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Clough Global Equity Fund  
Form N-CSR  
June 08, 2007

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 811-21712

Clough Global Equity 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 Equity 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: March 31, 2007

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Item 1. **Reports to Stockholders.**

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**SHAREHOLDER LETTER**

March 31, 2007

To Our Shareholders:

The underlying value of the Clough Global Equity Fund, defined as the change in net asset value adjusted for reinvested distributions over the period, rose 2.0% during the year ending March 31, 2007. During this period, the Fund distributed \$1.95 per share. The market price of the shares closed March 31, 2007 at \$20.13, selling at a 9.2% discount to the Fund's net asset value of \$22.17.

As of March 31, 2007 the Fund had approximately 80% of its assets in equities, including modest positions in exchange traded funds, with the balance of assets primarily invested in yield oriented securities. Within our equity holdings, slightly more than half the Fund's investments are in firms located outside of the United States. The Fund's fixed income portfolio exposure included US government and agency bonds and a modest position in Australian government bonds. The Fund also had smaller positions in asset-backed and corporate fixed income securities. Outside the US, our equity investments continue to be concentrated in Asian markets, as well as in the global energy and financial sectors. These investments are described in greater detail below.

As noted in the prospectus, we use a highly focused thematic approach to managing the Fund. Our themes are global in scope and largely focused on shortages or non-U.S. markets where rapid gains in profitability are occurring. Our current investment themes are somewhat more diversified than they have been in the past and the following commentary lists them roughly in the order of their importance to the current portfolio. Our major themes at the moment are energy, growth in Asia and Brazil and growth in global finance and wealth management. In addition, the Fund has smaller thematic exposure to precious metals, health care and selectively, technology.

Energy stocks for the most part have stagnated for nearly a year but many, such as global service leaders like Schlumberger Corp., and the oil and gas producers, are acting well again. Emotionally laced arguments over the possibility global oil production is peaking continue to swirl in the media, but the world's crude supply demand balance is once again visibly tightening. Demand has risen more than 1.1 million barrels per day over the past year despite warm winters in North America and Europe, and production estimates for many producers have continued to decline, reflecting delays and cost overruns in the efforts to develop new fields. Asian demand for oil and gas has not flinched and global inventories are being worked down. A recent Wall Street Journal article described the rapid production decline in Mexico's Cantrell field, North America's largest. Saudi Arabia operates twice as many rigs as it did two years ago yet struggles to increase production. These observations support our belief that companies with long lived oil and gas reserves in politically safe areas are cheap, and in fact, rare commodities. We have also buttressed our oil and gas holdings with investments in specialized uranium producers. Nuclear energy is reemerging and long term uranium supplies are also limited.

Several Wall Street analysts have noted that if the offshore drillers, which are holdings of the Fund, ever paid out their excess earnings in dividends, the stocks could rise significantly. This has already happened to the stocks of gas pipeline and shipping companies once they reorganized as dividend paying master trusts. The offshore rig stocks sell at 6-7 times 2008 earnings and offer visibility out to 2010-2011. Much of the remainder of the world's energy infrastructure is well beyond its design life and will have to be replaced if needed supplies are to emerge, so we continue to seek strong, diversified companies in the sector.

1

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Our Asian and Latin American themes are based on the fact that American consumers are being slowed by high debt loads but consumers in Asia and Latin America are underleveraged and beginning to catch on to the possibilities of leveraged consumption. In addition the infrastructure boom in most emerging nations appears to be just getting underway. For that reason we think a lengthy slowdown in the U.S. will have little impact on growth abroad. In both developed and emerging markets outside the U.S. we continue to find a good combination of value and growth. Our Asian property and consumer themes seem to be working. Property values in Asia have not inflated anywhere near the extent they have in North America or Europe and interest rates are low. Downtown vacancy rates in Seoul, Korea are 2% and interest rates are declining. Taiwan appears to be a particularly cheap market with a 4% yield in a strong currency and offers world class technology companies capable of benefiting from a Microsoft Vista based PC cycle. We are also investing in Indonesia and Malaysia, both of which should benefit from global commodities cycles and proximity to China.

Our investments in Brazilian banks have also come back to life after a long correction. Private banking is a growth industry as that economy develops its first credit card and mortgage cycles. We are searching for more investments in Brazil and have added Brazilian homebuilding stocks to the portfolio. Liquidity will continue to build in Brazil, which boasts not only a large, vibrant economy and a fast growing middle class, but declining interest rates.

In the financial sector, the global wealth management business generates double digit growth, and the companies sell at very modest P/E ratios. We see opportunity in high dividend paying stocks like Citigroup, UBS Corp. and Barclay's PLC, all of which also have wealth management or broker dealer exposure. In the pure broker-dealer sector, we have recently added Merrill Lynch & Co. and Morgan Stanley in the portfolio.

The Fund has positions in precious and industrial metals stocks despite a likely U.S. economic slowdown. A highly indebted U.S. economy is entering what is likely to be a chronic period of lower spending. Debt limits the extent to which interest rates can rise, and we think will likely lead the Fed to reduce interest rates later in 2007. In the meantime, dollar buying by exporting nations to limit the rise of their currencies further inflates global liquidity. Those dollars are not only used to buy U.S. securities, but they serve as reserves for debt expansion in the exporting countries. Securities held by the U.S. Federal Reserve for non-U.S. accounts rose 37% over the past twelve months, a number some might take as a sign of excess liquidity. That supports our contention a U.S. slowdown is unlikely to have much effect elsewhere, particularly in emerging Asia where nations are evolving their own consumer economies and far more viable banking systems. Despite persistent predictions of economic slowing in China and the rest of Asia, growth has continued to power ahead.

The rapid rise in global credit is supporting demand for precious and industrial metals. The Fund's holdings in the gold and silver trusts are complemented by exposure to the two rarest of all metals, platinum and palladium, via a holding in the leading producer. The recent Supreme Court ruling ordering the EPA to reconsider its refusal to regulate greenhouse gas emissions adds to political pressure to limit emissions for new cars and trucks. That is sure to increase demand for platinum and palladium. Few companies are exposed to these metals and their capitalizations are small, adding to their upside potential. The coming platinum based ETF likely will only intensify demand for this rare metal.

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The Fund has technology and media exposure, largely in selective Internet stocks where we see value for the first time, and more selectively in the computer and semiconductor industries, such as Qualcomm, a major beneficiary of the wireless telephone migration to 3G and EBay, which has developed several side car businesses that augment its traditional Internet auction business.

As the sub-prime mortgage implosion continues to slow credit growth, borrowing and spending will likely slow and sooner or later the Fed will be reducing interest rates. Timing that event is difficult. However the economy will enter the coming decline with a substantially higher debt load and the next cycle, it appears, will be more difficult to catalyze. The Fed began cutting interest rates in January of 2001 but it was late 2003 before the cuts began to help the economy. It took a 1% Fed Funds rate to do that and we think rates could ultimately decline even further in this cycle.

We have continued to use short positions in consumer based financial and durables stocks and put spreads on market indexes like the S&P 500 and Russell 2000 to protect the Fund during periods of volatility like the present. These hedges helped sustain the Fund's value during the sell-offs, but hold it back a bit when the market advances strongly. Nevertheless we think it is good insurance and allows us to hold large long positions in our major themes. A G7 slowdown would be a financial market bullish event in our view since growth in China, other Asian countries, and Brazil would be even more attractive as a destination for the world's investment flows. It would also support metals demand.

Our investments in the Japanese economic revival have not been profitable for some time and recent weakness by the banking and brokerage stocks in that market could be a signal that good performance by that market is a ways off. We have thus reduced the Fund's exposure to Japan. Our fundamental view has not changed and we continue to believe that market offers tremendous opportunity for industry consolidation and value, but that theme has been stagnant for the better part of a year, and that has been a drag on the Fund's performance. Japan needs a catalyst to remerge as a leading market. Nevertheless it is a highly liquid market and the Fund is flexible enough to allow us to become more aggressive once it is apparent that market will reflect the value we see there. In the meantime we can find many stocks in Asia that offer equal value and appear far more timely.

We thank you for investing in the Clough Global Equity Fund and invite you to visit [www.cloughglobal.com](http://www.cloughglobal.com) for updates. If you have questions about your investment, please call 1-877-256-8445.

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 \$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 Equity Fund.

**PORTFOLIO ALLOCATION**

March 31, 2007

**Asset Type (As a percentage of total investments)**

Common Stocks	76.22	%
Government & Agency Obligations	8.37	%
Corporate Bonds	4.58	%
Exchange Traded Funds	4.07	%
Asset/Mortgage - Backed Securities	3.00	%
Short-Term Investments	1.53	%
Options Purchased	1.34	%
Preferred Stocks	0.61	%
Closed-End Funds	0.28	%

**Global Breakdown (As a percentage of total investments)**

United States	57.26	%
Japan	10.91	%
Brazil	3.82	%
China	3.45	%
Hong Kong	3.29	%
South Korea	3.26	%
Bermuda	2.97	%
Switzerland	2.11	%
Canada	1.97	%
Australia	1.84	%
Great Britain	1.77	%
Israel	1.55	%
Thailand	1.04	%
Malaysia	0.91	%
Taiwan	0.91	%
France	0.84	%
Vietnam	0.48	%
Singapore	0.43	%
Indonesia	0.36	%
Mexico	0.30	%
Chile	0.23	%
Columbia	0.14	%
Panama	0.06	%
Russia	0.04	%
Argentina	0.03	%
Phillipines	0.03	%



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Trustees and Shareholders of  
Clough Global Equity Fund:

We have audited the accompanying statement of assets and liabilities of Clough Global Equity Fund (the Fund), including the statement of investments, as of March 31, 2007, and the related statement of operations for the year then ended, the statements of changes in net assets for the year then ended and the period from April 27, 2005 (commencement of operations) to March 31, 2006, and the financial highlights for the 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, 2007, 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 Equity Fund as of March 31, 2007, the results of its operations for the year then ended, the changes in its net assets for the year then ended and the period from April 27, 2005 (commencement of operations) to March 31, 2006, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America.

Denver, Colorado  
May 22, 2007

## STATEMENT OF INVESTMENTS

March 31, 2007

	Shares	Value
<b>COMMON STOCK 114.48%</b>		
<b>Consumer/Retail 7.72%</b>		
ASKUL Corp.	48,100	\$ 912,284
Coinmach Service Class A	200,000	2,122,000
Daimaru Inc.	247,100	3,201,983
DSW Inc. (a)	56,309	2,376,803
eBay, Inc. (a)	112,900	3,742,635
The Gap, Inc.	47,000	808,870
Honeys Co. Ltd.	26,700	1,218,992
Hyundai Department Store Co. Ltd.	15,700	1,318,346
Isetan Co. Ltd.	91,000	1,586,940
Jardine Matheson Holdings Ltd.	58,400	1,232,240
Jardine Strategic Holdings Ltd.	47,000	601,600
Lotte Shopping Co. Ltd.	3,100	1,090,668
Point Inc.	31,700	2,014,876
Regal Hotels International Holdings Ltd.	7,040,500	621,737
Seven & I Holdings Co. Ltd.	50,500	1,538,484
Staples Inc.	74,800	1,932,832
Takashimaya Co. Ltd.	121,000	1,489,910
Toppan Forms Company Ltd.	137,600	1,749,192
Yamada Denki Co. Ltd.	10,500	978,361
		30,538,753
<b>Energy 24.63%</b>		
<b>Alternative Energy Technologies 2.75%</b>		
Evergreen Solar, Inc. (a)	247,700	2,415,075
First Solar, Inc. (a)	16,900	878,969
JA Solar Holdings Co. Ltd. - ADR (a)	26,600	481,194
Sunpower Corp. (a)	81,553	3,710,661
Suntech Power Holdings Co. Ltd. - ADR (a)	98,200	3,398,702
		10,884,601
<b>Coal 0.02%</b>		
Evergreen Energy Inc. (a)	12,800	84,096
<b>Exploration &amp; Production 7.56%</b>		
Anadarko Petroleum Corp.	70,600	3,034,388
Chesapeake Energy Corp. *	114,200	3,526,496
Devon Energy Corp.	62,000	4,291,640
EOG Resources, Inc.	30,800	2,197,272
Hess Corp. *	47,300	2,623,731
Parallel Petro Corp. (a)	95,007	2,180,411
PetroHawk Energy Corp. (a)(b)(d)	30,100	396,417
PetroHawk Energy Corp. (a)	135,100	1,779,267

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	Shares	Value
<b>Exploration &amp; Production (continued)</b>		
Range Resources Corp.	46,000	\$ 1,536,400
Southwestern Energy (a)	110,300	4,520,094
Suncor Energy Inc.	24,000	1,832,400
XTO Energy, Inc.	36,000	1,973,160
		29,891,676
<b>Oil Services and Drillers 13.12%</b>		
Baker Hughes Inc.	19,300	1,276,309
Diamond Offshore Drilling Inc.	77,800	6,297,910
ENSCO International Inc.	38,900	2,116,160
FMC Technologies Inc. (a)	11,000	767,360
Global SantaFe Corp.	140,300	8,653,704
Halliburton Company *	28,500	904,590
Noble Corp.	114,100	8,977,388
Petroplus Holdings AG (a)	2,000	142,369
Pride International, Inc. (a)	68,600	2,064,860
Rowan Companies Inc.	34,800	1,129,956
Schlumberger Ltd.	107,700	7,442,070
Transocean Inc. (a) *	143,941	11,759,980
Willbros Group Inc. (a)	16,000	360,640
		51,893,296
<b>Refiners 1.18%</b>		
Sunoco, Inc.	24,000	1,690,560
Valero Energy Corp.	46,000	2,966,540
		4,657,100
<b>TOTAL ENERGY</b>		<b>97,410,769</b>
<b>Finance 34.89%</b>		
<b>Banks 28.64%</b>		
Banco Bradesco - Spon ADR	118,200	4,780,008
Banco Itau Holding Financeira - Spon ADR	178,800	6,225,816
Banco Santander Chile - Spon ADR	19,000	947,530
BanColombia - Spon ADR	30,500	844,545
Bangkok Bank PLC	437,900	1,350,848
Bank Mandiri Persero Tbk PT	4,496,500	1,231,918
Bank of Yokohama Ltd.	444,700	3,317,136
Barclays PLC - Spon ADR	41,500	2,363,010
Barclays PLC	182,700	2,592,178
Brookline Bancorp, Inc.	255,500	3,237,185
Citigroup, Inc.	204,300	10,488,762
Daewoo Securities Co (a)	66,800	1,196,407
DBS Group Holdings Ltd.	58,000	818,113
Hana Financial Group, Inc.	125,300	6,486,086
Hokkoku Bank Ltd.	218,100	953,170
Indochina Capital Vietnam Holdings Ltd. (a)	300,000	2,856,000

	Shares	Value
<b>Banks (continued)</b>		
Joyo Bank Ltd.	439,000	\$ 2,741,887
Kasikornbank PLC	541,100	1,004,613
Kookmin Bank - ADR	15,000	1,352,250
Korea Exchange Bank	130,400	2,106,803
Lion Diversified Holdings BHD	348,000	790,108
Malayan Banking BHD	383,900	1,421,235
Mitsubishi UFJ Financial Group Inc.	186	2,099,287
Mizuho Financial Group Inc.	269	1,732,612
NewAlliance Bancshares Inc.	129,700	2,102,437
NIS GROUP Co. Ltd.	7,728,500	4,590,928
Nomura Holdings Inc.	302,500	6,302,083
People s Bank	39,000	1,731,600
Public Bank BHD	571,900	1,463,866
SBI Holdings, Inc.	3,600	1,365,580
Shizuoka Bank Ltd.	375,000	3,993,763
Siam Commercial Bank PLC	1,691,000	3,284,433
Sime Darby BHD	590,400	1,383,150
Star Asia Financial Ltd. (a)(b)	125,000	1,250,000
Sumitomo Mitsui Financial Group, Inc.	180	1,634,420
Towa Bank Ltd.	207,000	391,726
UBS AG - Registered	39,500	2,346,953
UBS AG	168,600	10,019,898
Unibanco - Uniao de Bancos Brasileiros - GDR	44,300	3,874,478
Woori Finance Holdings Co. Ltd.	141,400	3,419,271
Woori Investments (a)	58,400	1,225,978
		113,318,071
<b>Non-Bank 6.25%</b>		
Apollo Investment Corp. *	528,626	11,312,596
Ares Capital Corp.	141,800	2,576,506
Daiwa Securities Group Inc.	529,700	6,396,496
MCG Capital Corp.	120,000	2,251,200
Monex Beans Holdings Inc.	1,165	1,077,605
SBI E*Trade Securities	860	1,094,705
		24,709,108
<b>TOTAL FINANCE</b>		<b>138,027,179</b>
<b>Healthcare 4.77%</b>		
Amgen, Inc. (a)	16,900	944,372
BioSphere Medical Inc. (a)(b)(d)	100,000	736,000
BioSphere Medical Inc. (a)	121,100	891,296
Boston Scientific Corp. (a)	80,700	1,173,378
Bristol-Myers Squibb Co.	191,800	5,324,368
Genentech, Inc. (a)	17,600	1,445,312
Molecular Insight Pharmaceuticals, Inc. (a)	46,100	547,668
Pharmion Corp. (a)	21,000	552,090
Sepracor Inc. (a)	90,000	4,196,700
UnitedHealth Group, Inc.	57,500	3,045,775
		18,856,959

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	Shares	Value
<b>Industrial 6.01%</b>		
Altra Holdings, Inc. (a)	5,000	\$ 68,550
American Science & Engineering Inc. (a) *	87,012	4,582,922
Empresa Brasileira de Aeronautica - Spon ADR *	101,135	4,638,051
Grant Prideco Inc. (a)	62,700	3,124,968
Insituform Technologies - Class A (a)	60,500	1,257,795
Kokuyo Company Ltd.	167,500	2,215,992
Magna International, Inc.	10,400	781,144
Smurfit-Stone Container Corp. (a)	374,900	4,221,374
Textron, Inc.	6,400	574,720
Tyco International Ltd.	58,400	1,842,520
Washington Group International, Inc. (a)	7,000	464,940
		23,772,976
<b>Insurance 5.34%</b>		
Allstate Corp.	58,000	3,483,480
Castlepoint Holdings Ltd.	51,600	843,660
Fidelity National Financial, Inc.	129,700	3,114,097
Hanover Insurance Group Inc.	4,000	184,480
Montpelier Re Holdings Ltd.	298,300	5,172,522
PartnerRe Ltd. *	44,500	3,050,030
Platinum Underwriters Holdings	84,577	2,713,230
The Travelers Cos, Inc.	49,500	2,562,615
		21,124,114
<b>Media 0.73%</b>		
Nippon Television Network Corp.	17,500	2,885,480
<b>Metals &amp; Mining 3.09%</b>		
Anglo American PLC - ADR	40,800	1,077,936
Cameco Corp.	48,000	1,965,120
Coeur d Alene Mines Corp. (a)	107,500	441,825
Denison Mines Corp. (a)	75,000	919,879
Energy Resources of Australia Ltd.	12,000	269,916
Freeport-McMoRan Copper & Gold, Inc.	18,900	1,250,991
Goldcorp, Inc.	36,200	869,524
Newmont Mining Corp.	35,400	1,486,446
Paladin Resources Ltd. (a)	32,000	251,922
SXR Uranium One, Inc. (a)	176,700	2,436,608
UrAsia Energy Ltd. (a)	110,900	675,294
USEC, Inc. (a)	35,500	576,875
		12,222,336
<b>Real Estate 6.92%</b>		
Aeon Mall Co. Ltd.	36,600	1,074,643
Beijing Capital Land Ltd. (c)	369,000	155,373
Cheung Kong Holdings Ltd.	390,500	4,942,785

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	Shares	Value
<b>Real Estate (continued)</b>		
Ciputra Development Tbk PT (a)	3,352,300	\$ 337,985
Daiwa House Industry Co	85,000	1,394,306
Diamond City Co. Ltd.	55,000	1,248,515
Great Eagle Holdings Ltd.	422,000	1,431,241
Henderson Land Development Co. Ltd.	258,000	1,507,353
Hongkong Land Holdings Ltd.	168,100	783,346
Hopewell Holdings	179,000	696,436
Hysan Development Co. Ltd.	726,200	1,975,011
Hyundai Development Co.	21,700	1,197,098
Italian-Thai Development PLC	3,685,000	515,753
Mitsui Fudosan Co. Ltd.	91,300	2,680,737
Sistema-Hals - GDR (a) (c)	20,000	244,600
Sun Hung Kai Properties Ltd.	287,000	3,320,509
Trinity Capital PLC (a) (c)	614,774	1,034,846
Urban Corp.	63,300	929,840
Wharf Holdings Ltd.	425,000	1,577,398
YNH Property BHD	487,800	318,851
		27,366,626
<b>Real Estate Investment Trusts (REITS) 1.16%</b>		
Annaly Capital Management Inc. - ADR	56,700	877,716
Gafisa - Spon ADR (a)	12,000	306,000
Meruelo Maddux Properties, Inc. (a)	140,000	1,225,000
RAIT Financial Trust	77,100	2,154,174
Regal Real Estate Investment Trust (a)	70,405	30,456
		4,593,346
<b>Technology &amp; Communications 13.02%</b>		
Automatic Data Processing, Inc.	25,000	1,210,000
Avnet Inc. (a)	103,400	3,736,876
Canadian Satellite - Class A (a)(b)(c)	51,700	291,079
Canadian Satellite (a)	25,000	140,754
Chartered Semiconductor Manufacturing Ltd. (a)	1,700,000	1,624,757
China Unicom Ltd.	854,000	1,230,696
Citic 1616 Holdings Ltd. (a)(b)(c)	491,100	162,160
Corning, Inc. (a)	141,400	3,215,436
Google, Inc. (a)	7,000	3,207,120
International Rectifier Corp. (a)	56,700	2,166,507
Lenovo Group Ltd.	8,330,000	3,049,056
Magal Security Systems Ltd. (a)	254,826	2,803,086
Nan Ya Printed Circuit Board Corp.	172,000	1,138,281
News Corp - Class B	166,700	4,079,149
NII Holdings, Inc. (a)	6,300	467,334
Photon Dynamics Inc. (a)	40,000	504,400
Powerchip Semiconductor Corp. - GDR (c)	319,500	1,911,664
Qualcomm Inc.	94,400	4,027,104
Radvision Ltd. (a)	271,400	6,405,040
Sprint Nextel Corp.	93,100	1,765,176

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	Shares	Value
<b>Technology &amp; Communications (continued)</b>		
Symantec Corp. (a)	34,500	\$ 596,850
Time Warner, Inc.	259,400	5,115,368
Trident Microsystems, Inc. (a)	19,100	383,146
Yahoo! Inc (a)	73,200	2,290,428
		51,521,467
<b>Transportation 0.87%</b>		
Golar LNG, Ltd.	85,300	1,158,374
Republic Airways Holdings, Inc. (a)	100,400	2,305,184
		3,463,558
<b>Utilities 5.33%</b>		
British Energy Group PLC (a)	51,800	496,675
China Coal Energy Co. (a) (c)	206,000	220,144
China Power International Development Ltd.	1,550,000	751,840
Constellation Energy Group, Inc.	15,000	1,304,250
Datang International Power Generation Co. Ltd.	2,704,400	2,561,280
DPL, Inc.	60,000	1,865,400
EganaGoldpfeil Holdings Ltd.	934,000	657,452
Huadian Power International Co.	3,931,800	1,408,977
Huaneng Power International Inc.	4,247,000	3,696,116
ITC Holdings Corp.	55,100	2,385,279
PNOC Energy Development Corp. (a) (c)	1,207,300	152,633
PT Astra International Tbk (a)	411,700	595,555
Sinopec Shanghai Petrochemical Co. Ltd.	3,200,000	1,666,858
Sinotrans Ltd.	1,739,000	696,624
Williams Cos. Inc.	55,100	1,568,146
Zhejiang Southeast (a)	1,309,000	1,049,818
		21,077,047
<b>TOTAL COMMON STOCK</b>		
(Cost \$418,897,788)		452,860,610
<b>EXCHANGE TRADED FUNDS 6.12%</b>		
<b>iShares</b>		
Dow Jones Select Dividend	70,000	4,993,800
MSCI Pacific	5,600	752,864
MSCI Taiwan	169,900	2,363,309
S&P Latin America 40 *	30,000	5,340,000
Silver Trust (a)	12,400	1,655,400
		15,105,373
UltraShort QQQ ProShares	107,500	5,782,425
StreetTRACKS Gold Shares (a)	50,500	3,320,880
<b>TOTAL EXCHANGE TRADED FUNDS</b>		
(Cost \$20,993,804)		24,208,678
<b>PREFERRED STOCKS 0.91%</b>		
Freeport-McMoran Copper & Gold, Inc., 6.75% (c)	7,000	748,370
XL Capital Ltd., 6.50%	122,000	2,867,000
<b>TOTAL PREFERRED STOCKS</b>		
(Cost \$3,573,368)		3,615,370





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	Shares	Value
<b>SHORT TERM INVESTMENTS 2.30%</b>		
JP Morgan Prime	9,088,648	\$ 9,088,648
<b>TOTAL SHORT TERM INVESTMENTS</b>		
(Cost \$9,088,648)		9,088,648
<b>CLOSED-END FUNDS 0.43%</b>		
The Ottoman Fund (a) (c)	835,800	1,702,290
<b>TOTAL CLOSED-END FUNDS</b>		
(Cost \$1,453,874)		1,702,290

Due Date	Coupon	Principal Amount	Value
<b>CORPORATE BONDS 6.87%</b>			
Calyon Range Bond			
01/29/2022 (c) ^	9.300	% \$ 5,000,000	4,971,250
Citigroup, Inc.			
12/11/2034	5.850	% 5,000,000	4,982,510
Merrill Lynch & Co. Inc			
01/29/2022 (c) ^	7.000	% 7,500,000	7,434,375
04/05/2022 (b)(c) ^	9.580	% 5,000,000	4,900,000
Rabobank Nederland (b)(c)			
04/17/2022 ^	7.050	% 5,000,000	4,907,500
<b>TOTAL CORPORATE BONDS</b>			
(Cost \$27,252,327)			27,195,635

<b>ASSET/MORTGAGE BACKED SECURITIES 4.50%</b>			
Fannie Mae REMICS			
Series 2006-3, Class ZE, 03/25/2036	6.000	% 1,066,986	1,059,421
FNR			
Series 2006-65, Class DP, 07/25/2036*	6.000	% 9,693,219	9,634,188
Series 2006-83, Class HZ, 08/25/2036	6.000	% 5,177,647	5,166,173
Freddie Mac REMICS			
Series 2007-3271, Class AS, 02/15/2037 ^	6.900	% 1,939,215	1,952,832
<b>TOTAL ASSET/MORTGAGE BACKED SECURITIES</b>			
(Cost \$17,467,421)			17,812,614

<b>GOVERNMENT &amp; AGENCY OBLIGATIONS 12.58%</b>			
<b>Non - U.S. Government Obligations 2.50%</b>			
<b>Queensland Treasury Corp.</b>			
07/14/2009	6.000	% 12,300,000	AUD 9,884,376
<b>TOTAL NON-U.S. GOVERNMENT OBLIGATIONS</b>			
(Cost \$9,508,650)			9,884,376

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Due Date	Coupon	Principal Amount	Value	
<b>U.S. Government Obligations 10.08%</b>				
<b>Federal Home Loan Bank System (FHLB)</b>				
11/22/2021 ^	8.000	% 2,000,000	\$ 1,991,100	
12/20/2021 ^	7.500	% 15,000,000	15,018,750	
<b>Federal Home Loan Mortgage Corporation (FHLMC)</b>				
08/10/2016 ^	8.550	% 7,500,000	7,520,625	
10/12/2021 ^	8.000	% 10,000,000	9,962,500	
<b>U.S. Treasury Bond</b>				
08/15/2028 *	5.500	% 5,000,000	5,379,300	
<b>TOTAL U.S. GOVERNMENT OBLIGATIONS</b> (Cost \$39,819,808)			39,872,275	
<b>TOTAL GOVERNMENT &amp; AGENCY OBLIGATIONS</b> (Cost \$49,328,458)			49,756,651	
	Expiration Date	Exercise Price	Number of Contracts	Value
<b>PURCHASED OPTIONS 2.01%</b>				
<b>Purchased Call Options 0.68%</b>				
iShares Lehman 20+ Year Treasury Bond Fund				
	January, 2008	\$ 88	10,000	2,675,000
<b>TOTAL CALL OPTIONS PURCHASED</b> (Cost \$3,007,500)				2,675,000
<b>Purchased Put Options 1.33%</b>				
iShares Russell 2000 Index Fund				
	April, 2007	76	4,000	200,000
iShares Russell 2000 Index Fund				
	May, 2007	78	6,000	1,005,000
iShares Russell 2000 Index Fund				
	May, 2007	77	14,000	1,967,000
S&P 500 Index Option				
	September, 2007	1,450	215	1,145,950
S&P 500 Index Option				
	December, 2007	1,400	215	954,600
<b>TOTAL PUT OPTIONS PURCHASED</b> (Cost \$7,884,781)				5,272,550
<b>TOTAL PURCHASED OPTIONS</b> (Cost \$10,892,281)				7,947,550
<b>Total Investments</b> (Cost \$558,947,969)				
	150.20	%		\$ 594,188,046
<b>Liabilities in Excess of Other Assets</b>				
	(5.85	)%		(23,150,064 )
<b>Liquidation Preference of Auction Market Preferred Shares, Series M28 and F7 (including dividends payable on preferred shares)</b>				
	(44.35	)%		(175,444,289 )
<b>NET ASSETS</b>			100.00	%
				\$ 395,593,693

**SCHEDULE OF OPTIONS WRITTEN**

	<b>Expiration Date</b>	<b>Exercise Price</b>	<b>Number of Contracts</b>	<b>Value</b>
<b>COVERED CALL OPTIONS WRITTEN</b>				
iShares Lehman 20+ Year Treasury Bond Fund	January, 2008	\$ 93	10,000	\$ (1,025,000 )
<b>TOTAL COVERED CALL OPTIONS WRITTEN</b> (Premiums received \$1,417,456)				(1,025,000 )
<b>PUT OPTIONS WRITTEN</b>				
iShares Russell 2000	May, 2007	72	20,000	(1,130,000 )
<b>TOTAL PUT OPTIONS WRITTEN</b> (Premiums received \$2,412,955)				(1,130,000 )
<b>TOTAL OPTIONS WRITTEN</b> (Premiums received \$3,830,411)				\$ (2,155,000 )

**SCHEDULE OF SECURITIES SOLD SHORT**

<b>Name</b>	<b>SHARES</b>	<b>VALUE</b>
American Eagle Outfitters	(96,300 )	\$ (2,888,037 )
BJ Services Company	(52,500 )	(1,464,750 )
Carmax Inc. (a)	(48,000 )	(1,177,920 )
Comerica Inc.	(13,900 )	(821,768 )
Countrywide Financial	(54,900 )	(1,846,836 )
Cummins Inc.	(10,200 )	(1,476,144 )
Dell Inc. (a)	(15,400 )	(357,434 )
Downey Financial Corp.	(4,200 )	(271,068 )
Frontline Limited	(58,700 )	(2,083,850 )
Greenhill & Co. Inc	(9,500 )	(583,205 )
Harley-Davidson Inc.	(27,100 )	(1,592,125 )
Holly Corp.	(16,000 )	(948,800 )
ICICI Bank Ltd.-Spon ADR	(70,200 )	(2,579,850 )
Infosys Technologies Ltd. - Spon ADR	(5,800 )	(291,450 )
iShares FTSE/Xinhua China 25 Index Fund	(44,572 )	(4,559,716 )
iShares MSCI Brazil	(75,400 )	(3,702,140 )
iShares Russell 2000 Index Fund	(25,400 )	(2,018,030 )
iShares MSCI Emerging Markets	(45,100 )	(5,244,679 )
Patterson-UTI Energy Inc.	(18,490 )	(414,915 )
Polaris Industries Inc.	(50,100 )	(2,403,798 )
Powershares QQQ Nasdaq 100	(20,000 )	(870,600 )
Ship Finance International Ltd.	(6,289 )	(172,515 )
Sina Corp./China (a)	(25,000 )	(840,250 )
Teekay Shipping Corp.	(10,000 )	(541,100 )
Thor Industries Inc.	(31,400 )	(1,236,846 )
Tidewater Inc.	(37,200 )	(2,179,176 )
Toro Co.	(63,700 )	(3,263,988 )
Unit Corp. (a)	(23,900 )	(1,209,101 )
<b>TOTAL SECURITIES SOLD SHORT</b> (Proceeds \$47,052,736)		\$ (47,040,091 )



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Principal amount is reported in U.S. Dollars, except for those denoted in the following currency:

AUD - Australian Dollar

ADR - American Depositary Receipt

GDR - Global Depositary Receipt

PLC - Public Limited Company

(a) Non-Income Producing Security

(b) Fair valued security under procedures established by the Fund's Board of Trustees. As of March 31, 2007, these securities had total value of \$12,643,156 or 3.20% of total net assets.

(c) 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 March 31, 2007, these securities had total value of \$28,836,284 or 7.29% of total net assets.

(d) Private Placement; these securities may only be resold in transactions exempt from registration under the Securities Act of 1933. As of March 31, 2007, these securities had total of \$1,132,417 or 0.29% of total net assets.

^ Floating or variable rate security - rate disclosed as of March 31, 2007. Maturity date represents the next reset date.

\* Security, or portion of security, is being held as collateral for written options and/or short sales.

*See Notes to Financial Statements*

## Statement Of Assets And Liabilities

March 31, 2007

<b>Assets:</b>	
Investments, at value (Cost - see below)	\$ 594,188,046
Cash	3,718,183
Foreign currency, at value (Cost \$2,301,760)	2,256,769
Deposit with broker for securities sold short and written options	18,656,463
Dividends receivable	1,197,930
Interest receivable	1,059,596
Receivable for investments sold	15,880,175
Receivable due from administrator	97,649
Other assets	1,912
<b>Total Assets</b>	<b>637,056,723</b>
<b>Liabilities:</b>	
Securities sold short (Proceeds \$47,052,736)	47,040,091
Options written at value (Premiums received \$3,830,411)	2,155,000
Payable for investments purchased	16,113,039
Dividends payable - short sales	26,495
Interest payable - margin account	32,245
Accrued investment advisory fee	463,456
Accrued administration fee	164,785
Accrued trustees fee	8,614
Other payables	15,016
<b>Total Liabilities</b>	<b>66,018,741</b>
<b>Preferred Stock (unlimited shares authorized):</b>	
Auction market preferred shares, Series M28 & F7, including dividends payable on preferred shares (\$25,000 liquidation value per share, no par value, 4,000 and 3,000 shares issued and outstanding, respectively)	175,444,289
<b>Net Assets</b>	<b>\$ 395,593,693</b>
Cost of investments	\$ 558,947,969
<b>Composition of Net Assets:</b>	
Paid in capital	339,632,866
Accumulated net investment loss	(445,322 )
Accumulated net realized gain on investments, options, securities sold short and foreign currency transactions	19,515,496
Net unrealized appreciation in value of investments, options, securities sold short and translation of assets and liabilities denominated in foreign currencies	36,890,653
<b>Net Assets</b>	<b>\$ 395,593,693</b>
Shares of common stock outstanding of no par value, unlimited shares authorized	17,840,705
Net asset value per share	\$ 22.17

See Notes to Financial Statements

**STATEMENT OF OPERATIONS**

For the Year Ended March 31, 2007

<b>Investment Income:</b>	
Dividends (Net of foreign withholding taxes of \$207,473)	\$ 7,616,388
Interest on investment securities	6,613,437
Interest on margin account	1,221,201
Total Income	15,451,026
<b>Expenses:</b>	
Investment advisory fee	5,908,559
Administration fee	2,100,821
Trustees fee	139,796
Dividend expense - short sales	1,077,498
Broker/dealer fees	414,078
Tax expense	6,397
Miscellaneous	24,619
Total Expenses	9,671,768
Net Investment Income	5,779,258
<b>Net realized gain (loss) on:</b>	
Investment securities	39,599,943
Securities sold short	(6,670,309 )
Written options	2,822,349
Foreign currency transactions	11,803
Change in unrealized appreciation / depreciation on investments, options, securities sold short, and translation of assets and liabilities denominated in foreign currencies	(25,712,002 )
Net gain on investments, options, securities sold short and foreign currency transactions	10,051,784
Net Increase in Net Assets from Operations	15,831,042
Distributions to Preferred Shareholders	
From net investment income	(4,196,957 )
From net realized gains	(4,872,772 )
Net Increase in Net Assets Attributable to Common Shares from Operations	\$ 6,761,313

*See Notes to Financial Statements*

## STATEMENT OF CHANGES IN NET ASSETS

	For the Year Ended March 31, 2007	For the Period April 27, 2005 (inception) to March 31, 2006
<b>Common Shareholder Operations:</b>		
Net investment income	\$ 5,779,258	\$ 3,388,030
Net realized gain (loss) from:		
Investment securities	39,599,943	41,724,618
Securities sold short	(6,670,309 )	(4,226,645 )
Written options	2,822,349	1,273,492
Foreign currency transactions	11,803	(116,902 )
Change in net unrealized appreciation(depreciation) on investments, options, securities sold short and translation of assets and liabilities denominated in foreign currencies	(25,712,002 )	62,602,655
Distributions to Preferred Shareholders		
From net investment income	(4,196,957 )	(4,007,324 )
From net realized gains	(4,872,772 )	
Net increase in net assets attributable to common shares from operations	6,761,313	100,637,924
<b>Distributions to Common Shareholders:</b>		
From net investment income	(30,240,376 )	(16,744,251 )
From net realized gain	(4,460,176 )	
Net decrease in net assets from distributions	(34,700,552 )	(16,744,251 )
<b>Capital Share Transactions:</b>		
Proceeds from sales of common shares, net of offering costs		290,665,000
Proceeds from the underwriters of common shares exercised, net of offering costs		40,026,000
Net asset value of common stock issued to stockholders from reinvestment of dividends	4,218,367	6,729,892
Costs from issuance of preferred shares		(2,100,000 )
Net Increase in net assets from capital share transactions	4,218,367	335,320,892
<b>Net Increase (Decrease) in Net Assets Attributable to Common Shares</b>	<b>(23,720,872 )</b>	<b>419,214,565</b>
<b>Net Assets Attributable to Common Shares:</b>		
Beginning of period	419,314,565	100,000
End of period *	\$ 395,593,693	\$ 419,314,565
<hr/>		
*Includes overdistributed net investment income of:	\$ (445,322 )	\$ (1,687,065 )

See Notes to Financial Statements



## FINANCIAL HIGHLIGHTS

	For the Year Ended March 31, 2007	For the Period April 27, 2005 (inception) to March 31, 2006
<b>Per Common Share Operating Performance</b>		
Net asset value - beginning of period	\$ 23.74	\$ 19.10
Income from investment operations:		
Net investment income	1.77	0.86
Net realized and unrealized gain (loss) on investments	(0.88)	) 5.13
Distributions to Preferred Shareholders:		
From net investment income	(0.51)	) (0.23)
Total from investment operations	0.38	5.76
<b>Distributions to common shareholders:</b>		
From net investment income	(1.70)	) (0.96)
From capital gains	(0.25)	)
Total distributions	(1.95)	) (0.96)
<b>Capital Share Transactions:</b>		
Common share offering costs charged to paid in capital		(0.04)
Preferred share offering costs and sales load charged to paid in capital		(0.12)
Total capital share transactions		(0.16)
Net asset value - end of period	\$ 22.17	\$ 23.74
Market price - end of period	\$ 20.13	\$ 22.46
<b>Total Investment Return - Net Asset Value(1)</b>	2.03	% 29.90
<b>Total Investment Return - Market Price (1)</b>	(2.08)	)% 17.36
<b>Ratios and Supplemental Data</b>		
Net assets attributable to common shares, end of period (000)	\$ 395,594	\$ 419,315
Ratio to average net assets attributable to common shareholders:		
Total expenses before reimbursements(3)	2.43	% 2.29
Net expenses after reimbursements (3)	2.43	% 2.26
Net expenses excluding dividends on short sales (3)	2.16	% 2.04
Net investment income (3)	1.45	% 0.98
Preferred share dividend	2.28	% 1.16
Portfolio turnover rate	200	% 164
<b>Auction Market Preferred Shares</b>		
Liquidation value, end of period, including dividends on preferred shares (000)	\$ 175,444	\$ 175,411
Total shares outstanding (000)	7	7
Asset coverage per share (4)	\$ 81,577	\$ 84,961
Liquidation preference per share	\$ 25,000	\$ 25,000
Average market value per share (5)	\$ 25,000	\$ 25,000

(1) Total investment return is calculated assuming a purchase of a common share at the opening on the first day and a sale at closing on the last day of each period reported. Total investment return on net asset value excludes a sales load of \$0.90 per share for the period, effectively reducing the net as set value at issuance from \$20.00 to \$19.10. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions on the purchase or sale of the Fund's common shares. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.

- (2) *Annualized.*
- (3) *Ratios do not reflect dividend payments to preferred shareholders.*
- (4) *Calculated by subtracting the Fund's total liabilities (excluding Preferred Shares) from the Fund's total assets and dividing by the number of preferred shares outstanding.*
- (5) *Based on monthly prices.*

*See Notes to Financial Statements*

## NOTES TO FINANCIAL STATEMENTS

March 31, 2007

### 1. SIGNIFICANT ACCOUNTING AND OPERATING POLICIES

The Fund is a closed-end management investment company (that was organized under the laws of the state of Delaware by an Agreement and Declaration of Trust dated January 25, 2005. 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.

**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 more 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.

The effect of changes in foreign currency exchange rates on investments is included with 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:** The Fund may purchase or write (sell) put and call options. One of the risks associated with purchasing an option among others, is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased

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by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, 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 March 31, 2007 was as follows:

<b>Written Call Options</b>	<b>Contracts</b>	<b>Premiums</b>
Outstanding March 31, 2006		\$
Positions opened	18,750	1,670,810
Expired	(5,000 )	(177,719 )
Closed	(3,750 )	(75,635 )
Outstanding, March 31, 2007	10,000	\$ 1,417,456
Market Value, March 31, 2007		\$ (1,025,000 )

<b>Written Put Options</b>	<b>Contracts</b>	<b>Premiums</b>
Outstanding March 31, 2006	18,700	\$ 1,082,340
Positions opened	54,000	5,975,122
Expired	(37,900 )	(2,406,929 )
Closed	(14,800 )	(2,237,578 )
Outstanding, March 31, 2007	20,000	\$ 2,412,955
Market Value, March 31, 2007		\$ (1,130,000 )

**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.

**Income Taxes:** The Fund's policy is to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

**Distributions to Shareholders:** The Fund intends to make a level dividend distribution each quarter to Common Shareholders after payment of interest on any outstanding borrowings or dividends on any outstanding preferred shares. The level dividend rate may be modified by the Board of Trustees from time to time. Any net capital gains earned by the

Fund are distributed at least annually to the extent necessary to avoid federal income and excise taxes. Distributions to shareholders are recorded by the Fund on the ex-dividend date. The Fund has applied to the Securities and Exchange Commission for an exemption from Section 19(b) of the 1940 Act and Rule 19b-1 thereunder permitting the Fund to make periodic distributions of long-term capital gains, provided that the distribution policy of the Fund with respect to its Common Shares calls for periodic (e.g., quarterly/monthly) distributions in an amount equal to a fixed percentage of the Fund's average net asset value over a specified period of time or market price per common share at or about the time of distribution or pay-out of a level dollar amount.

**Securities Transactions and Investment Income:** Investment security transactions are accounted for as of trade date. Dividend income is recorded on the ex-dividend date. Certain dividend income from foreign securities will be recorded as soon as the Fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date and may be subject to withholding taxes in these jurisdictions. 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.

**Use of Estimates:** The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

**Reclassifications:** Certain prior period amounts have been reclassified to conform to the current year presentation format.

**Recent Accounting Pronouncements:** In June 2006, the Financial Accounting Standards Board ( FASB ) issued FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes, that requires the tax effects of certain tax positions to be recognized. These tax positions must meet a more likely than not standard that, based on their technical merits, have a more than 50 percent likelihood of being sustained upon examination. FASB Interpretation No. 48 is effective for fiscal periods beginning after December 15, 2006. At adoption, the financial statements must be adjusted to reflect only those tax positions that are more likely than not of being sustained. Management of the Fund is currently evaluating the impact that FASB Interpretation No. 48 will have on the Fund's financial statements.

In September 2006, the FASB issued FASB Statement No. 157, Fair Valuation Measurement ( SFAS No. 157 ), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Fund is currently evaluating the potential impact the adoption of SFAS No. 157 will have on the Fund's financial statements.

In February 2007, the FASB issued FASB Statement 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115 ( SFAS No. 159 ), which permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement is expected to expand the use of fair value measurement, which is consistent with the FASB's long-term measurement

objectives for accounting for financial instruments. This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Fund is currently evaluating the potential impact the adoption of SFAS No. 159 will have on the Fund's financial statements.

## 2. TAXES

**Classification of Distributions:** Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes.

The tax character of the distributions paid by the Fund during the periods ended March 31, 2006 and March 31, 2007 were as follows:

	2007	2006
<b>Distributions paid from:</b>		
Ordinary Income	\$ 34,437,333	\$ 20,751,575
Long-Term Capital Gain	9,332,948	
Total	\$ 43,770,281	\$ 20,751,575

**Components of Earnings:** Tax components of distributable earnings are determined in accordance with income tax regulations which may differ from composition of net assets reported under accounting principles generally accepted in the United States. Accordingly, for the period ended March 31, 2007, certain differences were reclassified. The Fund decreased accumulated net investment loss by \$34,772,590, decreased accumulated net realized gain by \$34,769,593 and decreased paid in capital by \$2,997. These differences were primarily due to the differing tax treatment of foreign currency and certain other investments and the tax treatment of distributions.

As of March 31, 2007, the components of distributable earnings on a tax basis were as follows:

Undistributed net investment income	\$ 10,251,654
Accumulated net realized gain	11,935,225
Unrealized appreciation	34,463,792
Other Cumulative Effect of Timing Differences	(689,844 )
Total	\$ 55,960,827

Net unrealized appreciation/depreciation of investments based on federal tax cost as of March 31, 2007 were as follows:

Gross appreciation (excess of value over tax cost)	\$ 44,314,094
Gross depreciation (excess of tax cost over value)	(11,500,878 )
Net unrealized appreciation	\$ 32,813,216
Cost of investments for income tax purpose	\$ 561,374,830

**3. CAPITAL TRANSACTIONS**

**Common Shares:** There are an unlimited number of no par value common shares of beneficial interest authorized.

Transactions in common shares were as follows:

	<b>For the Year Ended March 31, 2007</b>	<b>For the Period Ended March 31, 2006</b>
Common shares outstanding - beginning of period	17,662,492	5,236
Common shares issued in connection with initial public offering		15,250,000
Common shares issued from underwriters' over-allotment option exercised		2,100,000
Common shares issued as reinvestment of dividends	178,213	307,256
Common shares outstanding - end of period	17,840,705	17,662,492

**Preferred Shares:** On September 14, 2005, the Fund's Board of Trustees authorized the issuance of an unlimited number of no par value preferred shares, in addition to the existing common shares, as part of the Fund's leverage strategy. Preferred shares issued by the Fund have seniority over the common shares.

The Fund is subject to certain limitations and restrictions while preferred shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Fund from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value. Specifically, the Fund is required under the Investment Company Act of 1940 to maintain an asset coverage with respect to the outstanding preferred shares of 200% or greater.

The Fund has two series of Auction Market Preferred Shares (AMPS), M28 and F7. On September 14, 2005, the Fund issued 4,000 shares of Series M28 AMPS and 3,000 shares of Series F7 AMPS, with net asset and liquidation values of \$25,000 per share plus accrued dividends for both series. Dividends on the AMPS are cumulative and are paid based on an annual rate set through auction procedures. Distributions of net realized capital gains, if any, are paid annually. As of March 31, 2007, the annualized dividend rates for the M28 and F7 series were 5.25% and 5.31%, respectively. The dividend rate, as set by the auction process, is generally expected to vary with short-term interest rates.

The rate may vary in a manner unrelated to the income received on the Fund's assets, which could have either a beneficial or detrimental impact on net investment income and gains available to Common Shareholders. Preferred Shares, which are entitled to one vote per share, generally vote with the Common Shares but vote separately as a class to elect two Trustees and on any matters affecting the rights of the Preferred Shares.

#### **4. PORTFOLIO SECURITIES**

Purchases and sales of investment securities, other than short-term securities, for the year ended March 31, 2007 aggregated \$1,120,963,132 and \$1,127,334,450, respectively. Purchase and sales of U.S. government and agency securities, other than short-term securities, for the year ended March 31, 2007 aggregated \$101,526,820 and \$87,626,282, respectively.

#### **5. INVESTMENT ADVISORY AND ADMINISTRATION AGREEMENTS**

Clough Capital Partners L.P. ( Clough ) serves as the Fund's investment adviser pursuant to an Investment Advisory Agreement with the Fund. As compensation for its services to the Fund, Clough receives an annual investment advisory fee of 0.90% based on the Fund's average daily total assets, computed daily and payable monthly. ALPS serves as the Fund's administrator pursuant to an Administration, Bookkeeping and Pricing Services Agreement with the Fund. As compensation for its services to the Fund, ALPS receives an annual administration fee of 0.32% based on the Fund's average daily total assets, computed daily and payable monthly. ALPS will pay all expenses incurred by the Fund, with the exception of advisory fees, trustees' fees, portfolio transaction expenses, litigation expenses, taxes, cost of preferred shares, expenses of conducting repurchase offers for the purpose of repurchasing fund shares, and extraordinary expenses.

#### **6. OTHER**

The Independent Trustees of the Fund receive a quarterly retainer of \$3,500 and an additional \$1,500 for each meeting attended. The Chairman of the Board of Trustees receives a quarterly retainer of \$4,200 and an additional \$1,800 for each meeting attended.



## DIVIDEND REINVESTMENT PLAN

March 31, 2007 (unaudited)

Unless the registered owner of Common Shares elects to receive cash by contacting The Bank of New York (the Plan Administrator or BONY), all dividends declared on Common Shares will be automatically reinvested by the Plan Administrator for shareholders in the Fund's Dividend Reinvestment Plan (the Plan), in additional Common Shares. Shareholders who elect not to participate in the Plan will receive all dividends and other distributions in cash paid by check mailed directly to the shareholder of record (or, if the Common Shares are held in street or other nominee name, then to such nominee) by BONY as dividend disbursing agent. You may elect not to participate in the Plan and to receive all dividends in cash by contacting BONY, as dividend disbursing agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional Common Shares for you. If you wish for all dividends declared on your Common Shares to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each Common Shareholder under the Plan in the same name in which such Common Shareholder's Common Shares are registered. Whenever the Fund declares a dividend or other distribution (together, a Dividend) payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in Common Shares. The Common Shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized Common Shares from the Fund (Newly Issued Common Shares) or (ii) by purchase of outstanding Common Shares on the open market (Open-Market Purchases) on the American Stock Exchange or elsewhere. If, on the payment date for any Dividend, the closing market price plus estimated brokerage commissions per Common Share is equal to or greater than the net asset value per Common Share, the Plan Administrator will invest the Dividend amount in Newly Issued Common Shares on behalf of the participants. The number of Newly Issued Common Shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the net asset value per Common Share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per Common Share on the payment date. If, on the payment date for any Dividend, the net asset value per Common Share is greater than the closing market value plus estimated brokerage commissions, the Plan Administrator will invest the Dividend amount in Common Shares acquired on behalf of the participants in Open-Market Purchases. In the event of a market discount on the payment date for any Dividend, the Plan Administrator will have until the last business day before the next date on which the Common Shares trade on an ex-dividend basis or 30 days after the payment date for such Dividend, whichever is sooner (the Last Purchase Date), to invest the Dividend amount in Common Shares acquired in Open-Market Purchases. If, before the Plan Administrator has completed its Open-Market Purchases, the market price per Common Share exceeds the net asset value per Common Share, the average per Common Share purchase price paid by the Plan Administrator may exceed the net asset value of the Common Shares, resulting in the acquisition of fewer Common Shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment

date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making Open-Market Purchases and may invest the uninvested portion of the Dividend amount in Newly Issued Common Shares at the net asset value per Common Share at the close of business on the Last Purchase Date provided that, if the net asset value is less than or equal to 95% of the then current market price per Common Share; the dollar amount of the Dividend will be divided by 95% of the market price on the payment date.

The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common Shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of Common Shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to Common Shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Dividends. Participants that request a sale of Common Shares through the Plan Administrator are subject to brokerage commissions.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, The Bank of New York, 101 Barclay Street, New York, New York 10286, 11E, Transfer Agent Services, (800) 433-8191.

**FUND PROXY VOTING POLICIES & PROCEDURES**

March 31, 2007 (unaudited)

Fund policies and procedures used in determining how to vote proxies relating to portfolio securities and a summary of proxies voted by the Fund for the period ended June 30, 2006, are available without a charge, upon request, by contacting the Fund at 1-877-256-8445 and on the U.S. Securities and Exchange Commission's (Commission) website at <http://www.sec.gov>.

**PORTFOLIO HOLDING**

March 31, 2007 (unaudited)

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q within 60 days after the end of the period. Copies of the Fund's Forms N-Q are available without a charge, upon request, by contacting the Fund at 1-877-256-8445 and on the Commission's website at <http://www.sec.gov>. You may also review and copy Form N-Q at the Commission's Public Reference Room in Washington, D.C. For more information about the operation of the Public Reference Room, please call the Commission at 1-800-SEC-0330.

**NOTICE**

March 31, 2007 (unaudited)

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase at market prices from time to time shares of its common stock in the open market.

**TAX DESIGNATIONS**

March 31, 2007 (unaudited)

The Fund designates the following for federal income tax purposes for the year ended March 31, 2007.

Dividends Received Deduction	4.91%
Qualified Dividend Income	9.18%

**TRUSTEES & OFFICERS**

March 31, 2007 (unaudited)

Information pertaining to the Trustees and Officers of the Trust is set forth below. Trustees-deemed to be interested persons of the Trust as defined in the 1940 Act are referred to as Interested Trustees. Additional information about the Trustees is available, without charge, upon request by contacting the Fund at 1-877-256-8445.

**INTERESTED TRUSTEES AND OFFICERS**

Name, Age and Address	Position(s) Held with Funds/Length of Time Served	Principal Occupation(s) During Past 5 Years* and Other Directorships Held by Trustee	Number of Portfolios in Fund Complex Overseen by Trustee
<b>James E. Canty</b> Age - 44 One Post Office Square 40th Floor Boston, MA 02109	Trustee and Portfolio Manager/ Since Inception	Mr. Canty is a founding partner, Chief Financial Officer and General Counsel for Clough. Prior to founding Clough in 2000, Mr. Canty worked as a corporate and securities lawyer and Director of Investor Relations for Converse, Inc. from 1995 to 2000. He was a corporate and securities lawyer for the Boston offices of Goldstein & Manello, P.C. from 1993 to 1995 and Bingham, Dana and Gould from 1990 to 1993. Mr. Canty served as an Adjunct Professor at Northeastern University from 1996 to 2000. Mr. Canty is currently a member of the Board of Directors of Clough Offshore Fund, Ltd and Board of Trustees of Clough Global Allocation Fund and Clough Global Opportunities Fund. Because of his affiliation with Clough, Mr. Canty is considered an interested Trustee of the Fund.	3
<b>Edmund J. Burke</b> Age - 46 1290 Broadway Ste. 1100 Denver, CO 80203	Principal Executive Officer and President/ Since Inception  Trustee/ Since July 12, 2006	Mr. Burke is President and a Director of ALPS. Mr. Burke joined ALPS in 1991 as Vice President and National Sales Manager. Because of his position with ALPS, Mr. Burke is deemed an affiliate of the Trust as defined under the 1940 Act. Mr. Burke is currently the President of Reaves Utility Income Fund, Financial Investors Variable Insurance Trust and Financial Investors Trust, President and a Trustee of Clough Global Allocation Fund and Clough Global Opportunities Fund. Mr. Burke is also a Trustee and Vice-President of Liberty All Star Funds.	3

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Name, Age and Address	Position(s) Held with Funds/Length of Time Served	Principal Occupation(s) During Past 5 Years* and Other Directorships Held by Trustee	Number of Portfolios in Fund Complex Overseen by Trustee
<p><b>Jeremy O. May</b> Age - 37 1290 Broadway Ste. 1100 Denver, CO 80203</p>	<p>Treasurer/Since Inception</p>	<p>Mr. May is Managing Director of ALPS. Mr. May joined ALPS in 1995 as a Controller. Because of his position with ALPS, Mr. May is deemed an affiliate of the Trust as defined under the 1940 Act. Mr. May is currently the Treasurer of Reaves Utility Income Fund, Clough Global Allocation Fund, Clough Global Opportunities Fund, Liberty All Star Funds, Financial Investors Variable Insurance Trust and Financial Investors Trust.</p>	<p>N/A</p>
<p><b>Kim Storms</b> Age - 34 1290 Broadway Ste. 1100 Denver, CO 80203</p>	<p>Assistant Treasurer/Since July 13, 2005</p>	<p>Ms. Storms is Vice President and Director of Fund Administration. Ms. Storms joined ALPS in 1998 as Assistant Controller. Because of her position with ALPS, Ms. Storms is deemed an affiliate of the Trust as defined under the 1940 Act. Ms. Storms is also Assistant Treasurer of the Clough Global Allocation Fund, Clough Global Opportunities Fund, Reaves Utility Income Fund, and Liberty All Star Funds, and Assistant Secretary of Ameristock Mutual Fund, Inc.</p>	<p>N/A</p>

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Name, Age and Address	Position(s) Held with Funds/Length of Time Served	Principal Occupation(s) During Past 5 Years* and Other Directorships Held by Trustee	Number of Portfolios in Fund Complex Overseen by Trustee
<p><b>Erin Douglas*</b></p> <p>Age - 30</p> <p>1290 Broadway</p> <p>Ste. 1100</p> <p>Denver, CO 80203</p>	<p>Secretary/Since Inception</p>	<p>Ms. Douglas is Associate Counsel of ALPS. Ms. Douglas joined ALPS as Associate Counsel in January 2003. Ms. Douglas is deemed an affiliate of the Trust as defined under the 1940 Act. Ms. Douglas is currently the Secretary of Financial Investors Trust, Clough Global Allocation Fund and Clough Global Opportunities Fund.</p>	<p>N/A</p>
<p><b>Michael T.Akins*</b></p> <p>Age - 30</p> <p>1290 Broadway</p> <p>Ste. 1100</p> <p>Denver, CO 80203</p>	<p>Chief Compliance Officer/ Since September 20, 2006</p>	<p>Mr. Akins is Deputy Chief Compliance Officer of ALPS. Mr. Akins served as Assistant Vice-President and Compliance Officer for UMB Financial Corporation. Before joining UMB, Mr. Akins was an Account Manager at State Street Corporation. Mr. Akins is deemed an affiliate of the Fund as defined under the 1940 Act. Mr. Akins also serves as Chief Compliance Officer of Clough Global Allocation Fund, Clough Global Opportunities Fund, Financial Investors Trust and Reaves Utility Income Fund.</p>	<p>N/A</p>

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\*Except as otherwise indicated, each individual has held the office shown or other offices in the same company for the last five years.

## INDEPENDENT TRUSTEES

Name, Age and Address	Position(s) Held with Funds/Length of Time Served	Principal Occupation(s) During Past 5 Years* and Other Directorships Held by Trustee	Number of Portfolios in Fund Complex Overseen by Trustee
<p><b>Andrew C. Boynton</b></p> <p>Age - 51</p> <p>Carroll School of Management</p> <p>Boston College</p> <p>Fulton Hall 510</p> <p>140 Comm.Ave.</p> <p>Chestnut Hill, MA 02467</p>	Trustee/Since Inception	<p>Mr. Boynton is currently the Dean of the Carroll School of Management at Boston College. My Boynton served as Professor of Strategy from 1996 to 2005 and Program Director of the Executive MBA Program from 1998 to 2005 at International Institute of Management Development, Lausanne, Switzerland ( IMD ). Prior to that he was an Associate Professor at the Kenan-Flagler Business School, University of North Carolina, Chapel Hill from 1994 to 1996, Visiting Professor at IMD, Lausanne, Switzerland from 1992 to 1994 and Assistant Professor, Darden School, University of Virginia from 1987 to 1992. Mr. Boynton is also a Trustee of the Clough Global Allocation Fund and Clough Global Opportunities Fund.</p>	3
<p><b>Robert Butler</b></p> <p>Age - 66</p> <p>12 Harvard Drive</p> <p>Hingham, MA 02043</p>	<p>Trustee/Since Inception</p> <p>Chairman/ Since July 12, 2006</p>	<p>Mr. Butler is currently an independent consultant for businesses. Mr. Butler was President of the Pioneer Funds Distributor, Inc. from 1989 to 1998. He was Senior Vice-President from 1985 to 1988 and Executive Vice-President and Director from 1988 to 1999 of the Pioneer Group, Inc. While at the Pioneer Group, Inc. until his retirement in 1999, Mr. Butler was a Director or Supervisory Board member of a number of subsidiary and affiliated companies, including: Pioneer First Polish Investment Fund, JSC, Pioneer Czech Investment Company and Pioneer Global Equity Fund PLC. From 1975 to 1984 Mr. Butler was a Vice-President of the National Association of Securities Dealers. Mr. Butler is currently Chairman and Trustee of the Clough Global Allocation Fund and Clough Global Opportunities Fund.</p>	3

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Name, Age and Address	Position(s) Held with Funds/Length of Time Served	Principal Occupation(s) During Past 5 Years* and Other Directorships Held by Trustee	Number of Portfolios in Fund Complex Overseen by Trustee
<p><b>Adam Crescenzi</b></p> <p>Age - 64</p> <p>100 Walden Street</p> <p>Concord, MA 01742</p>	Trustee/Since Inception	<p>Mr. Crescenzi is a founding partner of Telos Partners, a business advisory firm founded in 1998. Prior to that, he served as Executive Vice President of CSC Index. Mr. Crescenzi is currently a Trustee of Dean College and Clough Global Allocation Fund, Clough Global Opportunities Fund, and Chairman of the Board of Directors of Creative Realities and ICEX, Inc. Mr. Crescenzi is an active member of the Strategic Committee of the Patrons of Boston College McMullen Museum of Arts.</p>	3
<p><b>John F. Mee, Esq.</b></p> <p>Age - 63</p> <p>1290 Broadway</p> <p>Ste. 1100</p> <p>Denver, CO 80203</p>	Trustee/Since Inception	<p>Mr. Mee is an attorney practicing commercial law, family law, products liability and criminal law. He is an advisor in the Harvard Law School Trial Advocacy Work-shop from 1990 to present. Mr. Mee is a member of the Bar of the Commonwealth of Massachusetts. He serves on the Board of Directors of Holy Cross Alumni Association and Board of Trustees of the Clough Global Allocation Fund and Clough Global Opportunities Fund.</p>	3
<p><b>Richard C. Rantzow</b></p> <p>Age - 68</p> <p>1290 Broadway</p> <p>Ste. 1100</p> <p>Denver, CO 80203</p>	Trustee/Since Inception Vice Chairman/Since July 12, 2006	<p>Mr. Rantzow was the Chief Financial Officer and a Director of Ron Miller Associates, Inc. (manufacturer). Prior to that, Mr. Rantzow was Managing Partner (until 1990) of the Memphis office of Ernst &amp; Young. Mr. Rantzow is also Vice-Chairman and Trustee of the Clough Global Allocation Fund and Clough Global Opportunities Fund. Mr. Rantzow is also a Trustee of Liberty All Star Funds.</p>	3
<p><b>Jerry G. Rutledge</b></p> <p>Age - 62</p> <p>2745 Springmede Court</p> <p>Colorado Springs, CO 80906</p>	Trustee/Since Inception	<p>Mr. Rutledge is the President and owner of Rutledge's Inc., a retail clothing business. Mr. Rutledge is currently Director of the American National Bank, a Regent of the University of Colorado and a Trustee of Clough Global Allocation Fund and Clough Global Opportunities Fund.</p>	3



**CLOUGH GLOBAL EQUITY FUND**

1290 Broadway, Suite 1100  
Denver, CO 80203  
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](http://www.cloughglobal.com) or call 1-877-256-8445.



**Item 2. Code of Ethics.**

- (a) The registrant, as of the end of the period covered by the report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller or any persons performing similar functions on behalf of the registrant.
- (b) Not Applicable.
- (c) During the period covered, by this report, no amendments were made to the provisions of the code of ethics adopted in 2 (a) above.
- (d) During the period covered by this report, no implicit or explicit waivers to the provision of the code of ethics adopted in 2 (a) above were granted.
- (e) Not Applicable.
- (f) The registrant's Code of Ethics is attached as an Exhibit hereto.

**Item 3. Audit Committee Financial Expert.**

The registrant's Board of Trustees has determined that the registrant has as least one audit committee financial expert serving on its audit committee. The Board of Trustees has designated Richard C. Rantzow as the registrant's audit committee financial expert. Mr. Rantzow is independent as defined in paragraph (a)(2) of Item 3 to Form N-CSR.

Mr. Rantzow was the Chief Financial Officer and a Director of Ron Miller Associates, Inc. Prior to that, Mr. Rantzow was managing partner of the Memphis office of Ernst & Young until 1990.

**Item 4. Principal Accounting Fees and Services.**

- (a) Audit Fees: The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for fiscal years 2007 and for the period from April 27, 2005 (Fund's Inception) through March 31, 2006 were \$26,000 and \$37,000, respectively.
  - (b) Audit-Related Fees: The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item were \$0 in
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2007 and \$0 for the period from April 27, 2005 (Fund's Inception) through March 31, 2006.

(c) **Tax Fees:** The aggregate fees billed for the fiscal year ended 2007 and for the period from April 27, 2005 (Fund's Inception) through March 31, 2006, for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning were \$3,550 and \$2,330, respectively.

(d) **All Other Fees:** The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are \$8,000 in 2007 and \$25,000 for the period from April 27, 2005 (Fund's Inception) through March 31, 2006. These services included comfort work related to the over-allotment exercise of common stock as well as agreed upon procedures related to the ratings for the Auction Market Preferred Shares.

(e)(1) **Audit Committee Pre-Approval Policies and Procedures:** All services to be performed by the Registrant's principal auditors must be pre-approved by the Registrant's audit committee.

(e)(2) No services described in paragraphs (b) through (d) were approved pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser, and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was \$0 for 2007 and \$0 for 2006.

(h) Not applicable.

Item 5. **Audit Committee of Listed Registrant.**

The registrant has a separately designated standing audit committee established in accordance with Section 3 (a)(58)(A) of the Exchange Act and is comprised of the following members:

Andrew C. Boynton

Robert Butler

Adam D. Crescenzi

John F. Mee

Richard C. Rantzow, Committee Chairman

Jerry G. Rutledge

Item 6. **Schedule of Investments.**

Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.

Item 7. **Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

Attached, as Exhibit Item 7, is a copy of the registrant's policies and procedures.

Item 8: **Portfolio Managers of Closed-End Management Investment Companies.**

(a)(1)

As of: March 31, 2007

Name	Title	Length of Service	Business Experience: 5 Years
Charles I Clough, Jr.	Partner and Portfolio Manager	Since Inception in 2005	Founding Partner Clough Capital Partners LP. Portfolio Manager for pooled investment accounts, separately managed accounts, and investment companies for over seven years.
Eric A. Brock	Partner and Portfolio Manager	Since Inception in 2005	Founding Partner Clough Capital Partners LP. Portfolio Manager for pooled investment accounts, separately managed accounts, and investment companies for over seven years.
James E. Canty	Partner and Portfolio Manager	Since Inception in 2005	Mr. Canty is a founding partner, Chief Financial Officer and General Counsel for Clough. Prior to founding Clough in 2000, Mr. Canty worked as a corporate and securities lawyer and Director of Investor Relations for Converse, Inc. from 1995 to 2000. He was a corporate and securities lawyer for the Boston offices of Goldstein & Manello, P.C. from 1993 to 1995 and Bingham, Dana and Gould from 1990 to 1993. Mr. Canty served as an Adjunct Professor at Northeastern University from 1996 to 2000. Mr. Canty is currently a member of the

Board of Directors of Clough Offshore Fund, Ltd and Board of Trustees of Clough Global Equity Fund and Clough Global Opportunities Fund. Because of his affiliation with Clough, Mr. Canty is considered an interested Trustee of the Fund.

(a)(2)

As of March 31, 2007, the Portfolio Managers listed above are also responsible for the day-to-day management of the following:

PM Name	Registered Investment Companies	Other Pooled Investment Vehicles (1)	Other Accounts	Material Conflicts If Any
Charles I Clough, Jr.	3 Accounts \$2,658.8 million Total Assets	3 Accounts \$361.4 million Total Assets	3 Accounts \$149.5 million Total Assets	See below (2)
Eric A. Brock	3 Accounts \$2,658.8 million Total Assets	3 Accounts \$361.4 million Total Assets	3 Accounts \$149.5 million Total Assets	See below (2)
James E. Canty	3 Accounts \$2,658.8 million Total Assets	3 Accounts \$361.4 million Total Assets	3 Accounts \$149.5 million Total Assets	See below (2)

(1) Advisory fee based in part on performance of accounts.

(2) Material Conflicts:

Material conflicts of interest may arise as a result of the fact that the Portfolio Managers also have day-to-day management responsibilities with respect to both the Fund and the various accounts listed above (collectively with the Fund, the Accounts). These potential conflicts include:

*Limited Resources.* The Portfolio Managers cannot devote their full time and attention to the management of each of the Accounts. Accordingly, the Portfolio Managers may be limited in their ability to identify investment opportunities for each of the Accounts that are as attractive as might be the case if the Portfolio Managers were to devote substantially more attention to the management of a single Account. The effects of this potential conflict may be more pronounced where the Accounts have different investment strategies.

*Limited Investment Opportunities.* If the Portfolio Managers identify a limited investment opportunity that may be appropriate for more than one Account, the investment opportunity may be allocated among several Accounts. This could limit any single Account's ability to take full

advantage of an investment opportunity that might not be limited if the Portfolio Managers did not provide investment advice to other Accounts.

*Different Investment Strategies.* The Accounts managed by the Portfolio Managers have differing investment strategies. If the Portfolio Managers determine that an investment opportunity may be appropriate for only some of the Accounts or decide that certain of the Accounts should take different positions with respect to a particular security, the Portfolio Managers may effect transactions for one or more Accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other Accounts.

*Variation in Compensation.* A conflict of interest may arise where Clough or Clough Associates, LLC, as applicable, is compensated differently by the Accounts that are managed by the Portfolio Managers. If certain Accounts pay higher management fees or performance-based incentive fees, the Portfolio Managers might be motivated to prefer certain Accounts over others. The Portfolio Managers might also be motivated to favor Accounts in which they have a greater ownership interest or Accounts that are more likely to enhance the Portfolio Managers' performance record or to otherwise benefit the Portfolio Managers.

*Selection of Brokers.* The Portfolio Managers select the brokers that execute securities transactions for the Accounts that they supervise. In addition to executing trades, some brokers provide the Portfolio Managers with research and other services which may require the payment of higher brokerage fees than might otherwise be available. The Portfolio Managers' decision as to the selection of brokers could yield disproportionate costs and benefits among the Accounts that they manage, since the research and other services provided by brokers may be more beneficial to some Accounts than to others.

(a)(3) Portfolio Manager Compensation as of March 31, 2007.

The Portfolio Managers each receive a fixed base salary from Clough. The base salary for each Portfolio Manager is typically determined based on market factors and the skill and experience of each Portfolio Manager. Additionally, Clough distributes its annual net profits to the three Portfolio Managers, with Mr. Clough receiving a majority share and the remainder being divided evenly between Mr. Brock and Mr. Canty.

(a)(4) Dollar Range of Securities Owned as of March 31, 2007.

<b>Portfolio Manager</b>	<b>Dollar Range of Global Equity Securities Held in Registrant (1)</b>	
Charles I. Clough, Jr.	Over \$1,000,000	
Eric A. Brock	\$10,001	\$50,000
James E. Canty	\$50,001	\$100,000

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(1) This information is as of March 31, 2007. Beneficial Ownership is determined in accordance with Section 16a-1(a)(2) of the Securities Exchange Act of 1934, as amended.

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**Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers.**

None

**Item 10. Submission of Matters to Vote of Security Holders**

There have been no material changes by which shareholder may recommend nominees to the Board of Trustees.

**Item 11. Controls and Procedures.**

(a) The registrant's principal executive officer and principal financial officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(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, as amended) during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 12. Exhibits.**

(a)(1) The Code of Ethics that applies to the registrant's principal executive officer and principal financial officer is attached hereto as Ex-99.Codeeth.

(a)(2) The certifications required by Rule 30a-2(a) of the Investment Company Act of 1940, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto as Ex-99.Cert.

(a)(3) Not applicable.

(b) A certification for the Registrant's Principal Executive Officer and Principal Financial Officer, as required by Rule 30a-2(b) of the Investment Company Act of 1940, as amended, and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto as Ex-99.906Cert.

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**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 EQUITY FUND

By: /s/ Edmund J. Burke  
Edmund J. Burke  
President & Trustee

Date: June 8, 2007

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.

CLOUGH GLOBAL EQUITY FUND

By: /s/ Edmund J. Burke  
Edmund J. Burke  
President/Principal Executive Officer

Date: June 8, 2007

By: /s/ Jeremy O. May  
Jeremy O. May  
Treasurer/Principal Financial Officer

Date: June 8, 2007

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