Clough Global Allocation Fund
Form N-CSR
June 09, 2006

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)

1625 Broadway, Suite 2200, Denver, Colorado 80202
(Address of principal executive offices) (Zip code)

Erin E. Douglas, Secretary
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: March 31

Date of reporting period: March 31, 2006

Item 1. **Reports to Stockholders.**

CLOUGH GLOBAL ALLOCATION FUND
1625 Broadway, Suite 2200
Denver, CO 80202
1-877-256-8445

This Fund is neither insured nor guaranteed by the U.S. Government, the FDIC, the Federal Reserve Board or any other governmental agency or insurer.

For more information about the Fund, including a prospectus, please visit www.cloughglobal.com or call 1-877-256-8445.

Annual Report

March 31, 2006

SHAREHOLDER LETTER

March 31, 2006

To Our Shareholders:

The Clough Global Allocation Fund s closing market price on March 31, 2006 was $23.99, an increase from it s market price of $22.59 as of May 31, 2005. In addition, $1.72 per share in distributions were paid during the period, so the Fund s total return to shareholders, including reinvested dividends, based on market price was 13.85%. Meanwhile the Fund s underlying net asset value has increased, including reinvested dividends, 25.99% from $20.78 to $24.42 during the period.

Sometimes the popular trade is the right trade. Our energy shortage theme continues to be the largest component of the portfolio, particularly since the stocks have not moved up with the rise in crude oil. After outperforming for nearly three years, oil stocks began to correct back in late September 2005. Many natural gas stocks are well off their highs of last autumn. Nevertheless, as an investment theme we think energy has years to run. Our reason for thinking this is the huge capital needs required to bring on new hydrocarbon supplies. Since 2001, Exxon Mobil Corp has continued to significantly increase its capital expenditures, but the company s production of oil and gas over the past five years has still declined. OPEC production hardly rose in 2005 despite a doubling of prices, indicating the absence of a supply response to higher oil prices. Meanwhile, global demand for both crude oil and specifically for gasoline in the U.S. is higher year-on-year.

Commodities are for the most part supply driven, and if depletion rates for the world s major oil and gas fields are accelerating, and new supplies of consequence must come from as of yet undeveloped deep water reservoirs, it will be years before relief from high oil and gas prices is seen. It is estimated that development costs for new underwater fields may total $1.5 to $2.5 trillion. This has several consequences.

1) The equity market capitalizations for oil and gas producers should rise. While a new oil exchange traded fund designed to track the level of crude oil prices has recently been introduced, we think investing in producing companies will be more rewarding than buying the commodity. Producers benefit from compounding cash flow returns even in a static high oil price world. A producer with long lived reserves should generate huge cash on cash returns, even if oil prices level off, for years. Earnings gains may slow in the absence of even higher prices, but equity values should continue to rise as free cash builds. Multiples are low on current estimates and the companies in this sector have little to no debt on their balance sheets.

2) The entire equity market value of the oil service supplier industry is a small amount relative to the trillions of dollars about to be spent on oil field development. The Philadelphia Oil Service Index (OSX), which measures such things, was 145 in 1998; it stands at a little over 200 today. Yet Transocean Corp s contract to supply a new drill-ship capable of drilling in 12,000 feet of water, a $650 million investment, gives that company visibility out to 2014 on some of its contracts.

3) Today the natural gas producer stocks are off their late 2005 highs as high gas inventories and weak near-term prices are depressing the stocks. But excess gas supplies, the result of the warmest winter in 100 years, amount to a small percentage of annual usage. With gas well depletion rates running up to 30% annually, a warm summer with its attendant air conditioning needs would create renewed shortage.

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We are also selectively invested in the metals sector where supplies remain tighter than many suspect. The financial markets are only now beginning to recognize the structural shortages inherent in the raw materials trade. Robust demand appears to be sustainable as infrastructure growth in developing economies looks to continue. New supplies are subject to long development timelines and rising marginal costs. China s high savings rate keeps the cost of capital low and import needs for metals like copper and nickel will remain high. Media commentary of an inevitable natural resources bust appears to be far too anticipatory. The Financial Times quoted a McQuarie forecast that Chinese steelmakers will double production by 2010. That incremental tonnage is equal to the entire output European steelmakers produce today. China needs the steel and that is good for our holdings of iron ore producers.

Our funds are heavily leveraged to the forces of globalization. We think global capital flows will continue to increase and asset values will rise, particularly in Asia, Latin America and Eastern Europe. Japan in particular has become a source of global capital as it moves its M&A activity offshore. Corporate profits are strong and corporate debt in Japan is now below pre-bubble period. As the world comes to realize that even a U.S. consumption slowdown is unlikely to derail these economies, the investment dynamics in those regions will change, and growth will continue for industries whose demand is determined by what is occurring there. For example, the price of energy is determined as much by the economies in Asia, as in our North American futures markets. Non-China Asia and Japan are projected by the World Bank to enjoy growth of 6% or more this year.

We are invested in Japan. For years, Japan s economy was the weakest of any developed nation. Today it is among the strongest, with domestic wages and salaries growing 3 ½% annually. We think cash flows are high and balance sheets are strong, which is helpful because the economy s aged housing and business capital stocks need replacement. This provides a prescription for a strong domestic consumption and capital spending cycle. Domestic investors in Japan meanwhile are beginning to move their massive savings into stocks. Moreover, the Yen appears seriously undervalued and we think its recovery will add to our returns over time.

It is important to note many emerging markets are small, yet their economies have built a lot of wealth which we think is not yet reflected in their equities markets. In the U.S. markets, industry sectors that are leveraged to globalization represent perhaps 15-17% of the S&P 500 and the bulk of that is energy. We think over time it could migrate upwards of 30%.

The U.S. economy has proven remarkably resilient as the forces of globalization have overwhelmed the forces of U.S. debt liquidation, but that could change. The weak link in the global economy is the U.S. consumer and everyone recognizes that. Consumer stocks have been weak for years. Later this year, nearly 20% of outstanding adjustable rate mortgages will reprice upwards and as the Fed moves toward a 5% Fed Funds Rate, the cost of financial sector liabilities like deposits and bank prime rates will likely move upwards as well. If there are weak balance sheets out there, we think that should soon become visible as marginal borrowers and lenders get squeezed. Given the large rise in household debt in this cycle, there is a tipping point to consumer spending somewhere at a Fed Funds rate that may not be too far from today s. Yet, the global economy still enjoys a large liquidity overhang, and it is our view that once U.S. consumption slows and the fed signals it has tightened enough, bond yields should fall and the globalization trade will likely do well.

We thank you for investing in the Clough Global Allocation Fund and invite you to read updates on the website www.cloughglobal.com.

Sincerely,

Charles I. Clough, Jr.
Chairman and CEO of Clough Capital Partners, L.P.

Clough Capital Partners, L.P. is a Boston-based investment management firm that has approximately $1.5 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

March 31, 2006

Asset Type (As a percentage of total investments)

Common Stocks	77.11%
U.S. Government & Agency Obligations	10.15%
Corporate Bonds & Notes	5.20%
Exchange Traded Funds	4.91%
Foreign Government & Agency Obligations	1.46%
Preferred Stock	0.37%
Closed-End Funds	0.31%
Money Market Mutual Funds	0.30%
Options Purchased	0.19%

Global Breakdown (As a percentage of total investments)

United States	49.32%
Japan	19.75%
Brazil	6.93%
Canada	6.73%
Great Britain	3.89%
China	1.93%
Hong Kong	1.81%
Bermuda	1.74%
Israel	1.45%
Australia	1.22%
Russia	1.07%
Malaysia	0.82%
South Africa	0.67%
Netherlands	0.43%
Ireland	0.41%
Thailand	0.38%
Panama	0.34%
India	0.27%
Spain	0.25%
Taiwan	0.21%
Chile	0.15%
South Korea	0.14%
Singapore	0.07%
New Zealand	0.02%

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

March 31, 2006

To the Board of Trustees and Shareholders 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, 2006, and the related statement of operations for the period from June 1, 2005 to March 31, 2006, the statements of changes in net assets for the periods from June 1, 2005 to March 31, 2006 and from July 28, 2004 (commencement of operations) to May 31, 2005, and the financial highlights for 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, 2006, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. 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, 2006, the results of its operations for the period from June 1, 2005 to March 31, 2006, the changes in its net assets for the periods from June 1, 2005 to March 31, 2006 and from July 28, 2004 (commencement of operations) to May 31, 2005, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

May 19, 2006

STATEMENT OF INVESTMENTS

March 31, 2006

	Shares		Value
COMMON STOCK 106.5%			
Consumer/Retail 7.32%			
B & G Foods Inc.	67,000	$	966,140
Bridgestone Corp. (a)	109, 000		2,273,534
Coinmach Service Class A	50,000		470,000
Daimaru Inc.	101,000		1,487,969
Fast Retailing Company Ltd. (a)	16,000		1,564,656
Komeri Company Ltd.	52,100		1,947,664
Matsumotokiyoshi Co.	21,900		627,043
Mitsukoshi Ltd. (a)	195,000		1,250,850
Nikon Corp. (a)	86,000		1,541,716
Sapporo Holdings Ltd. (a)	117,000		612,337
Station Casinos Inc.	1,600		126,992
Sugi Pharmacy Co.	8,800		211,215
Toppan Forms Company Ltd.	41,300		689,854
Uni-Charm Corp.	49,500		2,430,841
Wacoal Holdings Corp.	35,900		488,020
Yamada Denki Co. Ltd.	3,500		403,526
York-Benimaru Co. Ltd.	33,000		1,087,851
			18,180,208
Energy 27.12%			
Coal 3.74%			
ALPHA Natural Resources Inc. (a)	52,400		1,212,536
Arch Coal Inc.	8,200		622,708
CONSOL Energy Inc.	6,000		444,960
Fording Canadian Coal Trust	63,500		2,412,365
KFx Inc. (a)	43,700		795,340
Massey Energy Company	15,200		548,264
Peabody Energy Corp.	44,800		2,258,368
Walter Industries Inc.	15,000		999,300
			9,293,841
Exploration & Production 8.27%			
Amerada Hess Corp.	16,100		2,292,640
Anadarko Petroleum Corp.	25,000		2,525,250
Canadian Natural Resources Ltd.	34,800		1,927,572
Cheniere Energy Inc. (a)	18,000		