

Part 2A of Form ADV: *Firm Brochure*

Clough Capital Partners, LP

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This brochure provides information about the qualifications and business practices of Clough Capital Partners, LP. If you have any questions about the contents of this brochure, please contact us at 617-204-3400 or at investorrelations@cloughcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Clough Capital Partners, LP also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 131257.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/31/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Clough Capital Partners, LP ("Clough Capital") is a SEC-registered investment adviser with its principal place of business located in Boston, Massachusetts. Clough Capital is a limited partnership that began conducting business in 2000.

Listed below are the firm's principal owners (i.e., those individuals and/or entities controlling 15% or more of this company).

- Charles I. Clough Jr., CEO, Partner
- James E. Canty, Partner
- Eric A. Brock, Partner, Director of Research

Clough Capital's investment recommendations are not limited to any specific product or service offered by a broker-dealer and will generally include advice regarding the following securities:

- Exchange-listed equity securities
- Equity securities traded over-the-counter
- Foreign equity securities
- Warrants
- US and foreign corporate debt securities (other than commercial paper)
- Closed end mutual fund shares
- United States federal, state, and local governmental securities
- Sovereign debt securities
- Options contracts on securities, indices, and currencies
- Options contracts on commodities
- Futures contracts on security indices, commodities, and government bonds
- Futures contracts on interest rates, currencies, and other intangibles
- Exchanges traded funds ("ETF's"), American Depositary Receipts ("ADR's"), Global Depositary Receipts ("GDR's")
- Swaps, participation notes, and other synthetic securities

PRIVATE FUND PORTFOLIO MANAGEMENT

Clough Capital provides investment management services to collective investment funds that are not registered as investment companies (the "Private Funds"). The Private Funds that are managed by Clough Capital, include Clough Investment Partners I, LP ("Clough I"), Clough Investment Partners II, LP ("Clough II"), Clough Asia Fund, LP ("Clough Asia"), Clough Offshore Fund, Ltd. ("Clough Offshore"), and Clough Offshore Fund (QP) Ltd. ("Clough Offshore QP"). The Private Funds are either organized as limited partnerships, where an affiliate of Clough Capital (Clough Associates LLC for Clough I and Clough II, and Clough Associates Asia LLC for Clough Asia) acts as the General Partner and each investor in the Private Fund is a Limited Partner, or as an exempted offshore corporation offering shares to qualified investors, where Clough Capital acts as investment manager.

Interested investors should refer to each Private Fund's Private Placement Memorandum for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures.

MUTUAL FUND PORTFOLIO MANAGEMENT

Clough Capital provides investment management services to the Clough Global Allocation Fund, the Clough Global Equity Fund, and the Clough Global Opportunities Fund (the "Closed End Mutual Funds"), and the Clough China Fund (collectively, the "Mutual Funds"). All four Mutual Funds are registered under the Investment Company Act of 1940.

Clough Capital serves as the investment advisor to the Closed End Mutual Funds, and as the sub-advisor to the Clough China Fund. Clough Capital continuously manages the Mutual Fund assets based on the investment goals and objectives as outlined in each Mutual Fund's prospectus.

Interested investors should refer to each Mutual Fund's Prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at **www.cloughglobal.com** (Closed End Mutual Funds) and **www.cloughchina.com** (Clough China Fund).

Prior to making any investment in the fund, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Mutual Fund.

SEPARATE ACCOUNT PORTFOLIO MANAGEMENT

Clough Capital provides continuous asset management of client portfolios based on the individual needs of the client. Through discussions in which goals and objectives based on the client's particular circumstances are established, together we develop the client's

investment guidelines. We create and manage a portfolio based on those guidelines. During our data-gathering process, we consider the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives and guidelines (e.g., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity needs and suitability.

AMOUNT OF MANAGED ASSETS

As of 12/31/10, Clough Capital was actively managing almost \$3.8 billion of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

PRIVATE FUND MANAGEMENT FEES

Each investor in a Private Fund typically pays Clough Capital a fixed quarterly management fee as of the beginning of each fiscal quarter that ranges from 0.25% to .50% (1.0% - 2.0% annualized) of the investor's opening net asset value for that quarter. Such fixed management fees payable by investors in the Private Funds are generally not negotiable. In addition, each Private Fund investor also typically pays an incentive fee of 20% of the investor's net realized and unrealized capital appreciation in the Private Fund. This fee is subject to waiver by Clough Capital, in its sole discretion, and may be waived for certain Limited Partners in a Private Fund. Clough Capital has waived the incentive fee for affiliates of Clough Capital (the General Partner of the Private Fund), family members of the Principals of the General Partner of the Private Fund, and other entities created for a family member's benefit. The incentive fee is charged only on profits in excess of an investor's previous "high water mark."

A full description of the management fees, incentive fees, and other information relating to the management of the Private Funds can be found in the Private Placement Memorandum for each Private Fund.

MUTUAL FUND PORTFOLIO MANAGEMENT FEES

Clough Capital charges an asset-based fee for Mutual Fund management services. The fee arrangement, termination, and refund policies are described in each Mutual Fund's prospectus and Statement of Additional Information ("SAI").

For these services, Clough Capital typically charges management fees that range from 0.70% to 1.00% of the average daily total assets of the Mutual Fund, depending on the type of assets being managed. Fees charged with respect to Mutual Funds are subject to annual review and approval by the Board of Trustees of each Mutual Fund. Additional fees and expenses may be incurred by clients investing in Mutual Funds managed by Clough Capital that are separate and distinct from the investment advisory fees paid to Clough Capital. These fees and expenses are described in each Mutual Fund's prospectus, and each client should review the fees charged by the Mutual Funds and the fees charged by Clough Capital to fully understand the total amount of fees to be paid by the client.

SEPARATELY MANAGED ACCOUNT MANAGEMENT FEES

For separately managed portfolios, management fees are normally charged based on a percentage of assets under management. Generally, clients pay Clough Capital a management fee at the beginning of each calendar quarter that ranges from 0.125% to 0.25% (0.50% to 1.00% per annum) of the market value of the holdings in the client account as of the beginning of the quarter, depending on the type of assets being managed for the client, and if a client account pays an incentive fee (which may be linked with a lower management fee). Separately managed portfolios that also pay an incentive fee do so as mutually agreed between the client and Clough Capital (so long as the client is a "qualified client" under the securities regulations). For separately managed portfolios, the incentive fee ranges from 5% to 20% of net realized and unrealized capital appreciation on an annual basis, and may involve a hurdle or target performance amount to be reached before the incentive fee will be paid. If a client with a separately managed portfolio invests a portion of assets in one of the Private Funds, then no management fee is paid on the portion of assets in the Private Fund, but rather, the normal management and performance fees of the Private Fund are charged on those assets. Fees charged to separately managed portfolios are subject to negotiation.

A minimum of \$50 million of assets under management is required for separately managed portfolios. This account size may be negotiable under certain circumstances.

Limited Negotiability of Advisory Fees: Although Clough Capital has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reporting requirements, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

GENERAL REDEMPTION INFORMATION

Private Fund Redemptions: For investments in the Private Funds, generally there is a one year "lock-up" period during which investments must remain in the Private Fund. Certain investors in the Private Funds, however, may choose to invest in a class of interests that permits more favorable redemption terms than other classes of interest in the Private Fund, in exchange for agreeing to pay a higher full year's management fee on the initial investment despite any early withdrawal of the investment. Such investors may also be subject to a withdrawal penalty fee payable to investors that remain in the Private Fund. The full details of the fee arrangements of all classes of Private Fund interests, including interests that are not subject to a lock-up, can be found in the Offering Memorandum of the applicable Private Fund.

Mutual Fund Redemptions: Mutual Fund redemption terms depend on the class of shares the investor has purchased and the type of Mutual Fund. The Clough China Fund must generally be sold through an intermediary or broker, and certain share classes may have back-end sales charges. The Closed End Mutual Funds must be sold through an intermediary or broker, generally at the prevailing market price. Details about redeeming Mutual Fund shares are found in each Mutual Fund's prospectus and SAI, as well as on the websites referenced in Item 4.

Termination of the Advisory Relationship - Separately Managed Accounts: A separately managed client account agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. The Investment Management Agreement between the client and Clough Capital will give the specific notice period required, which is generally 30 days. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any separately managed account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer that effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

For those accounts where an incentive fee may be charged, which are currently the Private Funds and certain separately managed portfolios, there is an inherent conflict of interest built into the fee structure since the performance based fee may create an incentive for Clough Capital to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee structure.

There is also an inherent conflict of interest between client accounts that pay an incentive fee and client accounts that do not, since Clough Capital has the ability to earn higher fees from the incentive fee-paying accounts. This would give us a motive to place higher performing securities in the accounts that pay an incentive fee. We mitigate this by requiring the allocation of securities to be done in advance of trade execution so that trades are not allocated after their performance is known. In addition, for initial public offerings (IPO's) and other limited issues, which historically have seen large initial gains, we require all eligible accounts to participate in the offering on a pro rata basis based on net assets.

Clough Capital manages accounts in several related, yet distinct investment strategies, based upon the particular client and the specific investment objectives, time horizons, and tax considerations of the client. These strategies include: the Private Funds, where total return is the primary consideration and the trading horizon may be short term; global allocation funds, where income and yield are more important and the time horizon is more long term; global equity funds, where US and Non-US equity holdings must remain above 80% and the time horizon is longer term; global opportunities funds, which invest globally in equities and fixed income and employ an opportunistic use of purchased call options in order to enhance investment returns; the China fund, which also has a long term horizon, and invests 80% or more of net assets in China, Hong Kong, or Taiwan; and separately managed accounts, which are customized to the individual client's circumstances and may include tax-managed investing.

To the extent possible, investment themes, and the specific security selections within those themes are considered for all accounts in the same investment strategy and these trades will generally be done pro rata. At times, however, securities considered as investments for client accounts in one investment strategy may also be appropriate for client accounts in a different investment strategy managed by Clough Capital, but the portfolio weightings and specific holdings periods for a particular security may not necessarily be the same across accounts in the various investment strategies because of various considerations discussed above. The portfolio manager, exercising his investment discretion and judgment, will be responsible for the determination as to the amount of a particular security to be allocated across a group of accounts in different investment strategies. This allocation must be documented in advance of execution. Where the same security is traded for accounts in different investment strategies on the same day, generally the weighted average execution price per broker for that day will be used for all accounts that participate. If two or more brokers or trading facilities are used to trade the same security on the same day, the allocation percentage amongst the various accounts participating will be approximately the same, unless a valid exception applies and is documented.

Item 7 Types of Clients

Clough Capital provides advisory services to: Closed End Mutual Funds; Open End Mutual Funds; Private Funds; and Separately Managed Accounts for Private Foundations, Corporations, State Pension Plans, and High Net-Worth Individuals.

Account Opening Requirements: Clough Capital Private Funds have minimum investment amount requirements, and investors must meet certain regulatory standards, as described in each Private Fund's Private Placement Memorandum. Mutual Funds managed by Clough Capital generally have minimum investment requirements as well, and these are described in each Mutual Fund's prospectus. A minimum of \$50 million of assets under management is generally required for separately managed portfolios, subject to negotiation under certain circumstances.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

We may use any or all of the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate

measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we may attempt to identify an appropriate ratio of equity securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equity securities, fixed income, and cash will change over time due to stock market movements and, if not corrected, will no longer be appropriate for the client's goals.

Closed-End Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another ETF or fund(s), or a direct holding, in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We may use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's

investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

A trading strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a short-term investment in a security that was designed to be a trading purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a short-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date. Those borrowed shares are then sold. At a future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have sold the shares. If we are correct and the stock price has gone down since the shares were sold, the client account realizes the profit.

Short selling results in some unique risks:

1. *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
2. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
3. *Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down, during which you are vulnerable to interest, margin calls, etc.
4. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation may drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

Margin transactions. If permitted in your investment guidelines, we may purchase stocks for your portfolio with money borrowed from your prime broker. This allows us to purchase more stock than we would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and we may be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option trading. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We may also use options to "hedge" a purchase of the underlying security; in other words, we may use an

option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use "covered calls", in which we sell an option on a security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we trade two or more option contracts (for example, a call option that we buy and a call option that we sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

Risks of Loss

Corporate and sovereign debt securities of foreign issuers, which involve the risk of potential adverse political developments or political instability; differences in accounting, auditing and financial reporting standards; a lack of adequate information from bond issuers due to less stringent government regulation; and adverse changes in foreign exchange rates.

Option contracts on currencies and interest rates which involve the risk of loss if the currency being hedged fluctuates in value to a degree or in a direction that is not anticipated. Further, the risk exists that the perceived linkage between various currencies may not be present or may not be present during the particular time that an account is engaging in these transactions. Because currency control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be adversely affected by government exchange controls, limitations or restrictions on repatriation of currency, and manipulations or exchange restrictions imposed by governments.

Private placements, including PIPES deals which involve the risk of a limited trading market or which are subject to restrictions on resales to the public. Investments in securities which are "restricted" may involve added expenses for registration costs with respect to such securities and could involve delays in disposing of such securities which might have an adverse effect upon the price and timing of sales of such securities and their liquidity. Restricted securities and securities for which there is a limited trading market may be significantly more difficult to value due to the unavailability of reliable market quotations for such securities.

Bank acceptances (and other money market instruments) involve the risk of price fluctuations over time, as bank acceptances and money market instrument prices may fall as a result of factors that relate to the issuer, such as a credit rating downgrade. Prices may fall as well because of changes in the financial markets, such as interest rate changes.

GNMA and other pass-thru securities involve the risk of pre-payments on underlying mortgages, which will affect the price and volatility of a mortgage-related security, and may have the effect of shortening the effective duration of the security relative to what was anticipated at the time of purchase. To the extent that unanticipated rates of pre-payment on underlying mortgages decrease the effective duration of a mortgage-related security, the volatility of such security can be expected to increase.

Preferred shares and convertible securities involve the risk that they are generally subordinated in right of payment to all debt obligations and creditors of the issuer, and convertible preferred stocks may be subordinated to other preferred stock of the same issuer.

Real estate investment trusts (REITS) involve the risk that an account could conceivably own real estate directly as a result of a default on the securities it owns, in which case certain risks associated with the direct ownership of real estate may develop, including difficulties in valuing and trading real estate, declines in the value of real estate, risks related to general and local economic conditions, adverse changes in the climate for real estate, environmental liability risks, increases in property taxes and other operating expenses.

Exchange Traded Funds (ETFs) involve risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument; an ETF may not fully replicate the performance of its benchmark index because of temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weightings of securities or number of stocks held; an ETF may also be adversely affected by the performance of the specific index, market sector or group of industries on which it is based; and finally, an ETF may not track an index as well as a traditional index mutual fund because ETFs are valued by the market and, therefore, there may be a difference between the market value and the ETF's net asset value.

Range Accrual Notes and other Structured Notes which are "synthetic" securities created by other parties, typically investment banks, including convertible structured notes. Risks include possible default by the other party to the transaction, illiquidity and, to the extent an investment manager's view as to certain market movements is incorrect, the risk that the use of derivatives could result in significantly greater losses than if it had not been used.

Participation Notes are "synthetic" securities created by other parties, typically broker-dealers, to allow an investor to gain access to a equity securities in a foreign market. Participation Notes involve the risk of the insolvency of the broker-dealer selling a participation note, in which case the account may be treated as a general creditor of the broker-dealer and may not benefit from any set-off between the broker-dealer and the investor. The account may also have difficulty disposing of participations as they generally must be re-sold to the originating broker-dealer. In many cases the market for such instruments is not highly liquid, and there is generally a lack of a liquid secondary market which may have an adverse impact on the value of such instruments.

Equity swaps, total return and other swaps involve the risk that incorrect forecasts of market values, interest rates and other applicable factors may negatively affect the investment performance of an account compared with what it would have been if these

investment techniques were not utilized. Moreover, even if the forecasts are correct, there is a risk that the swap position may correlate imperfectly with the price of the asset or liability being hedged. Additionally, effective use of swaps and related transactions may depend, among other things, on the ability to terminate the transactions at times when it is desirable to do so. To the extent an account does not, or cannot, terminate such a transaction in a timely manner, the account may suffer a loss in excess of any amounts that it may have received, or expected to receive, as a result of entering into the transaction. Swaps also involve the risk of the insolvency of the broker-dealer entering into the swap, in which case the account may be treated as a general creditor of the broker-dealer and may not benefit from any set-off between the broker-dealer and the investor.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Mutual Funds:

Clough Capital previously disclosed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure that our firm is the investment adviser to the Clough Global Allocation Fund, the Clough Global Equity Fund, the Clough Global Opportunities Fund, and the Clough China Fund, investment companies registered under the Investment Company Act of 1940. Please refer to these items for a detailed explanation of this relationship and important conflict of interest disclosures.

For additional information, the Fund Prospectus and Statement of Additional Information are available on-line at: **www.cloughglobal.com** and . Prospective investors should review these documents carefully before making any investment in the Mutual Funds.

Private Funds:

Clough Capital and/or Management personnel of Clough Capital are related, through common ownership and control, to Clough Associates LLC and Clough Associates Asia LLC, companies formed to serve as the general partners of the Private Funds set up as limited partnerships. Clough Capital also acts as investment manager of these Funds. A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover

Page of this Firm Brochure.)

Advisory clients of our firm are solicited to invest in these entities; however, because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity needs and suitability. Clients are under no obligation to invest in any of the above described entities or to implement any advisory recommendations.

Clients interested in investing in the Private Funds should refer to the Private Fund's private placement memorandum for more information specific to the relationship between Clough Capital and its related companies.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics: Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Clough Capital and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the pre-clearance of employee personal security transactions, the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted to and reviewed by the firm's Chief Compliance Officer. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement). Our code also provides for oversight, enforcement and recordkeeping provisions.

Clough Capital's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to investorrelations@cloughcapital.com, or by calling us at 617-204-3400.

Clough Capital and individuals associated with our firm are prohibited from engaging in principal transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing

employees to invest for their own accounts.

Personal Trading: Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security (with certain exceptions) within 7 days of a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any private placement investments by related persons of the firm. IPO purchases by employees are generally prohibited.
5. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
6. We require delivery and acknowledgement of the Code of Ethics by each employee of our firm.
7. We have established policies requiring the reporting of Code of Ethics violations to our Chief Compliance Officer.
8. Any individual who violates any of the above restrictions may be subject to termination.

Interest in Client Transactions: The principals of Clough Capital are also the principals of Clough Associates LLC and Clough Associates Asia LLC the General Partners of Clough I, Clough II, and Clough Asia (some of the Private Funds). The General Partner has designated Clough Capital as having primary responsibility for investment management and administrative matters, such as accounting, tax and periodic reporting, pertaining to the Private Funds. Clough Capital and our members, officers and employees will devote to the Private Funds as much time as we deem necessary and appropriate to manage the Private Funds' business. Clough Capital and our affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Private Funds and/or may involve substantial time and resources of our firm and our affiliates. Potentially,

such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of the Private Funds, but could be allocated between the business of the Private Funds and other of our business activities and those of our affiliates.

Investments in the Private Funds may be recommended to advisory clients for whom a partnership investment may be more suitable than would a separate advisory account managed by our firm. Clients who invest in the Private Funds are not charged any additional advisory fees other than the advisory fee allocated to the limited partners of the Private Funds.

The Private Funds are not required to register as investment companies under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. Clough Capital manages the Private Funds on a discretionary basis in accordance with the terms and conditions of the Private Funds' offering and organizational documents.

Item 12 Brokerage Practices

Clough Capital will seek to select those brokers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Clough Capital in providing investment management services to clients. Clough Capital may, therefore use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Consistent with obtaining best execution for clients, Clough Capital may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Clough Capital and, indirectly, to Clough Capital's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Clough Capital does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Clough Capital may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Clough Capital determines in good faith that

such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its discretionary client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and Clough Capital makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When Clough Capital uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Clough Capital does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a potential conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

All of the products and services that Clough Capital may purchase with soft dollars are related either to market research or trade execution. Products or services provided to Clough Capital may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services (e.g., pricing and quotation services) providing lawful and appropriate assistance to Clough Capital in the performance of its investment decision-making responsibilities. The research services that may be provided through soft dollar arrangements include such matters as general economic, political, business and market information, industry and company reviews, evaluations of securities and portfolio strategies and transactions, proxy voting data and analysis, technical analysis of various aspects of the securities markets, recommendations as to the purchase and sale of securities and other portfolio transactions, financial, industry, and trade publications, news and information services, and research oriented computer software, data bases, and services.

Clough Capital requires that it be provided with written authority to determine the broker to use for client transactions and the commission costs that will be charged to our clients for these transactions.

Clough Capital will aggregate trades where possible and when advantageous to clients. This aggregation of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

If two or more brokers or trading facilities are used to trade the same security on the same day, the allocation percentage amongst the various accounts participating should be the same.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Clough Capital will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally may split the trade between two or more brokers or trading facilities on any particular day. Clough Capital Partners, LP's block

trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Clough Capital, or our firm's order allocation policy.
- 2) The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Clough Capital to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order ticket must be completed in our trade order management system, which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Clough Capital's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Clough Capital's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Item 13 Review of Accounts

PRIVATE FUNDS

REVIEWS: Clough Capital regularly reviews and monitors each Private Fund's holdings in accordance with the investment objectives as detailed in the Private Placement Memorandum. In addition, the Private Funds are reviewed on at least a quarterly basis by the Clough Capital Investment Review Committee for industry sector allocations, cross-holdings, and other issues relating to trade allocations, exposures, and performance.

REPORTS: Investors in the Clough I, Clough II, and Clough Asia Private Funds receive audited financial statements and K-1 statements within 120 days of the Private Fund's year end. These statements are audited by the Private Funds' auditors, Ernst & Young. Investors in these Private Funds also receive unaudited performance reports on a monthly basis during the year. These statements are generated by the Private Funds' administrator, Morgan Stanley Funds Services. Investors in the Clough Offshore and Clough Offshore QP Private Funds receive audited annual financial statements and unaudited monthly performance statements as described above. There are no K-1 distributions for investors in Clough Offshore or Clough Offshore QP Private Funds.

MUTUAL FUND PORTFOLIO MANAGEMENT

REVIEWS: Clough Capital regularly reviews and monitors each Mutual Fund's holdings in accordance with the investment objectives as detailed in the Fund Prospectus. In addition, the Mutual Funds are reviewed on at least a quarterly basis by the Clough Capital Investment Review Committee for industry sector allocations, cross-holdings, and other issues relating to trade allocations, exposures, and performance.

REPORTS: Clients should refer to the Fund Prospectus for information regarding regular reports to the Mutual Fund by Clough Capital, which are generally available on each Mutual Fund's website. See Item 4 for the website for the Closed End Mutual Funds and the Clough China Fund.

SEPARATELY MANAGED PORTFOLIOS

REVIEWS: While the underlying securities within Separately Managed Accounts are regularly monitored, these accounts are reviewed at least quarterly by the Clough Capital Investment Review Committee. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

REPORTS: In addition to the monthly statements and confirmations of transactions that Separately Managed Account clients receive from their custodians, Clough Capital provides periodic reports summarizing account performance, balances and holdings.

Item 14 Client Referrals and Other Compensation

It is Clough Capital policy not to engage solicitors or to pay related or non-related persons for referring potential separately managed client accounts to our firm. Clough Capital may, however, pay certain broker-dealers or advisors a portion of the management fee and incentive fee received from investors in a Private Fund referred to Clough Capital by the broker-dealer or advisor.

It is Clough Capital policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

The Custody Rule defines custody broadly, including holding client funds or securities directly or indirectly, or having any authority to obtain possession of them. This includes actual possession of client funds or securities, unless the funds or securities are received inadvertently and the adviser returns them to the client or sender promptly. Also considered custody is any arrangement, including a general power of attorney, under which an adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian. Included in this definition are arrangements whereby the management fee is invoiced directly to and paid by the custodian. Lastly, advisers are deemed to have custody of client funds and securities if they act in a capacity that gives legal ownership of or access to client funds or securities. This includes arrangements where the adviser or an affiliate acts as a general partner to a limited partnership, such as is the case with the Clough Capital Private Funds.

Clough Capital will seek to ensure compliance with the Advisers Act and the Custody Rule by verifying that clients hold their funds and securities with qualified independent custodians, and that those custodians provide at least quarterly account statements identifying the amount of funds and securities in the account at the end of the period. Clients should carefully review the account statements received from their custodians for errors and contact Clough Capital with any questions. For clients investing in the Clough Capital Private Funds, Clough Capital will ensure that monthly statements are produced and delivered by the administrator, Morgan Stanley Funds Services, and that an annual audit is conducted by the Funds' auditors, Ernst & Young, and the audited financial statements are provided to limited partners within 120 days of fiscal year end.

Item 16 Investment Discretion

Clients generally hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. In general, Clough Capital is given full investment discretion over

client portfolios including the Private Funds and Mutual Funds, without obtaining any prior approval from the client. Our discretionary authority includes the ability to do the following without contacting the client:

- to make all investment decisions in respect of the client's account;
- to buy, sell, lend securities, and otherwise trade in stocks, bonds and other securities and instruments for the account;
- to make investment representations on behalf of the client;
- to receive all trade confirmations and other communications directly from the custodian, brokers, dealers and others relating to any transactions for the client's account;
- to vote proxies on behalf of client accounts, and
- to do anything which Clough Capital thinks is appropriate or advisable in connection with the selection of such brokers, dealers and others

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

As previously disclosed in Item 4 of this brochure, our firm does not provide non-discretionary asset management services.

Item 17 Voting Client Securities

We vote proxies for all client accounts; however, clients always have the right to vote proxies themselves. Clients can exercise this right by instructing us in writing to not vote proxies in their account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting us by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

If requested, we will advise or act on behalf of a client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we

will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

Clough Capital has no additional no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Clough Capital has not been the subject of a bankruptcy petition at any time during the past ten years.