

Clough Global Allocation Fund
Form N-CSRS
December 05, 2014
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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 D. Nelson, 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: April 1, 2014 - September 30, 2014

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Item 1. **Reports to Stockholders.**

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SECTION 19(B) DISCLOSURE

September 30, 2014 (Unaudited)

Clough Global Allocation Fund, Clough Global Equity Fund, and Clough Global Opportunities Fund (each a Fund and collectively, the Funds), acting pursuant to a Securities and Exchange Commission (SEC) exemptive order and with the approval of each Fund s Board of Trustees (the Board), have adopted a plan, consistent with each Fund s investment objectives and policies to support a level distribution of income, capital gains and/or return of capital (the Plan). In accordance with the Plan, Clough Global Allocation Fund and Clough Global Equity Fund currently distribute \$0.105 per share on a monthly basis and Clough Global Opportunities Fund distributes \$0.095 per share on a monthly basis.

The fixed amount distributed per share is subject to change at the discretion of each Fund s Board. Under the Plan, each Fund will distribute all available investment income to its shareholders, consistent with each Fund s primary investment objectives and as required by the Internal Revenue Code of 1986, as amended (the Code). If sufficient investment income is not available on a monthly basis, each Fund will distribute long-term capital gains and/or return of capital to shareholders in order to maintain a level distribution. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential distribution rate increases or decreases to enable each Fund to comply with the distribution requirements imposed by the Code.

Shareholders should not draw any conclusions about each Fund s investment performance from the amount of these distributions or from the terms of the Plan. Each Fund s total return performance on net asset value is presented in its financial highlights table.

The Board may amend, suspend or terminate each Fund s Plan without prior notice if it deems such action to be in the best interest of either the Fund or its shareholders. The suspension or termination of the Plan could have the effect of creating a trading discount (if a Fund s stock is trading at or above net asset value) or widening an existing trading discount. Each Fund is subject to risks that could have an adverse impact on its ability to maintain level distributions. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, increased market volatility, companies suspending or decreasing corporate dividend distributions and changes in the Code. Please refer to each Fund s prospectus for a more complete description of its risks.

Please refer to Additional Information for a cumulative summary of the Section 19(a) notices for each Fund s current fiscal period. Section 19(a) notices for each Fund, as applicable, are available on the Clough Global Closed-End Funds website www.cloughglobal.com.

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Clough Global Funds

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Shareholder Letter
September 30, 2014 (Unaudited)

Clough Global Funds

To Our Shareholders:

Clough Global Allocation Fund (GLV)

During the six-months ended September 30, 2014, the Clough Global Allocation Fund's total return, assuming reinvestment of all distributions, was -0.59% based on the net asset value and -1.74% based on the market price of the Fund. The S&P 500 and the MSCI World Index returned 6.41% and 2.92%, respectively, over the same period. During the six-months ended September 30, 2014, the Fund paid \$0.63 per share in distributions. As of September 30th, the Fund had a dividend distribution rate on the market price of 8.81%.

Clough Global Equity Fund (GLQ)

During the six-months ended September 30, 2014, the Clough Global Equity Fund's total return, assuming reinvestment of all distributions, was -1.09% based on the net asset value and -3.11% based on the market price of the Fund. The S&P 500 and the MSCI World Index returned 6.41% and 2.92%, respectively, over the same period. During the six-months ended September 30, 2014, the Fund paid \$0.63 per share in distributions. As of September 30th, the Fund had a dividend distribution rate on the market price of 8.79%.

Clough Global Opportunities Fund (GLO)

During the six-months ended September 30, 2014, the Clough Global Opportunities Fund's total return, assuming reinvestment of all distributions, was -0.81% based on the net asset value and -2.12% based on the market price of the Fund. The S&P 500 and the MSCI World Index returned 6.41% and 2.92%, respectively, over the same period. During the six-months ended September 30, 2014, the Fund paid \$0.57 per share in distributions. As of September 30th, the Fund had a dividend distribution rate on the market price of 9.56%.

One thing that has been supportive of equities for the past two years has been the aggressive expansion of liquidity on the part of the Fed. That in turn has depressed securities market volatility. All has now changed. Volatility first emerged in the foreign exchange market several weeks ago, a market where trillions of dollars are traded weekly. One reason for its reemergence is clear: tapering removes that support central bank liquidity has provided the capital markets. Another reason for the rise in volatility is a slowing global economy and the fact that systemic weakness in Europe has finally reached into Germany, where export orders and industrial activity have weakened. Peripheral bond markets have fallen in response and that has brought the Euro under pressure. As an aside, Europe's problems are actually positive for the Fund. As you know we have had a short European bank trade on for some time. Peripheral banks are particularly vulnerable here as they are largely a leveraged bet on their own sovereign spreads, and those spreads are beginning to widen out. We still believe very large capital raises lie ahead for the banks. While some of our strategies have been flat over the last six months, we still believe they have promise for high returns in this new environment.

Our positions in the housing sector encompass both homebuilders and companies involved in providing mortgage insurance. The mortgage insurance industry has the potential of being both rapidly growing and highly profitable in the absence of another collapse in residential housing prices. We think that is unlikely. The industry is under-building

demand. Meanwhile apartment rents are 15% higher year-on-year so that alternative to single family housing is getting pricey at a time mortgage costs are declining. The cog in the machine is mortgage availability which is still depressed largely due to regulatory issues but they are likely to ease. Sheila Bair, the former FDIC (Federal Deposit Insurance Corporation) Chair, wrote a piece in *Fortune* suggesting a less restrictive mortgage lending environment. In addition, Fannie Mae and Freddie Mac announced a joint campaign to make credit more accessible to first time home buyers. The recent move lower in 30-year mortgage rates below 4% should also provide a tailwind for the sector. Meanwhile MGIC Investment Corp., a mortgage insurer held by the Fund, reported a 21% year-on-year rise in new insurance in the third quarter in a flat market as the private companies take share from the FHA (Federal Housing Administration). It may require some patience, but a housing cycle seems more likely.

Citigroup Corp., one of the Fund's largest positions reported third quarter revenues rose 10% year-on-year while expenses dropped 6% and total credit costs dropped 11%. Citi Holdings (the so-called "bad bank") was profitable for the second quarter in a row. Net interest margins and trading revenues improved, as did international consumer revenues. Citi's capital and leverage ratios are far above peers, yet the stock still sells 15% below tangible book and 30% below stated book. It is notable that one-third of the company's earnings came from its Asian consumer business. Citi is part of an oligopoly of only three global banks which can offer corporate banking services worldwide.

Healthcare continues to be the largest contributor to performance for 2014. The funds are long names that will continue to benefit from the M&A (Mergers and Acquisitions) environment. Large slow growing names in the space need to acquire companies to maintain product pipelines. We are long mid-cap names with launched products and no partners that make for attractive acquisition targets. The funds also continue to be long hospitals that benefit from the implementation of the Affordable Care Act. Medicaid is now correcting roughly 10% top line losses for hospitals. Potential losses of the past will now be backed by the government. The long position in Healthcare is hedged with shorts in Biotech and HMO's (Health Maintenance Organization) where valuations look vulnerable.

On the Asia front, we think China's A share market (SHCOMP, Shanghai Stock Exchange Composite Index) could be the world's best performing index over the next few years. That index rose 6.9% in September on a 65% year-on-year rise in turnover while western stocks stumbled. Our thinking is based on China's transformation from a credit dependent industrial economy with a mercantilist bent to a consumer-based services economy. The China consumer is spending big time. One piece of evidence of this is a structural change in its current account makeup. China's merchandise trade

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Clough Global Funds

Shareholder Letter
September 30, 2014 (Unaudited)

balance was a positive \$358 billion in 2013, but that merely means it returned to its 2008 peak. However, China's total current account is deteriorating because of a growing deficit in trade from services. That means services consumption is rising rapidly. A boom in transportation and tourism services is simply reflective of the boom in services spending generally across China.

One way to think about Asia is that everywhere in Asia, reform is underway. Reform governments are in power in China and India, the Abe government is the best Japan has had in 30 years outside of Junichiro Koizumi. A former salesperson is in power in Indonesia. The army is currently in charge in Thailand but the army is popular and business friendly. In brief, approximately 8-9% of the Fund is invested here at present, largely in China, India, Japan and South Korea, and we are seeking ways to increase that exposure.

The Funds have benefited this year by being long 30-year Treasuries and A-rated US corporate bonds. 30% of equity in GLV and GLO and 20% of equity in GLQ are currently in fixed income assets. The recent volatility has made pricing more attractive in corporate bonds and we will continue to add to this allocation opportunistically. We still believe we are in a low interest rate world and deflationary forces in Europe will continue to make US Treasuries and corporate debt an attractive source of income.

If you have any questions about your investment, please call 1-877-256-8445.

Sincerely,

Charles I. Clough, Jr.

Robert M. Zdunczyk

Past performance is no guarantee of future results.

The information in this letter represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice.

The Fund's distribution policy will, under certain circumstances, have certain adverse consequences to the Fund and its shareholders because it may result in a return of capital resulting in less of a shareholder's assets being invested in the Fund and, over time, increase the Fund's expense ratio.

Sources of distributions to shareholders may include net investment income, net realized short-term capital gains, net realized long-term capital gains and return of capital. If a distribution includes anything other than net investment

income, the applicable Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. Please refer to Additional Information for a cumulative summary of the Section 19(a) notices for each Fund's current period. The actual amounts and sources of distributions for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The estimates may not match the final tax characterization (for the full year's distributions) contained in the shareholder's Form 1099-DIV. Distribution payments are not guaranteed; distribution rates may vary.

MSCI World Index A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index includes reinvestment of dividends, net of foreign withholding taxes.

S&P 500® Index Standard & Poor's composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices.

Shanghai Stock Exchange Composite-Index A capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

30-year Treasuries A U.S. Treasury debt obligation that has a maturity of 30 years. The 30-year Treasury used to be the bellwether U.S. bond but now most consider the 10-year Treasury to be the benchmark.

A-rated US corporate bonds A rating that indicates that a municipal or corporate bond has a relatively low risk of default. Bond rating firms, such as Standard & Poor's, use different designations consisting of upper- and lower-case letters A and B to identify a bond's credit quality rating. AAA and AA (high credit quality) and A and BBB (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations (BB, B, CCC, etc.) are considered low credit quality, and are commonly referred to as junk bonds.

It is not possible to invest directly in an index.

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Shareholder Letter
September 30, 2014 (Unaudited)

Clough Global Funds

CLOUGH GLOBAL ALLOCATION FUND

Top 10 Equity Holdings*	% of Total Portfolio
1. Bank of America Corp.	3.84%
2. Citigroup, Inc.	3.81%
3. DR Horton, Inc.	3.00%
4. Western Union Co.	2.85%
5. Lennar Corp. - Class A	2.81%
6. AutoNation, Inc.	2.03%
7. Lam Research Corp.	2.02%
8. Signet Jewelers, Ltd.	2.00%
9. Morgan Stanley	1.96%
10. Two Harbors Investment Corp.	1.96%

CLOUGH GLOBAL EQUITY FUND

Top 10 Equity Holdings*	% of Total Portfolio
1. Bank of America Corp.	3.84%
2. Citigroup, Inc.	3.81%
3. DR Horton, Inc.	2.96%
4. Western Union Co.	2.82%
5. Lennar Corp. - Class A	2.78%
6. Lam Research Corp.	2.00%
7. AutoNation, Inc.	1.99%
8. Signet Jewelers, Ltd.	1.98%
9. Two Harbors Investment Corp.	1.93%
10. Morgan Stanley	1.93%

CLOUGH GLOBAL OPPORTUNITIES FUND

Top 10 Equity Holdings*	% of Total Portfolio
1. Bank of America Corp.	3.85%
2. Citigroup, Inc.	3.82%
3. DR Horton, Inc.	3.00%
4. Western Union Co.	2.85%
5. Lennar Corp. - Class A	2.82%
6. AutoNation, Inc.	2.06%
7. Lam Research Corp.	2.02%
8. Signet Jewelers, Ltd.	2.00%
9. Morgan Stanley	1.98%
10. Two Harbors Investment Corp.	1.96%

Holdings are subject to change.

**Only long positions are listed.*

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Clough Global Allocation Fund

Portfolio Allocation
September 30, 2014 (Unaudited)**Asset Allocation***

Common Stocks - US	69.72%
Common Stocks - Foreign	14.49%
Exchange Traded Funds	-15.13%
Total Equities	69.08%
Government L/T	4.42%
Corporate Debt	8.06%
Asset/Mortgage Backed	7.57%
Total Fixed Income	20.05%
Short-Term Investments	10.24%
Other (Foreign Cash)	0.41%
Total Return Swap Contracts	0.18%
Warrants	0.07%
Options	-0.03%
Total Other	10.87%
TOTAL INVESTMENTS	100.00%

* Percentages are based on total investments, including options written and securities sold short. Holdings are subject to change.

^ Includes securities sold short and foreign cash balances.

US Multinational Corporations has more than 50% of revenues derived outside of the U.S.

Global Securities Holdings[^]

United States	68.49%
U.S. Multinationals	15.69%
Japan	4.27%
United Kingdom	3.17%
China	3.03%
Brazil	1.46%

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

Canada	1.24%
Hong Kong	0.92%
South Korea	0.65%
European Union	0.56%
Other	0.51%
TOTAL INVESTMENTS	100.00%

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Portfolio Allocation
September 30, 2014 (Unaudited)

Clough Global Equity Fund

Asset Allocation*

Common Stocks - US	75.57%
Common Stocks - Foreign	16.68%
Exchange Traded Funds	-14.85%
Total Equities	77.41%
Government L/T	3.95%
Corporate Debt	5.16%
Asset/Mortgage Backed	1.04%
Total Fixed Income	10.15%
Short-Term Investments	11.68%
Other (Foreign Cash)	0.54%
Total Return Swap Contracts	0.17%
Warrants	0.07%
Options	-0.03%
Total Other	12.43%
TOTAL INVESTMENTS	100.00%

* Percentages are based on total investments, including options written and securities sold short. Holdings are subject to change.

^ Includes securities sold short and foreign cash balances.

US Multinational Corporations has more than 50% of revenues derived outside of the U.S.

Global Securities Holdings[^]

United States	66.39%
U.S. Multinationals	15.48%
Japan	4.57%
China	3.72%
United Kingdom	3.13%
Canada	1.74%

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

Hong Kong	1.64%
Brazil	1.43%
South Korea	0.84%
European Union	0.55%
Other	0.50%
TOTAL INVESTMENTS	100.00%

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Clough Global Opportunities Fund

Portfolio Allocation
September 30, 2014 (Unaudited)**Asset Allocation***

Common Stocks - US	70.03%
Common Stocks - Foreign	14.56%
Exchange Traded Funds	-15.18%
Total Equities	69.41%
Government L/T	4.39%
Corporate Debt	7.72%
Asset/Mortgage Backed	7.44%
Total Fixed Income	19.55%
Short-Term Investments	10.39%
Other (Foreign Cash)	0.41%
Total Return Swap Contracts	0.18%
Warrants	0.07%
Options	-0.01%
Total Other	11.04%
TOTAL INVESTMENTS	100.00%

* Percentages are based on total investments, including options written and securities sold short. Holdings are subject to change.

^ Includes securities sold short and foreign cash balances.

US Multinational Corporations has more than 50% of revenues derived outside of the U.S.

Global Securities Holdings[^]

United States	68.43%
U.S. Multinationals	15.68%
Japan	4.29%
United Kingdom	3.17%
China	3.04%
Brazil	1.46%

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

Canada	1.24%
Hong Kong	0.92%
South Korea	0.65%
European Union	0.57%
Other	0.54%
TOTAL INVESTMENTS	100.00%

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September 30, 2014 (Unaudited)

Clough Global Allocation Fund

	Shares	Value
COMMON STOCKS 109.02%		
Consumer Discretionary 28.49%		
<i>Diversified Consumer Services 0.99%</i>		
Service Corp. International ^(a)	81,700	\$1,727,138
<i>Hotels 2.34%</i>		
Melco Crown Entertainment, Ltd. - ADR	7,100	186,659
SeaWorld Entertainment, Inc. ^(a)	42,900	824,967
Wyndham Worldwide Corp. ^{(a)(b)}	37,780	3,070,003
		4,081,629
<i>Household Durables 10.18%</i>		
DR Horton, Inc. ^{(a)(b)}	261,426	5,364,462
Lennar Corp. - Class A ^{(a)(b)}	129,700	5,036,251
Man Wah Holdings, Ltd.	408,065	600,154
PulteGroup, Inc. ^{(a)(b)}	183,549	3,241,475
Sony Corp.	35,600	646,269
Toll Brothers, Inc. ^{(a)(b)(c)}	91,225	2,842,571