | | | 4,537,060 |
| Industrial | 11.62% | | |
| Abitibi-Consolidated Inc. | | 210,000 | 911,400 |
| Airport Facilities Co., Ltd. | | 59,000 | 317,666 |
| American Science and Engineering Inc. * | | 53,000 | 3,352,250 |
| Bowne & Co Inc. | | 156,300 | 2,219,460 |
| Bridgestone Corp. | | 109,000 | 2,146,619 |
| Chicago Bridge & Iron Co. N.V. | | 12,100 | 375,342 |
| Dresser-Rand Group Inc. * | | 20,271 | 486,301 |
| Empresa Brasileira de Aeronautica S.A. | | 28,400 | 1,018,424 |
| Fluor Corp. | | 10,000 | 619,100 |
| Georgia Gulf Corp. | | 25,100 | 700,290 |
| GOL Linhas Aereas Inteligentes S.A. - ADR | | 25,900 | 872,830 |
| Goodrich Corp. | | 5,000 | 229,100 |
| Hexcel Corp. * | | 10,000 | 194,500 |
| Insituform Technologies Inc. - Class A * | | 99,100 | 2,051,370 |
| Jacobs Engineering Group Inc. * | | 25,000 | 1,560,000 |
| Kansas City Southern * | | 67,000 | 1,347,370 |
| Nisshinbo Industries Inc. | | 137,000 | 1,095,307 |
| NOVA Chemicals Corp. | | 40,900 | 1,312,890 |
| Primary Energy Recycling Corp. * | | 116,600 | 984,273 |

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

| | | |
|---------------------------------------|--------|------------|
| Reddy Ice Holdings Inc. * | 5,200 | 112,788 |
| Sasol Ltd. - ADR | 50,000 | 1,670,000 |
| Tata Motors Ltd. | 5,000 | 51,700 |
| Walter Industries Inc. | 36,000 | 1,579,320 |
| Washington Group International Inc. * | 10,000 | 528,400 |
| Willbros Group Inc. * | 70,200 | 1,213,056 |
| TOTAL INDUSTRIAL | | 26,949,756 |

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

| | | | |
|--|--------------|---------|-------------------|
| Insurance | 3.52% | | |
| ACE Ltd. | | 20,600 | 914,846 |
| Allmerica Financial Corp. * | | 16,600 | 675,786 |
| Bristol West Holdings Inc. | | 100,000 | 1,745,000 |
| CNA Financial Corp. * | | 20,000 | 579,400 |
| James River Group Inc. * | | 19,600 | 392,000 |
| Montpelier Re Holdings Ltd. | | 12,500 | 408,750 |
| PartnerRe Ltd. | | 22,700 | 1,377,890 |
| RenaissanceRe Holdings Ltd. | | 36,000 | 1,631,160 |
| Specialty Underwriters Alliance Inc. * | | 30,000 | 247,200 |
| The St. Paul Travelers Companies Inc. | | 5,000 | 215,050 |
| TOTAL INSURANCE | | | 8,187,082 |
| Media | 0.77% | | |
| China Netcom Group Corp Ltd. - ADR | | 5,000 | 170,050 |
| Mobile TeleSystems OJSC - ADR | | 18,200 | 673,400 |
| Shanda Interactive Entertainment Ltd. ADR * | | 7,500 | 249,450 |
| Toho Co., Ltd. | | 46,000 | 701,875 |
| TOTAL MEDIA | | | 1,794,775 |
| Metals | 5.67% | | |
| Apex Silver Mines Ltd. * | | 82,200 | 1,078,464 |
| Cameco Corp. | | 24,000 | 1,208,400 |
| Cleveland-Cliffs Inc. | | 9,300 | 661,044 |
| Ivanhoe Mines Ltd. * | | 208,900 | 1,522,881 |
| Olin Corp. | | 109,800 | 2,051,064 |
| Oregon Steel Mills Inc. * | | 113,300 | 2,546,984 |
| Pan American Silver Corp. * | | 56,700 | 883,953 |
| Cia Vale Do Rio Doce ADR | | 18,900 | 649,971 |
| Sherritt International Corp. | | 186,000 | 1,706,436 |
| Western Silver Corp. * | | 104,000 | 830,960 |
| TOTAL METALS | | | 13,140,157 |
| Real Estate Investment Trusts (REITs) | 1.38% | | |
| Education Realty Trust Inc. | | 20,000 | 369,000 |
| Goldcrest Co. Ltd. | | 13,000 | 849,090 |
| Government Properties Trust Inc. * | | 30,000 | 291,000 |
| Mitsubishi Estate Co. Ltd. | | 26,000 | 310,041 |
| Mitsui Fudosan Co. Ltd. | | 25,000 | 320,701 |
| TOC Co. Ltd. | | 26,650 | 107,616 |
| Truststreet Properties Inc. | | 58,000 | 956,420 |
| TOTAL REAL ESTATE INVESTMENT TRUSTS (REITs) | | | 3,203,868 |

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

| | | | |
|--|--------------|---------|--------------------|
| Technology | 3.20% | | |
| Advanced Energy Industries Inc. * | | 51,200 | 610,304 |
| Magal Security Systems Ltd. * | | 66,443 | 687,685 |
| Microsoft Corp. | | 121,700 | 3,334,580 |
| Radvision Ltd. * | | 152,445 | 1,747,020 |
| Satyam Computer Services Ltd. | | 11,400 | 312,018 |
| STATS ChipPac Ltd. -ADR * | | 113,000 | 719,810 |
| TOTAL TECHNOLOGY | | | 7,411,417 |
| Transportation | 3.93% | | |
| Central Japan RR | | 31 | 236,921 |
| CSX Corporation | | 17,600 | 773,168 |
| East Japan Railway Co. | | 290 | 1,558,788 |
| Frontline Ltd. | | 10,000 | 467,600 |
| General Maritime Corp. | | 15,000 | 560,400 |
| Golar LNG, Ltd. * | | 83,200 | 1,108,224 |
| Nippon Express Co., Ltd. | | 150,000 | 668,052 |
| OMI Corporation | | 50,000 | 956,500 |
| Overseas Shipholding Group Inc. | | 12,000 | 733,800 |
| Teekay Shipping Corp. | | 15,000 | 692,250 |
| Tokyo Corporation | | 166,000 | 778,301 |
| TOP Tankers, Inc. | | 8,000 | 123,280 |
| Tsakos Energy Navi. Ltd. | | 12,000 | 465,360 |
| TOTAL TRANSPORTATION | | | 9,122,644 |
| Utilities | 8.13% | | |
| The AES Corp. * | | 60,300 | 949,122 |
| Ameren Corp. | | 16,000 | 878,880 |
| British Energy Group plc. * | | 156,200 | 1,347,304 |
| CEMIG SA ADR | | 13,100 | 462,692 |
| DTE Energy Co. | | 16,000 | 732,320 |
| Duke Energy | | 23,000 | 666,770 |
| Dynegy Inc. - Class A * | | 159,000 | 693,240 |
| Energy East Corp. | | 10,000 | 262,200 |
| Entergy Corp. | | 21,000 | 1,573,110 |
| Exelon Corp. | | 32,000 | 1,724,480 |
| OGE Energy Corp. | | 14,000 | 406,420 |
| PPL Corp. | | 34,000 | 1,086,640 |
| Public Service Enterprise Group Inc. | | 48,300 | 3,117,765 |
| Southern Co. | | 42,000 | 1,444,800 |
| Southern Union Co. * | | 47,250 | 1,163,295 |
| The Williams Companies Inc. | | 104,000 | 2,333,760 |
| TOTAL UTILITIES | | | 18,842,798 |
| TOTAL COMMON STOCKS (Cost \$191,546,146) | | | 219,355,835 |
| EXCHANGE TRADED FUNDS | 5.14% | | |
| India Fund Inc. (Closed - End) | | 15,000 | 544,500 |
| iShares | | | |
| MSCI Brazil | | 68,800 | 1,932,592 |
| MSCI Emerging Markets Index | | 10,000 | 781,200 |
| MSCI Hong Kong | | 283,200 | 3,698,592 |
| MSCI Malaysia | | 239,800 | 1,740,948 |
| MSCI Pacific | | 20,000 | 1,975,800 |

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

| | | |
|------------------------------------|--------------|------------|
| MSCI Taiwan | 107,000 | 1,257,250 |
| TOTAL EXCHANGE TRADED FUNDS | | |
| (Cost \$10,828,119) | | 11,930,882 |
| PREFERRED STOCK | | |
| | 1.09% | |
| Ashford Hospital Trust | 50,000 | 1,336,500 |
| XL Capital Ltd. * | 51,500 | 1,182,440 |
| TOTAL PREFERRED STOCK | | |
| (Cost \$2,462,938) | | 2,518,940 |

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

| | | | | |
|--|----------------|---------------|-------------------------|--------------|
| MUTUAL FUNDS | 0.22% | | | |
| J.P. Morgan Prime Money Market Fund | | | 504,121 | 504,121 |
| TOTAL MUTUAL FUNDS (Cost \$504,121) | | | | 504,121 |
| DUE DATE | | COUPON | PRINCIPAL AMOUNT | VALUE |
| FOREIGN GOVERNMENT & AGENCY OBLIGATIONS | 2.28% | | | |
| UK Treasury 09/07/2015 | | 4.75% | 2,800,000 | 5,291,235 |
| TOTAL FOREIGN GOVERNMENT & AGENCY OBLIGATIONS (Cost \$5,293,639) | | | | 5,291,235 |
| U.S. GOVERNMENT & AGENCY OBLIGATIONS | 37.47% | | | |
| FHLB, 8/22/2008 | | 3.875% | 4,000,000 | 3,979,920 |
| FHLMC, 7/12/2010 | | 4.125% | 4,000,000 | 3,997,160 |
| United States T-Bill, 9/29/05 | | | 8,000,000 | 7,979,964 |
| United States T-Note, 02/15/2015 | | 4.000% | 12,000,000 | 11,968,596 |
| United States T-Bond, 02/15/2031 | | 5.375% | 50,300,000 | 58,988,571 |
| TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS (Cost \$84,044,334) | | | | 86,914,211 |
| ASSET-BACKED SECURITIES | 4.40% | | | |
| FNR 2005-86 AF, 7/25/35 | | 8.00% | 10,230,688 | 10,205,111 |
| TOTAL ASSET-BACKED SECURITIES (Cost \$10,230,688) | | | | 10,205,111 |
| OPTIONS PURCHASED | 0.00% | | | |
| Energy Select Sector * Sept Put at \$40 | | | 500 | 1,250 |
| TOTAL OPTIONS PURCHASED (Cost \$90,000) | | | | 1,250 |
| TOTAL INVESTMENTS (Cost \$304,999,985) | 145.18% | | \$ | 336,721,585 |
| Liabilities in Excess of Other Assets | -4.17% | | | (9,661,405) |
| Liquidation Preference of Auction Market Preferred Shares, Series W28 (including dividends payable on preferred shares) | -41.02% | | | (95,130,935) |
| NET ASSETS | 100.00% | | \$ | 231,929,246 |

*Non-income producing security

ADR - American Depositary Receipt

SEE NOTES TO QUARTERLY STATEMENT OF INVESTMENTS

SCHEDULE OF SECURITIES SOLD SHORT

| NAME | SHARES | VALUE |
|------------------------------------|-----------|--------------|
| Abercrombie & Fitch | (25,200) | (1,401,372) |
| American Eagle Outfitters | (52,500) | (1,503,075) |
| AON Corp. | (9,000) | (269,280) |
| Commerce Bancorp Inc. | (58,100) | (1,959,132) |
| DaimlerChrysler AG | (14,000) | (723,520) |
| Dana Corp. | (10,000) | (134,600) |
| Danaher Corp. | (4,300) | (230,308) |
| Dillard's Inc. - Class A | (99,000) | (2,228,490) |
| Doral Financial Corp. | (13,300) | (190,722) |
| Factset Research Systems Inc. | (36,400) | (1,274,000) |
| Fairmont Hotels & Resorts | (8,000) | (251,040) |
| Fastenal Co. | (26,800) | (1,623,544) |
| FirstMerit Corp. | (39,200) | (1,096,032) |
| Ford Motor Co. | (114,000) | (1,136,580) |
| Harman International | (5,000) | (517,000) |
| HNI Corp. | (9,000) | (518,850) |
| iShares Russel 2000 | (160,000) | (10,622,400) |
| Jefferies Group Inc. | (38,300) | (1,512,084) |
| Longs Drug Stores Co. | (37,800) | (1,602,720) |
| Panera Bread Co. * | (23,500) | (1,309,890) |
| Polaris Industries Inc. | (45,900) | (2,418,012) |
| Popular Inc. | (12,500) | (342,000) |
| Retail HOLDRs Trust | (86,400) | (8,303,904) |
| Safeway Inc. | (15,000) | (355,950) |
| SLM Corp. | (40,000) | (1,990,000) |
| Toll Brothers Inc. * | (10,000) | (480,500) |
| Toro Co. | (36,800) | (1,428,944) |
| W Holding Co. Inc. | (18,700) | (184,756) |
| Wachovia Corp. | (19,400) | (962,628) |
| Winnebago Industries | (18,300) | (557,601) |
| Yankee Candle Co. | (10,450) | (287,062) |
| TOTAL SECURITIES SOLD SHORT | | |
| (Proceeds -\$47,714,736) | | (47,415,996) |

SEE NOTES TO QUARTERLY STATEMENT OF INVESTMENTS

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

CLOUGH GLOBAL ALLOCATION FUND

SCHEDULE OF OPTIONS WRITTEN

May 31, 2005

| Company | Shares | Value |
|---|---------------|--------------|
| PUT OPTIONS WRITTEN | | |
| Energy Select Sector expiring June 2005 at \$39 | \$ (750) | \$ (13,125) |
| iShares Russell 2000 expiring August 2005 at \$56 | (750) | (78,750) |
| Oil Service Holders expiring July 2005 at \$85 | (4,700) | (458,250) |
| TOTAL PUT OPTIONS WRITTEN | | |
| (Premiums Received -1,104,985) | | \$ (550,125) |

CLOUGH GLOBAL ALLOCATION FUND

Qtr Ended 5/31/2005

| | Written Call Options | | Written Put Options | |
|--------------------------------|----------------------|----------|---------------------|--------------|
| | Contracts | Premiums | Contracts | Premiums |
| Outstanding, February 28, 2005 | \$ | \$ | \$ 625 | \$ 102,497 |
| Positions opened | | | 15,450 | 2,288,711 |
| Expired | | | (4,625) | (647,654) |
| Closed | | | (5,250) | (638,569) |
| Split | | | | |
| Outstanding, May 31, 2005 | \$ | \$ | \$ 6,200 | \$ 1,104,985 |
| Market Value, May 31, 2005 | | \$ | | \$ (550,125) |

CLOUGH GLOBAL ALLOCATION FUND

For Year Ended 5/31/2005

| | Written Call Options | | Written Put Options | |
|----------------------------|----------------------|----------|---------------------|--------------|
| | Contracts | Premiums | Contracts | Premiums |
| Outstanding, July 27, 2004 | | | | |
| Positions opened | | | 17,775 | 2,603,734 |
| Expired | | | (4,625) | (647,654) |
| Closed | | | (6,950) | (851,095) |
| Split | | | | |
| Outstanding, May 31, 2005 | \$ | \$ | \$ 6,200 | \$ 1,104,985 |
| Market Value, May 31, 2005 | | \$ | | \$ (550,125) |

CLOUGH GLOBAL ALLOCATION FUND

PORTFOLIO ALLOCATON

(As a percentage of total investments)

| | |
|--|----------------|
| COMMON STOCKS | 69.13% |
| EXCHANGE TRADED FUNDS | 1.94% |
| PREFERRED STOCK | 0.95% |
| MUTUAL FUNDS | 0.10% |
| CORPORATE BONDS AND NOTES | 0.21% |
| FOREIGN GOVERNMENT & AGENCY OBLIGATIONS | 1.74% |
| U.S. GOVERNMENT & AGENCY OBLIGATIONS | 25.15% |
| OPTIONS PURCHASED | 0.78% |
| TOTAL INVESTMENTS | 100.00% |

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.

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

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 August 31, 2005 was as follows:

PUT OPTIONS

| | Principal/ Number of Contracts | | Amount of Premiums |
|---|--------------------------------------|----|-----------------------|
| Options outstanding as of May 31, 2005 | 6,200 | \$ | 1,104,985 |
| Positions opened Options expired | (6,950) | | (1,104,985) |
| Options split | 750 | | |
| Options outstanding as of August 31, 2005 | | | |

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: October 28, 2005

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: October 28, 2005

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

Date: October 28, 2005