

Clough Global Allocation Fund  
Form N-CSRS  
December 04, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21583

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

1290 Broadway, Suite 1100, Denver, Colorado  
(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, 2009

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Item 1. **Reports to Stockholders.**

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Semi-Annual Report *September 30, 2009 (Unaudited)*

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SHAREHOLDER LETTER

September 30, 2009 (Unaudited)

To Our Investors:

The net asset value of the Clough Global Allocation Fund substantially outperformed the overall US market indices so far in 2009. Through October 31, 2009, the underlying value of the Clough Global Allocation Fund, defined as the change in net asset value adjusted for reinvested distributions increased 35.41%. The return on the Fund's market price for the same period was 40.13%. The Morgan Stanley World Index increased 23.12% and the S&P 500 increased 17.05% over the same period. Since inception through October 31, 2009, the Fund's compound annual total return including distributions is 5.74% compared to 3.98% for the Morgan Stanley World Index and .89% for the S&P 500. The Fund's compound annual return since inception on market price was 1.94%.

Investors are risk averse, if mutual fund flows are any indication. US bond fund inflows year-to-date have been \$320 billion, and Credit Lyonnais Securities Asia (CLSA) points out that is more than the cumulative inflow of \$248 billion over the last 6 years. Investors actually sold equity funds. Year-to-date outflows for equity funds are \$25 billion according to CLSA.

Bond investors will likely be disappointed. A shortage of yield increasingly grips the financial markets as both mortgage originations and corporate bond yields have collapsed and money rates continue to hover around zero. Boston Properties, Inc., an office REIT, recently issued a ten year bond yielding less than 6%, a level unheard of six months ago. Since shrunken corporate bond yields offer less competition to stocks, a strong bid for equities could be sustained for awhile. Moreover when compared with the estimated \$13 trillion in savings sitting at the money rate, the bond market is not that large. Corporate bonds outstanding total perhaps \$3 trillion and the municipal bond market adds another \$2.7 trillion, so combined they total about 40% of US equity capitalization and they proved very illiquid and hard to buy when investors tried to capture the higher yields available earlier in the year. Meanwhile US companies are piling up cash faster than ever and this could be a positive catalyst for equities. According to Bloomberg, US companies posted annualized cash flow of more than \$1.5 trillion in each of the past three quarters when the economy was declining at between a 3% and 6% annual rate. We can still find equities offering free cash flow yields of 10% or more.

We have not made significant changes to our thematic exposure and we have made only modest adjustments to the portfolio overall.

More signs of global growth are visible, particularly in the emerging world. Singapore just announced its real GDP rose 14.9% at an annual rate in the third quarter after rising 20.7% in the second. Emerging markets in the aggregate now produce roughly 50% of global GDP on a purchasing power parity basis. The combination of rising savings in the OECD (Organization for Economic Co-Operation and Development) world and still high savings rates in many emerging economies suggest that capital will move globally at low interest rates for the foreseeable future and where return on investment is high, equity valuations could surprise on the upside.

[www.cloughglobal.com](http://www.cloughglobal.com)





This is the basis for our exposure to emerging markets and why we recently increased our exposure to Brazil. Interest rates have been high there for a long time and the resulting capital scarcity has curtailed investment in its non-export capital stock. As recently as mid-2005, the overnight rate was 19¾%. Now the Brazilian overnight bank rate, called the SELIC rate (short for Sistema Especial de Liquidação e Custódia), has fallen 500 basis points in 2009 to 8¾%. This is the first time it has been in single digits. We believe Brazil is about to enter a long period of easier monetary policy and lower interest rates. Inflation is low and labor market slack is high enough to suppress it. We believe the currency is cheap and that will help attract foreign investment flows as well as provide incremental returns to our dollar based fund.

Moreover consumption growth is being buttressed by government investment into housing via the establishment of a securitization market. We believe these policies will add support to an investment boom in Brazil's domestic economy. This suggests higher Return on Investments (ROI) for consumer exposed businesses, including banking, retailing and homebuilding, and we have focused our investment in those sectors.

In the meantime, our industry focus in China equity holdings has migrated from property developers to more direct consumer focused companies. While western savings rise, China's will be declining. Estimates are that 80-90 percent of Chinese car buyers pay cash for their purchases (BCA Research), and the growing use of credit will likely support an accelerating consumer economy for some time. The opportunity to invest in that growing spending stream is one that we think will be open to us for over a decade and that is why we have developed a research effort in Hong Kong. Government spending to build a consumer safety net and to strengthen urban infrastructure will likely foster capital formation and the growth of companies established to exploit this market.

Meanwhile, we have become even more convinced that the most profitable segment of the US automotive supply chain will be the surviving Original Equipment Manufacturer (OEM) auto parts manufacturers. We have traded around our positions a bit but now we think the decline in auto sales in the wake of the end of "Cash for Clunkers" has run its course and auto sales are about to ramp up from unsustainably low levels. Inventories are back down to levels not seen since the 1970s according to Merrill Lynch and production is not meeting even depressed demand. US auto sales would likely be normalized at a 12-13 million annual rate because sustained sales below that would imply liquidation of the domestic auto fleet. Moreover, enough capacity has been taken out by the suppliers that such demand will strain capacity and lead to better pricing and profitability. The survivors include such classic names as Borg Warner, TRW Automotive Holdings Corp., and Tenneco Inc\*. There is a difference between rising manufactured good prices because of supply chain shortages and broad inflation. Those industries which have been forced by cash flow deficits and excess debt to liquidate and rationalize capacity will find pricing and profitability can rise in an otherwise deflationary economy. That we think is the case with the domestic auto supply industry.

2009 Semi-Annual Report

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

We still hold our energy positions, which remain essentially long crude oil producers and deep water drilling and production technologies while remaining short commodity land drilling rig operators. New crude discoveries fall well short of depletion rates in existing fields and are expensive to develop and bring into production. Tens of billions of dollars of investment will be necessary to do so and we are investing in those companies which we think will be able to grow profitable backlogs as the majors spend to develop difficult reserves. The stock market seems to be making the distinction between energy sectors which will grow and those which will not.

Finally, so long as credit spreads are declining and financial market liquidity is strong, we will continue to hold positions in banks with a national footprint and capital markets exposure.

The short book is based upon business models that are weakening, either because of a collapse in demand or a structural decline in profit margins. In either event, we think the equity will come under pressure. Commercial REITs have rallied to a point where the implied capitalization rates have become too low, and the for-profit education and solar power industries are examples of industries whose revenue dependence upon public funds may prove their profit margin undoing.

Our investment strategies which are based upon finding and investing in major profit cycles on the global stage have worked well in 2009 and we see no evidence they will not work well in 2010.

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

Sincerely,

Charles I. Clough, Jr.

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\* *The Clough Funds each held between 0.53%-0.54% of net assets in Borg Warner, 0.37%-0.38% in TRW, and 0.62%-0.63% in Tenneco as of 11/16/09.*

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

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

## PORTFOLIO ALLOCATION

September 30, 2009 (Unaudited)

## Asset Type\*\*

Common Stock US	48.50%
Common Stock Foreign	23.60%
ETF s	(0.05)%
<b>Total Equities</b>	<b>72.05%</b>
Corporate Debt	18.02%
Government L/T	4.71%
Asset/Mort-backed	<b>0.79%</b>
Equity Linked Notes	<b>0.40%</b>
<b>Total Fixed Income</b>	<b>23.92%</b>
Short-Term Investments	<b>3.74%</b>
Options	<b>0.41%</b>
Other (Foreign Cash)	<b>(0.12)%</b>
<b>Total Other</b>	<b>4.03%</b>
<b>TOTAL INVESTMENTS</b>	<b>100.00%</b>

## Global Breakdown^

United States	74.83%
Hong Kong	4.72%
Brazil	3.60%
Canada	2.87%
Switzerland	2.83%
Bermuda	2.18%
Taiwan	1.11%
Japan	1.05%
Papua New Guinea	1.02%
Netherlands	0.91%
South Africa	0.82%
Israel	0.72%
Indonesia	0.67%
Thailand	0.60%
China	0.48%
France	0.47%
Greece	0.45%
Vietnam	0.42%
Malaysia	0.28%
Ireland	0.26%
Luxembourg	0.23%
United Kingdom	0.12%
South Korea	0.12%
Singapore	0.11%
Panama	0.05%
Korea	(0.02)%

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Australia	(0.15)%
Germany	(0.19)%
Finland	(0.27)%
Mexico	(0.29)%

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\*\* *Includes securities sold short.*

^ *Includes securities sold short and foreign cash balances.*

## STATEMENT OF INVESTMENTS

September 30, 2009 (Unaudited)

	Shares	Value
<b>COMMON STOCKS 108.91%</b>		
<b>Consumer/Retail 11.61%</b>		
Anta Sports Products, Ltd.	482,000	\$ 597,676
ArvinMeritor, Inc.	27,255	213,134
Belle International Holdings, Ltd.	78,500	80,627
Best Buy Co., Inc.	16,800	630,336
China Dongxiang Group Co.	1,196,000	797,843
China Lilang, Ltd.(a)	692,000	330,372
Compagnie Generale des Etablissements Michelin	18,306	1,436,117
Companhia Brasileira de Meios de Pagamento	37,600	372,477
Cooper Tire & Rubber Co.	14,700	258,426
Federal - Mogul Corp.(a)	2,663	32,142
Ford Motor Co.(a)	280,137	2,019,788
The Goodyear Tire & Rubber Co.(a)	157,900	2,689,037
Jardine Strategic Holdings, Ltd.	21,221	359,908
Kraft Foods, Inc.	32,700	859,029
Little Sheep Group, Ltd.(b)	59,000	28,472
Marriott International, Inc.	19,774	545,565
New World Department Store China, Ltd.	104,700	84,300
New World Development, Ltd.	287,000	617,694
Nikon Corp.	28,000	512,182
Peak Sport Products Co., Ltd.(a)	452,000	207,044
Ports Design, Ltd.	499,000	1,246,526
Regal Hotels International Holdings, Ltd.	374,390	131,398
Shanghai Industrial Holdings, Ltd.	159,300	718,387
Sino-Ocean Land Holdings, Ltd.	250,000	226,450
Sinopharm Group Co.(a)	21,900	55,498
Starwood Hotels & Resorts Worldwide, Inc.	30,600	1,010,718
Target Corp.	26,800	1,251,024
Tenneco, Inc.(a)	93,684	1,221,639
Toshiba Corp.(a)	196,000	1,028,419
TRW Automotive Holdings Corp.(a)	28,200	472,350
Wal-Mart Stores, Inc.	12,000	589,080
		20,623,658
<b>Energy 21.83%</b>		
<b>Exploration &amp; Production 11.34%</b>		
Anadarko Petroleum Corp.	50,032	3,138,507
Cabot Oil & Gas Corp.	7,200	257,400
Halliburton Co.	30,000	813,600
Husky Energy, Inc.	18,100	509,535
InterOil Corp.(a)	61,375	2,410,810
Newfield Exploration Co.(a)	15,000	638,400
Noble Energy, Inc.	30,259	1,995,884
Occidental Petroleum Corp.	47,800	3,747,520
PetroHawk Energy Corp.(a)	74,900	1,813,329
Petroleo Brasileiro S.A. - ADR	25,800	1,184,220
Petroleo Brasileiro S.A. - Spons ADR	33,030	1,298,410
Plains Exploration & Production Co.(a)	38,800	1,073,208
Range Resources Corp.	11,200	552,832
Southwestern Energy Co.(a)	16,892	720,951





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	Shares	Value
<b>Oil Services and Drillers 9.86%</b>		
Calfrac Well Services, Ltd.	20,000	\$ 354,925
Cameron International Corp.(a)	45,600	1,724,592
Diamond Offshore Drilling, Inc.	24,600	2,349,791
FMC Technologies, Inc.(a)	20,424	1,066,950
Hess Corp.	6,400	342,144
National Oilwell Varco, Inc.(a)	33,800	1,457,794
Noble Corp.	14,946	567,350
Oceaneering International, Inc.(a)	20,680	1,173,590
Schlumberger, Ltd.	22,700	1,352,920
Suncor Energy, Inc.	64,382	2,225,042
Superior Well Services, Inc.(a)	15,316	148,259
Transocean, Inc.(a)	31,499	2,694,109
Trican Well Service, Ltd.	20,000	259,655
Weatherford International, Ltd.(a)	81,483	1,689,143
Willbros Group, Inc.(a)	6,694	101,950
		17,508,214
<b>Pipelines 0.60%</b>		
El Paso Pipeline Partners LP	5,165	107,070
Plains All American Pipeline LP	20,700	958,203
		1,065,273
<b>Tankers 0.03%</b>		
Golar LNG, Ltd.	5,500	60,830
<b>TOTAL ENERGY</b>		<b>38,788,923</b>
<b>Finance 14.79%</b>		
<b>Banks 11.98%</b>		
Banco Bradesco S.A. - ADR	32,100	638,469
Bangkok Bank PLC	78,800	285,388
Bank Danamon Indonesia Tbk PT	282,000	144,428
Bank Mandiri Tbk PT	2,660,000	1,293,533
Bank of America Corp.	159,200	2,693,664
Bank of China, Ltd.	381,000	200,577
BlackRock Kelso Capital Corp.	105,700	784,294
BOC Hong Kong Holdings, Ltd.	702,000	1,539,861
Citigroup, Inc.	925,536	4,479,594
Daishin Security System Co., Ltd. - GDR(a)(b)(c)	28,500	107,759
DBS Group Holdings, Ltd.	28,000	263,969
Indochina Capital Vietnam Holdings, Ltd.(a)	200,000	1,000,000
Itau Unibanco Holding S.A. - ADR	63,440	1,278,316
Kasikornbank PLC	129,000	318,542
Mizuho Financial Group, Inc.	346,800	687,689
PennantPark Investment Corp.	177,530	1,439,768
The PNC Financial Services Group, Inc.	55,428	2,693,247
Public Bank BHD	158,491	467,093
Regions Financial Corp.	60,900	378,189
Siam Commercial Bank PCL	230,000	585,154
		21,279,534

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	Shares	Value
<b>Non-Bank 2.81%</b>		
Apollo Investment Corp.	257,789	\$ 2,461,886
Ares Capital Corp.	110,824	1,221,281
Lender Processing Services, Inc.	13,800	526,746
Maiden Holdings, Ltd.(b)	23,900	173,753
Redecard S.A.	23,600	364,870
T&D Holdings, Inc.	9,000	243,636
		4,992,172
<b>TOTAL FINANCE</b>		<b>26,271,706</b>
<b>Gold/Metals 2.26%</b>		
Agnico-Eagle Mines, Ltd.	8,400	569,940
Anglo American PLC - ADR(a)	18,134	287,968
Anglo Platinum, Ltd. (a)	11,200	994,462
Cameco Corp.	8,851	246,058
Goldcorp, Inc.	11,700	472,329
Kinross Gold Corp.	23,500	509,950
Lonmin PLC(a)	34,800	931,011
		4,011,718
<b>Health Care 0.70%</b>		
BioSphere Medical, Inc.(a)	182,703	623,017
BioSphere Medical, Inc.(a)(d)	50,000	170,500
Molecular Insight Pharmaceuticals, Inc.(a)	80,200	443,506
		1,237,023
<b>Industrial 12.07%</b>		
Aegean Marine Petroleum Network, Inc.	46,800	1,053,000
Bakrie Sumatera Plantations Tbk PT	1,527,000	137,454
BE Aerospace, Inc.(a)	145,800	2,936,412
BorgWarner, Inc.	44,500	1,346,570
Chicago Bridge & Iron Co.	115,479	2,157,148
China Resources Cement Holdings, Ltd.(a)(c)	614,000	308,979
China South City Holdings, Ltd.(a)(b)(c)	1,178,000	246,238
Crown Holdings, Inc.(a)	43,300	1,177,760
Foster Wheeler, Ltd.(a)	96,000	3,063,360
Fosun International, Ltd.	8,000	5,584
General Cable Corp.(a)	75,700	2,963,655
Hitachi, Ltd. (a)	184,500	567,281
JSR Corp.	14,200	291,071
Kingboard Chemical Holdings, Ltd.	41,980	159,523
Matrix Service Co.(a)	397	4,315
McDermott International, Inc.(a)	96,531	2,439,338
Sinopec Shanghai Petrochemical Co., Ltd. (a)	990,000	412,604
Solutia, Inc.(a)	46,960	543,797
Tyco Electronics, Ltd.	68,600	1,528,408
Weichai Power Co., Ltd.	19,500	102,783
		21,445,280

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	Shares	Value
<b>Insurance 10.48%</b>		
ACE, Ltd. (a)	16,400	\$ 876,744
Aflac, Inc.	31,400	1,342,036
Arch Capital Group, Ltd.(a)	4,900	330,946
Everest Re Group, Ltd.	8,900	780,530
Fidelity National Financial, Inc.	177,203	2,672,221
Lincoln National Corp.	91,988	2,383,409
Loews Corp.	85,400	2,924,950
Montpelier Re Holdings, Ltd.	62,800	1,024,896
PartnerRe, Ltd.	15,238	1,172,412
RenaissanceRe Holdings, Ltd.	13,500	739,260
Torchmark Corp.	18,400	799,112
The Travelers Cos., Inc.	62,900	3,096,567
XL Capital, Ltd.	26,800	467,928
		18,611,011
<b>Real Estate 3.16%</b>		
Apollo Commercial Real Estate Finance, Inc.(a)	35,800	655,140
Cheung Kong Holdings, Ltd.	69,000	875,627
Great Eagle Holdings, Ltd.	219,080	541,053
Henderson Land Development Co., Ltd.	19,000	125,031
Italian-Thai Development PLC(a)	2,088,000	231,236
Kerry Properties, Ltd.	205,572	1,099,472
Sino Land Co., Ltd.	237,014	424,482
Sun Hung Kai Properties, Ltd.	98,800	1,455,856
YNH Property BHD	373,828	205,222
		5,613,119
<b>Real Estate Investment Trusts (REITs) 7.99%</b>		
Annaly Capital Management, Inc.	293,200	5,318,649
Anworth Mortgage Asset Corp.	160,614	1,265,638
Capstead Mortgage Corp.	34,700	482,677
Chimera Investment Corp.	165,632	632,714
Hatteras Financial Corp.	98,400	2,950,032
Hatteras Financial Corp.(b)	50,300	1,507,994
Host Hotels & Resorts, Inc.	124,700	1,467,719
MFA Financial, Inc.	71,500	569,140
Regal Real Estate Investment Trust	37,439	6,860
		14,201,423
<b>Technology &amp; Communications 18.04%</b>		
Arrow Electronics, Inc.(a)	47,800	1,345,570
Avnet, Inc.(a)	27,200	706,384
Centron Telecom International Holdings, Ltd.(a)	238,000	77,695
China Telecom Corp., Ltd.	688,000	324,911
Chunghwa Telecom Co., Ltd. - ADR	115,934	2,091,455
Cisco Systems, Inc.(a)	177,000	4,166,580
Elpida Memory, Inc.(a)	20,800	272,730
Hewlett-Packard Co.	33,600	1,586,256

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	Shares	Value
<b>Technology &amp; Communications (continued)</b>		
Honeywell International, Inc.	87,800	\$ 3,261,770
Intel Corp.	65,200	1,275,964
Magal Security Systems, Ltd.(a)	76,443	310,359
Microsoft Corp.	163,242	4,226,336
National Semiconductor Corp.	45,600	650,712
Net Servicos de Comunicacao S.A. - ADR	91,234	1,051,015
NII Holdings, Inc.(a)	17,100	512,658
Oracle Corp.	114,500	2,386,180
Qualcomm, Inc.	66,200	2,977,676
Radvision, Ltd.(a)	157,945	1,399,392
Seagate Technology	126,533	1,924,567
Symantec Corp.(a)	82,800	1,363,716
Zhuzhou CSR Times Electric Co., Ltd.	79,000	137,408
		32,049,334
<b>Transportation 1.26%</b>		
Babcock & Brown Air, Ltd. - ADR	62,800	602,880
Burlington Northern Santa Fe Corp.	4,200	335,286
Localiza Rent A Car S.A.	57,400	575,102
Santos Brasil Participacoes S.A.(a)	60,000	477,534
TAM S.A. - ADR(a)	18,700	241,417
		2,232,219
<b>Utilities 4.72%</b>		
DPL, Inc.	28,900	754,290
Enbridge, Inc.	14,400	559,107
EQT Corp.	14,487	617,146
FirstEnergy Corp.	7,000	320,040
KBR, Inc.	83,470	1,944,016
Quanta Services, Inc.(a)	189,013	4,182,858
		8,377,457
<b>TOTAL COMMON STOCKS</b>		
(Cost \$167,232,361)		193,462,871
<b>EXCHANGE TRADED FUNDS 5.83%</b>		
iShares iBoxx \$ High Yield Corporate Bond Fund	32,701	2,823,731
iShares MSCI Brazil Index Fund	24,226	1,639,373
Semiconductor HOLDRs Trust	24,900	637,938
SPDR Gold Shares(a)	53,200	5,258,820
<b>TOTAL EXCHANGE TRADED FUNDS</b>		
(Cost \$8,221,995)		10,359,862

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	Principal Amount	Value
<b>EQUITY LINKED NOTES 0.53%</b>		
ASUSTeK Computer, Inc. (issued by BNP Paribas), expiring 05/05/2014,(a)	\$ 148,356	\$ 254,742
CJ O Shipping Co. (issued by BNP Paribas), expiring 05/07/2014(a)	643	44,586
Hynix Semiconductor, Inc. (issued by BNP Paribas), expiring 05/06/2015(a)	8,500	142,839
Korean Air Lines Co., Ltd. (issued by BNP Paribas), expiring 05/07/2014(a)	2,267	92,354
KT Corp. (issued by BNP Paribas), expiring 05/07/2014(a)	3,900	133,889
Taiwan Semiconductor Manufacturing Co., Ltd. (issued by BNP Paribas), expiring 04/01/2010(a)	139,000	278,876
<b>TOTAL EQUITY LINKED NOTES</b> (Cost \$906,637)		947,286

Description and Maturity Date	Coupon Rate	Principal Amount	Value
<b>CORPORATE BONDS 23.97%</b>			
ACE INA Holdings, Inc. 02/15/2017	5.700%	200,000	216,138
03/15/2018	5.800%	375,000	405,850
Allstate Life Global Funding Trusts 04/30/2013	5.375%	525,000	559,447
Anadarko Petroleum Corp. 09/15/2016	5.950%	625,000	663,529
Analog Devices, Inc. 07/01/2014	5.000%	350,000	368,270
Aon Corp. 12/14/2012	7.375%	365,000	387,930
Apache Corp. 09/15/2013	6.000%	600,000	668,231
AT&T, Inc. 02/15/2019	5.800%	525,000	562,953
Ball Corp. 03/15/2018	6.625%	650,000	628,875
Bank of America Corp. 12/01/2017	5.750%	900,000	899,806
BE Aerospace, Inc. 07/01/2018	8.500%	525,000	539,438
The Boeing Co. 03/15/2014	5.000%	250,000	272,995
Bombardier, Inc. 05/01/2014	6.300%	650,000	630,500
BorgWarner, Inc. 10/01/2019	8.000%	200,000	205