

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 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. Clough Capital Partners, LP is registered with the SEC as an investment adviser. Being a “registered investment adviser” or describing ourselves as being “registered” does not imply a certain level of skill or training.

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

Although many of the business practices we describe in this brochure have not materially changed since our prior filing of our Form ADV Part 2A (or “brochure”) dated March 31, 2011, many of the disclosures in this brochure have been materially revised, in an effort to better conform our disclosures to the specific requirements of Form ADV Part 2A. Many of these changes, and the Items in this brochure to which they relate, are summarized in further detail below, and we also encourage you to carefully read the corresponding Items in this brochure for full details.

Item 4: We added additional entities to our list of principal owners, to include entities created for tax-planning purposes for partner Charles Clough. We also deleted the very general list of securities that our clients may invest in, and instead added a more detailed description of our investment program in narrative format. We also updated our assets under management to reflect our 2011 year-end assets under management.

Item 5: We updated our disclosures on fees paid by our clients, as well as on procedures for termination of investment advisory relationships by certain of our clients. We also deleted the language on redemptions by underlying investors in our Private Fund and Mutual Fund clients, which is not required in a brochure, and such investors may find such disclosures in those clients’ applicable governing documents. We have also added some additional language on expenses borne by certain of our clients.

Item 6: We added clarifying language on performance-based fee accounts and related conflicts of interests. We also deleted certain unrelated language relating to different types of investment strategies used by Clough Capital.

Item 7: We added language on the minimum investment amounts generally required of underlying investors in our Private Funds.

Item 8: This Item was extensively revised to focus on the methods of analysis, investment strategies, and risks of loss that reflect Clough Capital’s practices, and risks related to its investment strategies, in more specific detail.

Item 10: We added language on certain conflicts of interest that are applicable to our Mutual Funds and Private Funds.

Item 11: We moved language previously included here, on interests in client transactions, to Item 10.

Item 12: This Item was extensively re-written to better conform to our specific brokerage practices, including with respect to the use of “soft dollars”. We also added a

description of our policies concerning allocation of IPO shares and other limited issue allocations, as well as a description of our policy concerning trade errors.

Item 15: We clarified that we generally do not have custody of the assets of our separately managed account clients or of the assets held by our Mutual Fund clients.

Item 16: We clarified that our clients generally give us full investment discretion over their accounts to make all investment decisions.

Item 17: We added additional language concerning how we handle potential conflicts of interest regarding proxy voting for our client accounts. We also deleted language concerning proofs of claims and other legal proceedings as this was not required.

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Item 4 Advisory Business

Clough Capital Partners, LP ("Clough Capital", "we" or "us") 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.

Clough Capital's principal owners (i.e., those individuals and/or entities controlling 15% or more of this company) are Charles I. Clough Jr., James E. Canty and Eric A. Brock. Mr. Clough's interests in Clough Capital are held through his interests in two entities: Clough G2 Investments, LLC and Clough CGI, LLC.

GENERAL

Clough Capital, through a fundamental research-driven investment process, will seek to earn superior long-term rates of return for its clients relative to broad equity market indices, such as the S&P 500 Index and the Morgan Stanley World Index. Clough Capital invests its clients' assets primarily in equity and equity-related securities in both US and non-US markets. Clough Capital may also invest its clients' assets in fixed income securities and other financial instruments, including but not limited to equity and index options, futures, currencies, and commodities. Investments in non-US markets are made primarily through securities that trade on non-US exchanges and through securities, including exchange traded funds ("ETFs"), Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"). Along with capital appreciation, capital preservation is a primary objective of Clough Capital. Clough Capital may use hedging strategies to seek to provide a degree of protection against market declines, such as shorting individual stocks and using index options and futures. In addition, short positions and put options may also be used to implement independent investment strategies. Clough Capital generally expects to keep accounts in a net long position and will also utilize leverage when deemed appropriate.

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 Asia Offshore Fund, Ltd ("Asia Offshore"), 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 and Asia Offshore) 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.

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, expenses, 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.

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, but in general management of an account is discretionary on the part of Clough Capital.

AMOUNT OF MANAGED ASSETS

All Clough Capital's client accounts are managed on a discretionary basis. As of December 31, 2011, Clough Capital was actively managing approximately \$4,128,650,000 of client assets.

Item 5 Fees and Compensation

PRIVATE FUNDS

Each 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 Private Fund's opening net asset value for that quarter. Such fixed management fees payable by the Private Funds are generally not negotiable. In addition, each Private Fund also typically pays a performance-based fee of 20% of the Private Fund's net realized and unrealized capital appreciation in the Private Fund. This performance-based 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 performance-based 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 performance-based fee is charged only on profits in excess of a Private Fund's previous "high water mark."

MUTUAL FUNDS

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. 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 ACCOUNTS

For separately managed accounts, management fees are normally charged based on a percentage of assets under management. Generally, clients pay Clough Capital a

management fee in advance 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 performance-based fee (which may be linked with a lower management fee). Management fees are generally billed to the client, not deducted from the client's account. If a client terminates an advisory relationship prior to the end of a quarter, any fees paid in advance will be reimbursed to the client on a pro-rated basis according to the amount of days remaining in the billing period. Separately managed accounts that also pay an performance-based 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 accounts, the performance-based 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 performance-based fee will be paid. In addition, the performance-based fee will be subject to a "high-water" mark such that if the account suffers a net capital loss, no performance-based fee will be charged until the account has recovered that loss. If a client with a separately managed account invests a portion of assets in one of the Private Funds, then no separate account management fee is paid on the portion of assets in the Private Fund, but rather, the normal management and performance-based fees of the Private Fund are charged on those assets. Fees charged to separately managed accounts are subject to negotiation.

A minimum of \$50 million of assets under management is required for separately managed accounts, subject to Clough Capital's discretion to accept more or less. This account size may be negotiable under certain circumstances.

A separately managed client account agreement generally 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.

OTHER FEES AND EXPENSES

In addition to our advisory fees, our 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.

Our clients will generally also bears all other costs and expenses related to their investments and operations, including, without limitation, brokerage commissions and other transaction costs, clearing and settlement charges, interest and commitment fees

on debit balances or borrowings, borrowing charges on securities sold short, stock borrowing fees, proxy solicitation expenses, costs of liability insurance obtained on behalf of a client, initial and variation margin, custodial fees, costs of any litigation or investigation involving client activities, indemnification expenses, consulting expenses, the fees and expenses of professionals providing services to the client, including legal, audit, accounting, tax and administration, regulatory costs, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes, regulatory filing and license fees, costs of reporting and providing information to investors in such clients (if any), and any extraordinary expenses. A portion of certain clients operating expenses may be shared with other clients managed by Clough Capital on an equitable basis as determined by Clough Capital, and if permitted pursuant to a client's applicable governing documents. Not all of Clough Capital's clients will pay all of the types of expenses and costs listed above, and clients may also pay different expenses not listed above. In each case, reference should be made to each client's applicable governing documents for further information.

More information regarding fees and expenses applicable to the Mutual Funds is also available on each Mutual Fund's website. See Item 4 for the websites for the Closed End Mutual Funds and the Clough China Fund.

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

For those clients where an performance-based fee or allocation may be charged, which are currently the Private Funds and certain separately managed accounts, 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.

Because Clough Capital manages accounts that pay a performance-based fee and those that do not, there is an incentive to favor the accounts with a performance-based fee. There is also an inherent conflict of interest between client accounts that pay a performance-based fee and client accounts that do not, since Clough Capital has the ability to earn higher fees from the performance-based fee-paying accounts. This would give us an incentive to place higher performing securities in the accounts that pay a performance-based fee. We seek to 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, including certain limited availability secondary offerings, 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.

To the extent possible, investment themes, and the specific security selections within those themes are considered for all accounts managed by Clough Capital that have the

same or similar investment strategies, and trades for such accounts 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(s) responsible for each account, exercising 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, generally \$2 million, with lesser amounts accepted subject to the sole discretion of Clough Capital, 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 accounts, subject to Clough Capital's discretion to accept more or less, 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:

Clough Capital believes that above average investment returns can be achieved when key, proprietary insights into industry or economic trends are discovered, and their significance understood before they become obvious to other investors. Within this

context, the investment process will focus on investing in a limited number of major global investment themes identified from time to time by Clough Capital. Industry consolidation, technological change, an emerging shortage of a product or raw material which derives from a period of under-investment, changes in government regulation, or major economic or investment cycles are examples of themes Clough Capital may emphasize in its investment focus. Investment themes will be generated for both long and short investment opportunities, with an emphasis on the long side. Attractive investment themes will often be influenced by global trends, which make investments in certain industries across more than one geographic market likely.

Once attractive themes are identified, analyzed and selected, Clough Capital will utilize a “bottom-up” research approach to identify companies it believes are best positioned to benefit from those specific themes. Individual positions will be selected based upon a number of qualitative and quantitative factors which may include, but are not limited to, such factors as a company’s competitive position, quality of company management, quality and visibility of earnings and cash flow, balance sheet strength and relative valuation.

Clough Capital client accounts will be actively managed and securities may be bought or sold on a daily basis. Investments may be added to the account if they satisfy value-based criteria or contribute to the account’s risk profiles. Investments may be removed from the accounts if Clough Capital believes that their market value exceeds full value, they add inefficient risk or the initial investment thesis fails.

MATERIAL RISKS

Investments in a Clough Capital client account presents potentially significant risks and is not intended as a complete investment program. Investing in securities involves risk of loss that investors should be prepared to bear. The following material risks relate generally to the investment strategy and methods of analysis Clough Capital uses for its clients. Not all of these risks will be equally relevant to each client whose assets we manage at any time, and some may not be applicable to each of Clough Capital’s clients. Each client’s governing documents should also be consulted for additional details on applicable risks.

Investment and Trading Risks. An investment in a Clough Capital client account involves a high degree of risk, including the risk that the entire amount invested may be lost. Clough Capital client accounts will invest in and actively trade securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the equity, fixed income, commodity and currency markets, the risks of borrowings and short sales, the leverage associated with trading in the currency and derivatives markets, the potential illiquidity of derivative instruments and the risk of loss from counterparty defaults. The markets in which Clough Capital client accounts expect to invest have recently experienced and may continue to experience significant volatility and losses. No guarantee or representation is made that the investment program will be successful, that the various

investment strategies utilized will have low correlation with each other or that Clough Capital client accounts' returns will exhibit low correlation with an investor's traditional securities portfolio. Clough Capital may utilize such investment techniques as option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, including futures contracts, which practices involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which Clough Capital client accounts' investment portfolio may be subject. In order to comply with the relevant exemption, certain accounts will be subject to certain limitations on investments in futures. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to Clough Capital client accounts.

Leverage and Financing Risk. A Clough Capital client account may leverage its capital because Clough Capital believes that the use of leverage may enable the Clough Capital client account to achieve a higher rate of return. Accordingly, a Clough Capital client account will pledge its securities in order to borrow additional funds for investment purposes. A Clough Capital client account may also leverage its investment return with options, futures contracts, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which a Clough Capital client account may have outstanding at any time may be substantial in relation to its capital.

While leverage presents opportunities for increasing a Clough Capital client account's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a Clough Capital client account could be magnified to the extent the Clough Capital client account is leveraged. The cumulative effect of the use of leverage by a Clough Capital client account in a market that moves adversely to the Clough Capital client account's investments could result in a substantial loss to the Clough Capital client account which would be greater than if the Clough Capital client account was not leveraged.

In the futures and forward markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any futures or forward contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. Thus, like other leveraged investments, any purchase or sale of a futures or forward contract may result in losses in excess of the amount invested.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to a Clough Capital client account. For example, should the securities pledged to brokers to secure a Clough Capital client account's margin accounts decline in value, a Clough Capital client account could be subject to a "margin call", pursuant to which the Clough Capital client account must either deposit additional funds or

securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Clough Capital client account's assets, the Clough Capital client account might not be able to liquidate assets quickly enough to satisfy its margin requirements.

A Clough Capital client account may borrow by entering into repurchase agreements. Under a repurchase agreement, a Clough Capital client account sells securities and agrees to repurchase them at a mutually agreed date and price. Repurchase agreements may involve the risk that the market value of the securities retained in lieu of sale by the Clough Capital client account may decline below the price of the securities the Clough Capital client account has sold but is obligated to repurchase. In the event the buyer of securities under a repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the Clough Capital client account's obligation to repurchase the securities and the Clough Capital client account's use of the proceeds of the repurchase agreement may effectively be restricted pending such decision. To the extent that, in the meantime, the value of the securities that a Clough Capital client account has repurchased has decreased, the Clough Capital client account could experience a loss.

While a Clough Capital client account attempts to negotiate the terms of financing arrangements with brokers and dealers, its ability to do so is limited. A Clough Capital client account will, therefore, be subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Clough Capital client account. To the extent Clough Capital client accounts do not have any alternative credit facility which could be used to finance their portfolios in the absence of financing from broker-dealers, they could be forced to liquidate their portfolios on short notice to meet their financing obligations. The forced liquidation of all or a portion of the Clough Capital client account's portfolios at distressed prices could result in significant losses to such Clough Capital client account.

Short Selling. A portion of the investment program for each Clough Capital client account may include short selling. Short sales are sales of securities a Clough Capital client account borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and such Clough Capital client account will be able to make a profit by purchasing the securities at a later date at the lower prices. A Clough Capital client account will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. Each Clough Capital client account's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of a Clough Capital client account. Additionally, the Securities and Exchange Commission ("SEC"), its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may from time-to-time impose restrictions that adversely effect a Clough Capital client account's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, a Clough Capital client account may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. A Clough Capital client account may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and each Clough Capital client account is subject to strict delivery requirements. The inability of a Clough Capital client account to deliver securities within the required time frame may subject such Clough Capital client account to mandatory close out by the executing broker-dealer. A mandatory close out may subject such Clough Capital client account to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact each Clough Capital client account's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to Clough Capital client accounts.

Highly Volatile Markets. The prices of financial instruments in which a Clough Capital client account may invest can be highly volatile. Price movements of forward, futures and other derivative contracts in which a Clough Capital client account's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. A Clough Capital client account also is subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouse.

Certain Derivative Investments. Clough Capital may, on behalf of a Clough Capital client account, purchase and sell ("write") options on equities on national and international securities exchanges and in the domestic and international over-the-

counter market. The seller (“writer”) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security, plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

The writer of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the value of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

Options may be cash settled, settled by physical delivery or settled by entering into a closing purchase transaction. In entering into a closing purchase transaction, a Clough Capital client account may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Clough Capital client account due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Clough Capital would otherwise recommend, to the possible detriment of a Clough Capital client account. Market illiquidity or disruption could result in major losses to a Clough Capital client account.

Counterparty Risk. Some of the markets in which a Clough Capital client account may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes Clough Capital client accounts to the risk that a counterparty will not settle a transaction in accordance with

its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Clough Capital client account to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Clough Capital client account has concentrated its transactions with a single or small group of counterparties. Clough Capital is not restricted from dealing with any particular counterparty or from concentrating any or all of a Clough Capital client account’s transactions with one counterparty. Moreover, Clough Capital has no formal credit function which evaluates the creditworthiness of a Clough Capital client account’s counterparties. The ability of a Clough Capital client account to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clough Capital client accounts.

Purchasing Securities of Initial Public Offering. From time to time Clough Capital client accounts may purchase equity securities which are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for Clough Capital client accounts to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. Clough Capital client accounts may invest in securities that are “new issues,” as defined by Rule 5130, which restricts certain persons from receiving securities which are “new issues.” Clough Capital will generally allocate initial public offerings (each an “IPO”) on a pro rata basis to eligible accounts

Liquidity of Investments. A Clough Capital client account may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. A Clough Capital client account may not be able to sell such securities when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Market prices for such securities are often volatile and may not be ascertainable, and restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Such investments may be difficult to value.

Clough Capital client accounts that are eligible may trade in futures contracts, although certain accounts may be subject to certain limitations on investment in futures. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in such contract can neither be taken nor liquidated unless traders are willing to effect trades at

or within the limit. Futures contract prices in various commodities occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Clough Capital client accounts from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, Clough Capital client accounts may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

Limited Diversification. Given Clough Capital's focus on a limited number of major global investment themes from time to time, broad diversification of investments in number or by industry or geography is not a primary investment objective of Clough Capital client accounts. At any given time, it is therefore possible that Clough Capital may select investments that are concentrated in a limited number or type of investments. This limited diversity could expose Clough Capital client accounts to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Hedging Transactions. A Clough Capital client account may utilize various financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of such Clough Capital client account's investment portfolio resulting from fluctuations in the securities markets and/or changes in interest rates, (ii) protect the Clough Capital client account's unrealized gains in the value of such Clough Capital client account's investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Clough Capital client account's portfolio, (v) hedge the interest rate or currency exchange rate on any of the Clough Capital client account's liabilities or assets, (vi) protect against any increase in the price of any securities the Clough Capital client account anticipates purchasing at a later date or (vii) for any other reason that Clough Capital deems appropriate.

The success of the hedging strategy of a Clough Capital client account will be subject to Clough Capital's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Clough Capital client account's hedging strategy will also be subject to Clough Capital's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While a Clough Capital client account may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for Clough Capital client accounts than if it had not engaged in any such hedging transactions. For a variety of reasons, Clough Capital may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Clough Capital client account from achieving the intended hedge or expose such Clough Capital client account to risk of loss. The

successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Clough Capital client account's portfolio holdings.

In certain transactions, Clough Capital client accounts may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated. Clough Capital may not hedge a position in a Clough Capital client account's portfolio because a hedge may not be available; it may be too costly in light of the likelihood of the possible risk actually occurring or the risk simply could not be reasonably anticipated.

Loans of Portfolio Securities. A Clough Capital client account may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of such Clough Capital client account's assets. By doing so, a Clough Capital client account attempts to increase its income through the receipt of interest on the loan. In the event of a fault or the bankruptcy of the other party to a securities loan, the Clough Capital client account could experience delays in recovering the securities it lent and there is no assurance that the securities will be recovered. To the extent that the value of the securities the Clough Capital client account lent has increased, the Clough Capital client account could experience a loss if such securities are not recovered.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price that may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that each Clough Capital client account may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions

Commodities. The prices of commodities contracts are highly volatile. Price movements of commodities are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of certain futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, Clough Capital client accounts' assets are subject to the risk of the failure of

any of the exchanges on which their positions trade or of their clearinghouse or counterparts. Most U.S. commodities exchanges limit fluctuations in certain commodity interest prices during a single day by imposing what are known as “daily price fluctuation limits” or “daily limits.” The existence of daily limits may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular contract has increased or decreased by the daily limit, effectively, positions in the contract can neither be taken nor liquidated. Contract prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Clough Capital client accounts from promptly liquidating unfavorable positions and subject it to substantial losses that could exceed the margin initially committed to these trades. Daily limits may reduce liquidity, but do not limit ultimate losses, as daily limits apply on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, Clough Capital client accounts may not be able to execute trades at favorable prices if there is only light trading in the contracts involved. As part of its emergency powers, an exchange or the U.S. Commodity Futures Trading Commission (the “CFTC”) can suspend or limit trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that non-U.S. governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in certain affected currencies.

Investments in Fixed-Income Securities. Each Clough Capital client account may invest a portion of its capital in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, commercial paper, and “higher yielding” (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Foreign Securities. Clough Capital client accounts will invest in securities of non-U.S. issuers. Clough Capital client accounts’ investments in securities and instruments in foreign markets involve substantial risks not typically associated with investing in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of Clough Capital client accounts’ assets denominated in that currency and thereby will have an impact upon Clough Capital client accounts’ total return on such assets. Clough Capital client

accounts may utilize options and forward contracts to hedge against currency fluctuations but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Clough Capital client accounts' assets and the effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for Clough Capital client accounts to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S. In addition, differences in clearance and settlement procedures on foreign markets may occasion delays in settlements of Clough Capital client accounts' trades effected in such markets.

Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval. Clough Capital client accounts could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by the government of an emerging country.

Taxation of dividends, interest and capital gains received by non-residents varies among foreign countries and, in some cases, is comparatively high. In addition, some countries have tax laws and procedures that may permit retroactive taxation so that Clough Capital client accounts could in the future become subject to local tax liability that they had not reasonably anticipated in conducting their investment activities or valuing their assets.

Emerging Market Securities. There are substantial risks involved in investing in securities issued by companies located in underdeveloped or developing countries, which are sometimes referred to as "emerging markets." These risks are in addition to the usual risks inherent in foreign investments described above. Because of greater risks of adverse political developments, the lack of effective legal structures and difficulties effecting securities transfers and settlements, Clough Capital client accounts risk the loss of their entire investment when investing in securities issued by companies located in certain foreign countries. Generally, emerging market debt securities are not required to meet any rating standards and may not be rated for creditworthiness by any

internationally recognized credit rating organization. Emerging market debt securities rated in the lower and lowest rating categories of internationally recognized credit rating organizations and unrated securities of comparable quality are predominantly speculative with respect to the capacity to pay interest and repay principal in accordance with their terms and generally involve a greater risk of default and volatility in price than securities in higher rating categories. Clough Capital client accounts may invest without limit in emerging markets.

General Economic and Market Conditions. The success of Clough Capital client accounts' activities will be effected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Clough Capital client accounts' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may effect, among other things, the level and volatility of securities' prices, the liquidity of Clough Capital client accounts' investments and the availability of certain securities and investments. Volatility or illiquidity could impair Clough Capital client accounts' profitability or result in losses. Clough Capital client accounts may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss.

Recently, global markets have experienced unprecedented volatility and illiquidity. The effects thereof are continuing and there can be no assurance that Clough Capital client accounts will not be materially adversely affected. These conditions have led to extensive governmental interventions. Such interventions have in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on Clough Capital's strategies.

Item 9 Disciplinary Information

There are no legal or disciplinary events to report that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 Other Financial Industry Activities and 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.

Material conflicts of interest may arise as a result of the fact that the portfolio managers for the Mutual Funds also have day-to-day management responsibilities with respect to the various other Clough Capital accounts. These potential conflicts include:

Limited Resources. Clough Capital cannot devote their full time and attention to the management of each of the Mutual Funds. Accordingly, Clough Capital may be limited in their ability to identify investment opportunities for each of the Mutual Funds that are as attractive as might be the case if Clough Capital 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 Clough Capital identifies 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 Clough Capital did not provide investment advice to other accounts.

Different Investment Strategies. The accounts managed by Clough Capital have differing investment strategies. If Clough Capital determines 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, Clough Capital 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 Capital is compensated differently by different accounts. If certain accounts pay higher management fees or performance-based fees, Clough Capital might be motivated to prefer certain accounts over others. Clough Capital might also be motivated to favor accounts in which they have a greater ownership interest or accounts that are more likely to enhance Clough Capital's performance record or to otherwise benefit the Clough Capital.

Selection of Brokers. Clough Capital selects the brokers that execute securities transactions for the accounts that they supervise. In addition to executing trades, some brokers provide Clough Capital with research and other services which may require the

payment of higher brokerage fees than might otherwise be available. Clough Capital's 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.

For additional information, the Fund Prospectus and Statement of Additional Information are available on-line at: **www.cloughglobal.com** and **www.cloughchina.com**. 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, which are entities that serve as the general partners of the Private Funds set up as limited partnerships (the "General Partners"). Clough Capital also acts as investment manager of these Private 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.)

Certain advisory clients of Clough Capital are occasionally solicited to invest in Private Funds; 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.

The General Partners and Clough Capital are subject to a number of actual and potential conflicts of interests. Clough Capital provides investment management services to the Mutual Funds as well as to Separately Managed Accounts and may in the future provide investment management services to other entities and clients, other collective investment vehicles, registered investment companies and accounts held by single investors, which may or may not utilize investment programs substantially similar to that of the Private Funds. It is anticipated that the Mutual Funds and certain of the Separately Managed Accounts will invest in many of the same securities in which the Private Funds invest.

The General Partners, Clough Capital, and their members, partners, officers and employees will devote as much of their time to the activities of the Private Funds as the General Partner deems necessary and appropriate. By the terms of the Partnership Agreements and the Investment Management Agreements, the General Partner, Clough Capital and their affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from 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 the General Partner or Clough Capital. These activities could be viewed as creating a conflict of interest in

that the time and effort of the members of the General Partner, Clough Capital and their officers and employees will not be devoted exclusively to the business of the Private Funds, but will be allocated between the business of the Partnerships and other business activities of the General Partner, Clough Capital and their affiliates.

A Private Fund may engage in certain transactions with its affiliates provided the terms thereof are commercially reasonable, as determined by the General Partner. The General Partner has certain responsibilities with respect to valuing securities. A conflict may arise with respect to this responsibility given the performance allocation to be earned by the General Partner is based on such valuations.

Investors in a Private Fund should refer to the Private Fund's offering documents 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: Clough Capital 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 our 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) and generally prohibits employee participation in initial public offerings (IPOs). Our code also provides for oversight, enforcement and recordkeeping provisions.

Clough Capital's Code of Ethics further includes a policy prohibiting the use of material non-public information. All employees are reminded that to the extent they come into possession of material non-public information, such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics will be provided upon request 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 Clough Capital are prohibited from engaging in principal transactions.

Our Code of Ethics is designed to seek to ensure 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: Clough Capital and/or individuals associated with Clough Capital 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 Clough Capital 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 Clough Capital may put his or her own interest above the interest of an advisory client.
2. No principal or employee of Clough Capital 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 Clough Capital 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. Clough Capital requires prior approval for any private placement investments by our related persons. 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 Clough Capital.
7. We have established policies requiring the reporting of Code of Ethics violations to our Chief Compliance Officer.

If a client with a separately managed account invests a portion of assets in one of the Private Funds, then no separate account management fee is paid on the portion of assets in the Private Fund, but rather, the normal management and performance-based fees of the Private Fund are charged on those assets.

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

Selection of Broker-Dealers for Client Transactions

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.

In selecting a broker-dealer for a particular transaction for a client account, Clough Capital will seek the most advantageous terms reasonably available under the circumstances for an account's transactions (i.e. best execution). Price alone is not the determinative factor, but is considered along with the broker's execution capabilities, financial responsibility, responsiveness, and market information and research services provided. Clough Capital will consider certain factors which may include the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility and the provision or payment of the costs of brokerage or research products or services. Clough Capital need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if Clough Capital determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker to the client account or Clough Capital, the client account may pay commissions to such broker in an amount greater than the amount another broker might charge.

Use of Soft Dollars

Research products or services provided to Clough Capital may include 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, pricing and quotation services, and other research services. Any particular research services obtained through a broker-dealer may be used by Clough Capital in connection with client accounts other than those accounts that pay commission to such broker-dealer. Any such research services may be broadly useful and of value to Clough Capital in rendering investment advisory services to all or a significant portion of its clients, or may be relevant and useful for the management of only one client's account or a few clients' accounts, or may be useful for the management of merely a segment of

certain clients' accounts, regardless of whether any such account or accounts paid commissions to the broker-dealer through which such research services was obtained. Advisory fees are not reduced because Clough Capital receives such services. Clough Capital evaluates the nature and quality of the various research services obtained through broker-dealer firms and attempts to allocate sufficient portfolio security transactions to such firms to ensure the continued receipt of research services which Clough Capital believes are useful or of value to it in rendering investment advisory services to its clients.

The use of commissions or "soft dollars" to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research obtained with soft dollars generated by a Client accounts may be used by Clough Capital to service accounts other than such Client account. Where a product or service obtained with soft dollars provides both research and non-research assistance to Clough Capital, Clough Capital will make a reasonable allocation of the cost which may be paid for with soft dollars. Non-permitted uses based on this allocation will be paid for by Clough Capital with hard dollars. It is anticipated that any use by Clough Capital of soft dollars to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Exchange Act.

A Client account's securities transactions can be expected to generate brokerage commissions and other compensation, all of which such Client account, not Clough Capital, will be obligated to pay. Clough Capital will have complete discretion in deciding what brokers and dealers a Client account will use and in negotiating the rates of compensation the Client account will pay. In addition to using brokers as "agents" and paying commissions, a Client account may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Products and services acquired with client brokerage commissions within the last fiscal year included the following: research newsletters; credit research; access to on-line research/information portals; research analysis of short sales opportunities; financial data & other security fundamentals; research services concerning regulatory filings; market industry/trends information; bankruptcy/reorganization research; quantitative-based research; daily technical research letters; online news & reports; macroeconomic research & forecasting; proprietary brokerage research; access to software platforms to conduct our own research; securities pricing services related to trading of securities; trade order management software and trading capabilities; electronic utilities to communicate trade and order fill details.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services.

Aggregation of Client Trades

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.

IPO and Limited Issue Allocations

It is the policy of Clough Capital to strive to achieve fair and equitable treatment of client accounts with respect to the allocation of initial public offerings (IPO's) and other new issues, as well as for certain secondary offerings. Due to the often limited availability of IPO's, it is sometimes difficult to secure a complete allocation for all eligible accounts on every issue, so the policy is designed to ensure that over time, each client account has been treated fairly and equitably.

In general, to the extent an IPO or other new issue is appropriate for a client account, then that account should have an equal opportunity to participate in the purchase of that IPO, on a pro rata basis based on account size (based on net assets). Clough Capital seeks to treat client accounts fairly in the allocation of new issues, especially those that are over-subscribed and which might result in a reduced allotment. In these situations, the reduced amount is generally distributed on a pro rata basis, unless a valid exception applies (see exceptions below). In instances, however, where the particular IPO or new issue is either not available to an account due to a regulatory restriction, or the issue may not be appropriate for the account, based on investment objectives or other factors, a pro rata allocation to that account would not be appropriate.

If, as the result of a partial fill, a pro rata allocation to a smaller account would result in that account receiving less than an optimal amount of shares (e.g. small holdings or odd lots), the account may be permitted to receive its entire allocation before the larger accounts in order to minimize transaction costs involved with a series of small allocations. Furthermore, accounts that specialize or concentrate holdings in a particular industry or market sector may be given priority in allocation over other accounts with a

more general industry or market sector focus if a particular IPO or limited issue secondary offering in that industry or market sector is oversubscribed or its availability is otherwise limited. In these instances Clough Capital may decide that an account or accounts that specialize or concentrate holdings in the particular industry or market sector should get priority. For either of these exceptions to the general pro rata allocation requirement, the circumstances must be documented as appropriate. Finally, for ease of trading and administering of portfolio positions, it is a practice of Clough Capital to whenever possible trade in 100 share lots. This may result in allocations that are not exactly equal to each account's specific percent of the total order.

Trade Error Policy

Clough Capital's Policy concerning trade errors is that errors affecting a client's account must be resolved promptly and fairly, and in accordance with legal & regulatory restrictions and guidelines. Errors include improper trades, transactions resulting from incomplete or incorrect information being given to a broker, and trades inconsistent with client guidelines, Clough Capital Policies & Procedures, or applicable laws and regulations. Errors resulting in a loss are reimbursed to the client; if an error results in a gain the client account is allowed to retain the gain. Corrective action on an error must be signed off by the Chief Compliance Officer or a member of the Compliance Committee in his absence, and must be undertaken as soon as possible. A post-trade error memo documenting the cause of the error and the resolution is then drafted by the Chief Compliance Officer for review at the next scheduled Compliance Committee meeting.

Item 13 Review of Accounts

PRIVATE FUNDS

REVIEWS: Clough Capital periodically reviews and monitors each Private Fund's holdings in accordance with the investment objectives as detailed in its Private Placement Memorandum or other governing documents. 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, if applicable 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, Clough Offshore QP, and Asia Offshore Private Funds receive audited annual

financial statements and unaudited monthly performance statements as described above.

MUTUAL FUND PORTFOLIO MANAGEMENT

REVIEWS: Clough Capital periodically 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 websites for the Closed End Mutual Funds and the Clough China Fund.

SEPARATELY MANAGED PORTFOLIOS

REVIEWS: While the underlying securities within Separately Managed Accounts are periodically 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

In general, Clough Capital does not use solicitors or pay related or non-related persons for referring potential client accounts to Clough Capital. Clough Capital may, however, pay certain broker-dealers or advisors a portion of the management fee and performance-based 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

Clough Capital does not have custody of the assets of Separately Managed Accounts, nor does it have custody of assets in the Mutual Funds for which it serves as investment advisor. Clients should carefully review the account statements received from their custodians for errors and contact Clough Capital with any questions. For the Private Funds, Clough Capital will seek to ensure compliance with the Advisers Act and the Custody Rule by ensuring that their cash and securities are held 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. For the Clough Capital Private Funds, monthly statements are produced and delivered by the administrator, Morgan Stanley Funds Services, and an annual audit is conducted by the Funds' auditors, Ernst & Young, and the audited financial statements are provided to investors in the Funds within 120 days of each Fund's applicable fiscal year end.

Item 16 Investment Discretion

Clients generally hire us to provide discretionary asset management services. In general, Clough Capital is given full investment discretion over client portfolios in the investment management agreement including the Private Funds and Mutual Funds, without obtaining any prior approval from the client.

Clients give us discretionary authority when they sign the investment management agreement with Clough Capital, and any limitations or restrictions are listed in the investment guidelines attached as part of the investment management agreement. Clients may change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

Clough Capital will vote proxies for all client accounts if given this authority in the investment management agreement. Clough Capital has adopted policies and procedures pursuant to SEC rule 206(4)-6 with respect to voting proxies on behalf of the Private Funds, Mutual Funds, and Separately Managed Accounts. Generally, Clough Capital will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Clough Capital 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. In exercising its voting discretion Clough Capital will seek to avoid any direct or indirect conflicts of interest presented by the voting decision. If any substantive matter or foreseeable result of the matter to be voted on presents a conflict or potential conflict of interest involving Clough

Capital or an affiliate, or any issuer of a security for which Clough Capital or an affiliate acts as a sponsor, advisor, or manager, or any person with whom Clough Capital or an affiliate has a material contract or business relationship (all considered “Interested Parties”), Clough Capital will make a written disclosure of the conflict to the client indicating how Clough Capital proposes to vote on the matter and the reasons for doing so. If Clough Capital does not receive timely written instructions as to voting or not voting on the matter from the client, Clough Capital may take any of the following actions which it deems to be in the best interests of the client:

- Engage an independent third party to determine whether and how the proxy should be voted and vote that way, or refrain from voting on the matter as determined by the third party;
- Vote on the matter as proposed to the client if the vote is against the interests of Clough Capital or any Interested Party; or
- Refrain from voting on the matter.

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.

Item 18 Financial Information

Clough Capital believes that it has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients, and Clough Capital has not been the subject of any bankruptcy proceeding.

Item 19 Requirements for State-Registered Advisers

This Item is not applicable to Clough Capital.