Clough Global Long/Short Fund – First Quarter 2019 Portfolio Commentary

To Our Investors:

For the first quarter of 2019, the Clough Global Long/Short Fund (the "Fund") had a total return of 9.27% for Class I, compared to 12.18% for the MSCI ACWI and 7.92% for the HFRI Equity Hedge Index. See total returns chart for the performance of all other share classes. The Fund finished in the top quartile of its Morningstar Category, outperforming the average peer return by 347 basis points. The Fund outperformed the HFRI Equity Hedge Index by 135 basis points and achieved 76% of the returns of the long-only benchmark, the MSCI ACWI Index, despite an average net investment level of 66% in the period.

We noted in our last quarterly letter that since the enactment of the Dodd Frank legislation in 2010, which forced banks to limit their risk profiles and the size of their balance sheets, banks have been effectively forced out of the business of lending to financial companies. Since that risk had to be transferred somewhere, investors took it on. Hedge funds, private equity funds and collateralized loan obligations ("CLOs") became the lenders. Note that when Pacific Gas and Electric needed bankruptcy financing, two hedge funds stepped up.

The difference of course is that private investors can change their risk profile on a dime and cut off the availability of liquidity, and that was exactly what we saw happening in the market as real time stop losses seemed to exacerbate poorly timed sales. Now "risk-on" and "risk-off" have become part of the lexicon. In markets where algorithmic and other trend-following strategies do most of the trading, volatility feeds on itself and stocks fall until the last seller is exhausted. In the absence of a major recession and its attendant earnings decline, or a serious over-tightening on the part of the Fed (something the Fed's recent dovish turn suggests is not likely), these downdrafts generally burn themselves out.

Current Investment Themes

For equities, falling bond yields are a tailwind but growth will be in limited supply and likely the best top-line growth stories will perform best. Our themes have not changed much. A few of our themes reflect the fact that intellectual capital has replaced physical plant as the engine of a company and it is best to invest in high research and development ("R&D") companies when they are out of favor. Today we think that is likely the case in the semiconductor industry (see below). The rise of the Asian consumer continues to be the only true macro growth story out there and after years of sluggish stock price behavior and heavy research spending, new biotechnology-based therapies are proliferating and entering human trials. Large pharmaceutical companies are acquiring the smaller ones. And transformative technology investment cycles, such as 5G will create investment opportunities in companies which develop the critical components in that transition.

The Semiconductor Cycle

The semiconductor cycle is acting in a traditional fashion. Mid-decade, strong smartphone sales hyped demand for semiconductors and manufacturers responded with aggressive capacity additions. The Bitcoin boom, which took place at the same time as Apple and Samsung introduced new phones with heavy component needs, only intensified demand. Double ordering, which always occurs at the top of cycles, made demand appear even stronger than it was, and smartphone producers were left heavy with excess semiconductor inventory when sales disappointed and Bitcoin collapsed. Dynamic random-access memory ("DRAM") pricing started to weaken in mid-2018. Furthermore, large internet companies stopped buying DRAM as pricing started to decline. Since inventories had to be marked down in a falling market, what began as double-digit year on year declines in prices turned into the monthly year on year decline rates which are expected to reach 30-40% by Q2 2019 in the case of DRAM.

But the industry should adjust to this quickly. For one, the number of memory suppliers has declined from twelve to three as European and Taiwanese producers left the industry. We expect that the profit cycle for DRAM and flash memory next time around will be strong. Once 5G-enabled devices and signal infrastructure needs emerge, demand for memory should pick-up strongly. The sources of demand have also changed. DRAM is now used by a much broader spectrum of customers. Demand used to be limited by the needs of smartphones, gamers and laptops, but now data centers and industrial uses dominate. Data center investment, artificial intelligence networks and related demand for chips will reaccelerate later in 2019 just as memory chip inventory depletes. DRAM pricing should be particularly strong under that scenario.

Asian Consumer Growth

India

As developed economies enter a slowdown, it is important to keep in mind that India offers 7% growth while Japan and Germany offer 1% growth or less. In India, an aspirational millennial population is beginning to migrate from India's poor and inefficient northern and eastern provinces, to the south and west where the wealth is. That is a similar dynamic to one that powered China's growth in the 2000s.

Also, over the past twenty-five years the NIFTY 50 index, which is the benchmark broad-based stock market index for the Indian equity market, has returned 10.37% per year, which places it among the top global markets. Indian firms have higher returns on equity ("ROE") than their global peers (the top 500 companies in India generate ROE of 15% versus the emerging market average of 11%). And India's talent pool is strong.

To keep up with demographics, India must generate one million jobs each month, and it is moving away from agriculture as a dominant employer. The number of agricultural employees has declined from 700 million to 400 million over the past decade. That indicates that India is very early in a productivity boom which could potentially span the next two decades. The demonetization strategy Prime Minister Modi put in place a few years ago drove 30% of the Indian population from the cash economy into the banks where they can now access credit. The new bankruptcy law has forced many of the state-owned banks to clear the books of shady loans and the highly public insolvency of the Non-Bank Financial Institutions puts the quality publicly traded banks in a margin sweet spot. They control most of the deposits and enjoy the lowest deposit costs, can lend profitably to the highest quality credit and control most of the loan pricing power in the economy.

While the government has announced programs to fund one million homes by the mid-2020s, private investment is picking up as well. Affordability is rising as incomes rise and housing costs remain stable. Mortgages outstanding equal 10% of gross domestic product ("GDP") versus 60% in the U.S. Housing costs are tax deductible and mortgages are subsidized. In addition, interest rates in India are high and bank spreads are strong. With the state banking institution in a state of decline, depositors are moving to the private institutions.

Demand for credit will come from both the household and corporate sectors. A badly needed construction boom is underway in India. Real estate borrowing in India is 4-5% of total credit, 80% of which is residential and therefore highly stable. Unsold inventory is falling and a cut in the Goods and Services tax is lifting profits and sentiment.

China

While debt issues still dominate negative investor perceptions of China, the real question is where can a 45% savings rate go? The consumption cycle in China still seems largely misunderstood by the market and it is underestimated.

A government policy of corporate deleveraging amid tariff concerns led China stocks to a 24% decline in 2018. At the same time, China's securities markets suffered from a tight monetary policy and a concerted effort by the authorities to force deleveraging. But the 2019 recovery has legs, we think. China's equities market sells at a low price to book level, speculation is muted, earnings revisions are beginning to move up, and the central bank is increasing liquidity. These are all promising indicators.

China is always undergoing tremendous change and much of the slowing in that economy can be attributed to the decline in industrial and export activity, a segment forever plagued by excess, inefficient capacity and low returns on investment. However, household consumption and certain market segments such as health services and others are undercounted and growing rapidly. Wages are increasing in China and financial service companies will face growing demand.

The China negatives, on the other hand, are well known. China's GDP reportedly slowed to 6.4% in 2018 and perhaps less. Either way, it was the slowest real rate of growth for that country in 30 years. Exports and industrial activity are slowing. China's population is peaking, and the working age population will soon be declining. The number of births was the lowest since 1961 and even though China's long standing "one child" policy was recently cancelled, they will continue to decline. The cliché-based fear is that China will grow old, with accompanying social costs, before it becomes rich. Political reform has seemingly stopped, and government is moving back to the type of autocracy which sooner or later becomes sclerotic. That is the negative outlook.

So why even consider investing in China? For one, we believe that much of this already is priced into the market. Historically, price to earnings ratios in China have ranged from 9x to 16x (excluding the rapid growth phase when they traded up to 37x), and they are at 11x today. Stocks are down so much in China that even a little good news should rally the market to some extent.

While China's industrial sector is coming under pressure and producers of industrial goods from iPhones and appliances to precision machines and automobiles are experiencing declining sales, China's current account balance is positive, its currency is strong and China's consumer economy is still vibrant. Many consumer and technology companies are experiencing growing sales as consumer incomes rise.

Secondly, we believe consumer company profits are about to benefit from the "accelerator effect" – that is, the tendency of consumers to accelerate spending on higher end goods and services as incomes rise, promising growth in the consumer economy well above the national average. Per capita incomes in China average about $9,500 U.S. dollars and the number of high-income consumers is accelerating. As more consumers enter the middle class, and the number of middle-class Chinese rises from 300 million to an estimated 500 million by 2026, consumer spending should grow by an amount that may equal the total dollar value of U.S. consumer spending by 2026.

For the moment, the market's attention is focused on the tariff issue and while that issue may yet take time to unfold, we note in the interim that after visiting and investing in China for the better part of three decades, we have learned that China never does anything that is not in its own best interest. The absence of a trade deal means further deterioration in employment, which is something we think China will try to avoid at all costs. Our belief is that China will bend enough to allow President Trump to declare victory. Investment-wise we would fade the tariff issue for now.

Healthcare – Positioning For The Election Cycle

During the quarter we added to healthcare companies with classic "cash pay" businesses within healthcare (i.e., companies whose revenues stem from direct customer payments rather than government or private insurance reimbursements exposure). These include positions in the dental and the animal health markets, bolstering our existing 'science-heavy' portfolio.

As we move into the 2020 election cycle, we are looking for investments that boast strong fundamentals and sustainable mid-single digit growth over the next several years, but have little reimbursement, generic threat or drug pricing political rhetoric risk. Our holdings include three companies that we believe are uniquely positioned within the animal health industry, including a market leader in animal therapeutics, a market leader in animal diagnostics, and a recent spinoff in animal therapeutics.

We continue to be bullish on merger and acquisition ("M&A") activity in the biotechnology and mid-cap pharmaceutical sub-sector. The industry has seen significant M&A activity in 2019, and we expect continued deal activity for the foreseeable future. We continue to add strategic assets to the portfolio. We believe that currently, roughly half of our healthcare holdings make reasonable acquisition targets, offering innovative competitive products, long patent protection, and management teams that are aligned with shareholders.

Short Book

Our long-standing short position in a basket of Europe's weakest banks has been maintained. As Europe depends on its banks to fund growth, little wonder its economies are so weak. And there is no easy fix. Mergers make little sense since there is no evidence larger institutions would be any stronger. A European recession would really complicate things. What long term refinancing operation ("LTRO") and quantitative easing in Europe accomplished was to saddle the banks with huge holdings of peripheral country debt.

In a long period of excess liquidity and credit availability, the opportunity for capital destruction is rife. We have seen once iconic companies like Sears, General Electric and IBM buy back stock at prices far higher than today's and reduce financial flexibility and ROIs in the process. We have seen capital destroyed on wasteful acquisitions and poor expansion strategies. Our sense is the securities markets will be less tolerant of such strategies going forward and we have identified short positions which we think are likely to benefit as a result.

In Conclusion

The Fund's recent results are encouraging to us, particularly following the market chaos of the late 2018 equity selloff. Amid that turmoil, we kept our high conviction long positions intact, because we believed that attempts to trade around the steep equity selloffs risked the portfolio being whipsawed. During this period, the Fund's modest short book helped to reduce volatility, which made holding our high conviction long positions more palatable. Those positions drove first quarter performance.

We do not base our investment strategies on economic forecasts, but we do follow investment and credit cycles and we draw three conclusions from what we see today: (1) the dominant price trends are deflationary; (2) the Fed is more likely to ease than tighten; and (3) the economy will likely slow rather than fall into recession. No serious inventory imbalances are present (beyond what we outlined above within the semiconductor complex), and no serious overbuild in the nation's capital stock which would undermine pricing and profitability is visible, such as the technology boom in 2000 or housing in 2008. We believe that although temporary technical factors can knock the market down, the likelihood of a serious liquidity squeeze seems remote at this point.

Sincerely,

Charles I. Clough, Jr.

Vincent M. Lorusso, Jr.

Total Returns (As of 3/31/2019[1,2])

	3 MONTH	YTD	1 YEAR	3 YEAR	SINCE INCEPTION
Clough Global Long/Short Fund - I	9.27%	9.27%	-3.40%	6.32%	2.24%
Clough Global Long/Short Fund - Investor (NAV)	9.26%	9.26%	-3.60%	6.00%	1.94%
Clough Global Long/Short Fund - A (NAV)	9.26%	9.26%	-3.60%	6.00%	1.94%
Clough Global Long/Short Fund - A (MOP)	3.30%	3.30%	-8.89%	4.01%	0.59%
Clough Global Long/Short Fund - C (NAV)	9.03%	9.03%	-4.36%	5.25%	1.34%
Clough Global Long/Short Fund - C (CDSC)	8.03%	8.03%	-5.32%	5.25%	1.34%
S&P 500 Index[3]	*13.65%*	*13.65%*	*9.50%*	*13.51%*	*10.07%*
MSCI All Country World Index	*12.18%*	*12.18%*	*2.60%*	*10.67%*	*6.88%*
HFRI Equity Hedge (Total) Index[3]	*7.92%*	*7.92%*	*-0.07%*	*6.83%*	*4.10%*

As of the latest prospectus, the gross expense ratio for the Fund's Class INV, Class C, and Class I shares is 4.00%, 4.52%, and 3.41%, net expense ratio is 2.51%, 3.16% and 2.16% and net expense ratio excluding acquired fund fees and expenses and dividend and interest expenses on short sales is 1.95%, 2.60% and 1.60%, respectively. Clough Capital Partners L.P. (the "Adviser") has agreed contractually to limit the operating expenses of each class of the Fund (excluding Rule 12b-1 Distribution and Service Fees, Shareholder Services Fees, acquired fund fees and expenses, interest, taxes, brokerage costs and commissions, dividend and interest expense on short sales, and litigation, indemnification and extraordinary expenses as determined under generally accepted accounting principles) to an annual rate of 1.60% through February 28, 2020.

1 *The performance data quoted for periods prior to September 30, 2015 is that of an unregistered investment fund (the "Predecessor Fund") that was managed by the Adviser and was reorganized into the Fund as of the date the Fund commenced investment operations. The Predecessor Fund was not a registered mutual fund and therefore was not subject to the same investment and tax restrictions as the Fund. Performance information reflects all fees and expenses incurred by the Predecessor Fund, and has not been adjusted to reflect Fund expenses. If it had been so adjusted, the Predecessor Fund's performance might have been higher or lower for a given period depending on the amount of such expenses incurred for any given period. Performance information for Class A and Class C have been adjusted to reflect 12b-1 fees and shareholder services fees, as applicable. The Predecessor Fund commenced operations on January 2, 2015.*

2 *Total return for periods greater than one year are annualized*

3 *Sources: Hedge Fund Research, Inc., Bloomberg. The "HFRI" returns shown herein are those of the HFRI Equity Hedge (Total) Index, which is an index designed by Hedge Fund Research, Inc. to represent the performance of investment managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed by such managers to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. The S&P 500 tracks the performance of the equity securities of a representative sample of 500 U.S. based large-cap companies. The S&P 500 is an unmanaged, market-value weighted index with each stock's weight in the index proportionate to its market value. S&P 500 reflects the reinvestment of dividends. Both indices referenced herein reflect the reinvestment of dividends. It is not possible to invest directly in an index.*

The performance data quoted represents past performance. Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted. Performance reflects the deduction of management fees and other applicable expenses. For the most current month-end performance data please call 1-855-425-6844.

Maximum Offering Price (MOP) for Class A shares includes the Fund's maximum sales charge of 5.50%. On December 1, 2017 Class A shares were renamed Investor Class shares and such shares are offered without an initial sales charge or a contingent deferred sales charge. Contingent Deferred Sales Charge (CDSC) performance for Class C shares includes a 1% CDSC on C shares redeemed within 12 months of purchase. Performance shown at Net Asset Value (NAV) does not include these sales charges and would have been lower had it been taken into account.

Investment returns and value of the Fund shares will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost.

Contingent Deferred Sales Charge (CDSC) performance for Class C shares includes a 1% CDSC on C shares redeemed within 12 months of purchase. Performance shown at Net Asset Value (NAV) does not include these sales charges and would have been lower had it been taken into account.

Effective June 29, 2018, Class A shares of the Clough Global Long/Short Fund were added as a new available share class. Performance for Class A Shares prior to June 29, 2018 reflects the historical performance of the respective Fund's Investor Class Shares, calculated using the fees and expense of Class A Shares.

An investor cannot invest in an index.

Past performance is not a guarantee of future returns.

This letter has been prepared by Clough Capital Partners L.P. ("Clough Capital"). This letter is not an offer to sell, nor a solicitation of an offer to buy any security in the Funds, or any other investment product. Offers to sell or solicitations to invest in either of the Funds are made only by means of a prospectus and in accordance with applicable securities laws. Prospective investors should review the prospectus for a Fund before any investment is made (including, without limitation, the information therein with respect to investment strategy, conflicts of interest and risk factors). If there is any inconsistency between any information in this letter and in a Fund's prospectus, the latter will govern.

The information in this letter represents the opinions of the Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. This letter has been prepared from original sources and data believed to be reliable. However no representations are made as to the accuracy or completeness thereof. The information set forth in this letter, including, without limitation, information relating to the investment themes and portfolio allocations of the Fund, is subject to change at any time without notice to the recipients of this letter. An investment in the Fund involves a high degree of risk and is suitable only for sophisticated investors. No guarantee or representation is made that the Funds' investment program, including, without limitation, their investment objectives, will be successful.

Risks

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, annual report or semi-annual report which contains this and other information visit www.cloughglobal.com or call 1-855-425-6844. Read them carefully before investing.

Investing involves risks, including loss of principal. The Fund's use of derivatives (which may include forward foreign currency contracts, futures, participation notes, and swaps) may reduce the Fund's returns and/or increase the volatility of the Fund's net asset value. Foreign investing involves special risks such as currency fluctuations and political uncertainty.

S&P 500: The Standard & Poor's composite index of 500 stocks, a widely recognized, unmanaged index of common stock prices. Index performance does not reflect fund performance. An investor cannot invest directly in an index.

MSCI All Country World Index: captures large and mid-cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries.

HFRI Equity Hedge (Total) Index (HFRI): An index designed by Hedge Fund Research, Inc. to represent the performance of investment managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed by such managers to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. The HFRI family of indices reserves the right to revise historical performance data for a period of up to four months following the as of date. The performance shown was calculated using current, available data at the time of publication, but is subject to change outside of the control of the Fund and its affiliates. An investor cannot invest directly in an index.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the Clough Global Long/Short Fund.

Clough Capital Partners L.P. is the Investment Adviser.