

Clough Global Dividend & Income Fund
Form N-CSR
January 07, 2019
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

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

Investment Company Act file number: 811-21583

Clough Global Dividend and Income Fund

(exact name of registrant as specified in charter)

1290 Broadway, Suite 1100, Denver, Colorado 80203

(Address of principal executive offices) (Zip code)

Karen S. Gilomen, Secretary

Clough Global Dividend and Income Fund

1290 Broadway, Suite 1100

Denver, Colorado 80203

(Name and address of agent for service)

Registrant's telephone number, including area code: 303-623-2577

Date of fiscal year end: October 31

Date of reporting period: November 1, 2017 – October 31, 2018

Item 1. Reports to Stockholders.

Section 19(b) Disclosure

October 31, 2018 (Unaudited)

Clough Global Dividend and Income Fund, Clough Global Equity Fund, and Clough Global Opportunities Fund (each a “Fund” and collectively, the “Funds”), acting pursuant to a Securities and Exchange Commission (“SEC”) exemptive order and with the approval of each Fund’s Board of Trustees (the “Board”), have adopted a plan, consistent with each Fund’s investment objectives and policies to support a level distribution of income, capital gains and/or return of capital (the “Plan”). In accordance with the Plan, until July 2019, each Fund will pay monthly distributions in an annualized amount of not less than 10% of the respective Fund’s average monthly net asset value (“NAV”). From August 2019 to July 2021, each Fund will pay monthly distributions in an amount not less than the average distribution rate of a peer group of closed-end funds selected by the Board.

Under the Plan, each Fund will distribute all available investment income to its shareholders, consistent with each Fund’s primary investment objectives and as required by the Internal Revenue Code of 1986, as amended (the “Code”). If sufficient investment income is not available on a monthly basis, each Fund will distribute long-term capital gains and/or return of capital to shareholders in order to maintain a level distribution. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential distribution rate increases to enable each Fund to comply with the distribution requirements imposed by the Code.

Shareholders should not draw any conclusions about each Fund’s investment performance from the amount of these distributions or from the terms of the Plan. Each Fund’s total return performance on net asset value is presented in its financial highlights table.

Until July 2021, each Board may amend, suspend or terminate each Fund’s Plan without prior notice if the Board determines in good faith that continuation would constitute a breach of fiduciary duty or would violate the Investment Company Act of 1940. The suspension or termination of the Plan could have the effect of creating a trading discount (if a Fund’s stock is trading at or above net asset value) or widening an existing trading discount. Each Fund is subject to risks that could have an adverse impact on its ability to maintain level distributions. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, increased market volatility, companies suspending or decreasing corporate dividend distributions and changes in the Code. Please refer to the Notes to Financial Statements in the Annual Report to Shareholders for a more complete description of its risks.

Please refer to Additional Information for a cumulative summary of the Section 19(a) notices for each Fund’s current fiscal period. Section 19(a) notices for each Fund, as applicable, are available on the Clough Global Closed-End Funds website www.cloughglobal.com.

Clough Global Funds Table of Contents

Shareholder Letter & Portfolio Allocation	
Clough Global Dividend and Income Fund	2
Clough Global Equity Fund	7
Clough Global Opportunities Fund	13
Statement of Investments	
Clough Global Dividend and Income Fund	20
Clough Global Equity Fund	25
Clough Global Opportunities Fund	29
Statements of Assets and Liabilities	34
Statements of Operations	35
Statements of Changes in Net Assets	36
Statements of Cash Flows	39
Financial Highlights	
Clough Global Dividend and Income Fund	40
Clough Global Equity Fund	41
Clough Global Opportunities Fund	42
Notes to Financial Statements	43
Report of Independent Registered Public Accounting Firm	60
Dividend Reinvestment Plan	61
Additional Information	
Fund Proxy Voting Policies & Procedures	62
Portfolio Holdings	62
Notice	62
Shareholder Meeting	62
Section 19(A) Notices	62
Tax Designations	63
Trustees & Officers	64

Privacy Policy

69

Clough Global Dividend and Income Fund Shareholder Letter

October 31, 2018 (Unaudited)

For the fiscal year ending October 31, the Clough Global Dividend and Income Fund (GLV or the “Fund”) was down 5.18% on net asset value (“NAV”) and down 11.10% on market price. The Fund’s benchmark, 50% of the MSCI World Index and 50% of the Barclays US Aggregate index, was down -0.03% for the same time. Information Technology and Financials were the largest contributors by sector while Energy and Consumer Discretionary were the largest detractors. The Fund was held down all year by a rising rate environment and the negative sentiment toward income stocks in the United States as well as weakness in emerging markets in China and India.

First, we would like to address the recent spike in volatility on the markets. The spike in Treasury yields has been driven by real yields. Inflation expectations are falling, so rising bond yields are simply reflecting growth in the economy and in our view are likely close to peaking.

There are negatives. Equities are clearly discounting a peak in the profit cycle. Residential housing and auto sales are weak and forward-looking indicators of business cycle spending point to a slowdown. The Global Purchasing Managers Index (PMI) is falling, cyclicals are underperforming, and the global profit cycle is peaking. While the central banks focus on labor costs and headline consumer inflation, they are backward-looking at a time when private debt level is high, and a raft of high yield debt has been added to both corporate and financial sector balance sheets. Leveraged loans have mushroomed, having doubled over the past six years, and now stand at \$1.1 trillion. They enable private equity holders to load their companies with debt to fuel the mergers and acquisitions boom, but many of these loans have floating rates which leave them vulnerable to rising short term rates.

Nevertheless, we expect a recovery from October’s equity market selloff. At the first sign of stabilization, investors will face historically low yields and will be dependent on capital gains to capture returns. They will likely “buy the dip” for the simple reason that liquidity is still abundant. Financial market volatility is far more than trends in the underlying economy. High yield spreads are well within the range of quantitative easing experience, so the likelihood is that the Federal Reserve may cease tightening early in 2019.

TOP FIVE CONTRIBUTORS

Microsoft (MSFT) was a top contributor in the Fund. MSFT is one of the winners in cloud computing. MSFT Azure and Office 365 will continue to drive top line growth. This coupled with higher incremental margins as the cloud business scales and discipline on cost will drive strong earnings and free cash flow growth. Given these fundamentals, its valuation and return of capital profile, MSFT remains a core position in the Fund.

Pfizer (PFE), a leading global pharmaceutical company was a top contributor for the year. PFE was rewarded by the market for its best in class drug pipeline management. PFE also benefited as the go to defensive name in health care as the higher beta names in the market sold off with the pickup in volatility during the fall.

Ares Capital (ARCC) is a best in class Business Development Company (“BDC”). ARCC lends to domestic middle market companies. Ares has an excellent credit history through multiple cycles. ARCC trades near book value despite a consistent double digit return on equity and 9% dividend yield.

Ping An Insurance Group (2318 HK) was a top performer for the year. Ping An is the largest private life insurer in China. A combination of favorable industry reform as well as rising incomes has produced a leading platform for sustained growth at an attractive valuation. Ping An is also the second largest peer to peer lender in China.

Finally, Apple (AAPL) was a top contributor to the Fund. The debate around Apple focuses on near term iPhone units sold, but AAPL is starting to monetize its ecosystem through tremendous growth in its services business. We see a business which can potentially grow topline low to mid-single digits with margins going up and return of free cash flow through buybacks and dividends driving mid-teens earnings per share (“EPS”) growth. In our view, a strong consumer franchise with these characteristics deserves to trade at least at a market multiple. Applying a market multiple to AAPL’s earnings could lead to substantial upside from here.

TOP FIVE DETRACTORS

Baker Hughes (BHI) was a top detractor in GLV. The position has subsequently been sold. We purchased Baker Hughes thinking that margins would expand in the company’s key turbo machinery and process controls business. But operating problems continue to linger in that business, far longer than they should have, and we decided our investment was premature.

We wrote down a portion of the Fund’s private investment in Fairway Energy. Fairway is a crude oil storage company in the Houston area with a 10-million-barrel storage terminal capable of receiving crude from the Permian Basin, the Eagle Ford Shale basin, as well as Canada/Mid-continent production locations. The company’s utilization rates have been depressed by backwardation in the crude oil price curve, wherein deferred futures prices for crude are depressed relative to the price of near term deliveries. This discourages holding crude inventories and of course reduces demand for storage. In addition, the company currently faces intense competitive pressures and higher than expected transportation costs.

2 www.cloughglobal.com

Clough Global Dividend and Income Fund Shareholder Letter

October 31, 2018 (Unaudited)

Indiabulls Housing Finance (IHFL IN) and Housing Development Finance Corp (HDFC IN) were top detractors in the Fund for the year. We believe that currently, the best way to invest in housing in India is via private banks and mortgage lenders like HDFC and Indiabulls. Indiabulls is the lesser known of the two companies but it is anticipated to potentially grow significantly while sporting a price to earnings ratio of 12.5x forward earnings. The companies have avoided most of the lending pitfalls in India, hold higher quality assets and as a result enjoy lower funding costs. We think private financial companies can sell at much higher price to book ratios than they do today. They hold 50% of the low-cost deposits but make up only 25% of the total market capitalization for banks. Housing for All by 2022 is a major government goal. A strong dollar and rising rates caused these two names to give back recent gains. We have exited our positions but will look to retake a position once the space stabilizes at lower prices.

Finally, Bristol-Myers Squibb (BMY) was a top detractor in the Fund. BMY, a large pharmaceutical company, declined after competitor Merck announced positive data for its non-small cell lung cancer (NSCLC) treatment. This positive data puts Merck in a leadership position for the treatment and puts Bristol behind Merck as of the recent data for each company.

OTHER CURRENT INVESTMENT THEMES

U.S. MONEY CENTER BANKS

The number of shares outstanding for the U.S. money center banks keep falling and U.S. banks are returning ever larger portions of profits to shareholders in dividends and share repurchases. For example, JP Morgan Chase & Co.'s shares outstanding dropped 5% over the past year; Citigroup's dropped 8%. Citi's management is particularly incentivized to grow profits: its bonus pool pays out fully if Citi earns at least \$22.50 of cumulative EPS between 2018 and 2020. Regulators are satisfied with capital levels.

Money center banks reported strong earnings in the third quarter despite lower mortgage and investment banking activity along with weak trading and loan growth. Bank of America investment banking fees fell 18%, but total revenues were up 5% built upon strong credit card operations. Expenses were actually down 2%.

Citi, in particular, can potentially achieve much higher margins. Outside of its highly profitable credit card business, Citi's efficiency ratios (roughly, costs as a percentage of revenues) are still high compared to its peers. Management's target is to reduce them 200 basis points each year. An activist, ValueAct, is involved and we expect further restructuring moves and stock buybacks. Citi remains the last man standing in global banking, and we believe it is

well situated to potentially return more than its earnings. Deferred tax asset utilization will reduce its tax rate, and the bank will get a new chairman in early 2019.

We believe the environment for community and small regional banks is becoming more tenuous and the money centers will gain share in the more attractive market segments. For example, larger banks have limited their real estate lending in this cycle while banks with less than \$100 billion in assets have materially increased their commercial real estate loans to suburban developers and those assets may be becoming stressed. Bank OZK (the former Bank of the Ozarks) wrote down \$45 million in commercial real estate loans, which reportedly sported an 80% loan to value ratio when the loans were made.

YIELD SHORTAGE

Despite the recent rise in short term rates, investors are still faced with a dearth of income opportunities. We believe that BDCs and Commercial Mortgage real estate income trusts (“REIT”) that are managed by established management teams with solid credit history through multiple cycles are a very attractive income play in a world still starved for yield. The Fund holds a basket of higher quality BDCs and Commercial Mortgage REIT’s that trade cheap to their historical book multiples and pay between 7% and 10% dividends. Unlike traditional REITs, companies like Ares Capital and Starwood Property Trust write floating rate loans to their respective customers, so their profitability stands to benefit from a rise in real interest rates. We believe there is capital appreciation to be made in addition to the attractive dividends in this space.

WHAT ABOUT EMERGING ASIA?

Headlines about Asian markets are dominating sentiment and are at risk of masking some of the important changes going on within China and its capital markets. In India, we believe that what Prime Minister Modi and his administration have accomplished over the last four years has been unprecedented in India's recent history. That being said, emerging market stress finally reached the shores of the Indian market and sentiment, as opposed to underlying fundamentals, can drive performance.

We are traditionally very flexible in our exposure to these markets. At the moment, given the turbulence created by U.S. and China trade tensions, along with rising U.S. rates and higher oil prices which are causing havoc with India’s current account balance, it is at the lower end of our target.

Clough Global Dividend and Income Fund Shareholder Letter

October 31, 2018 (Unaudited)

CURRENT SHORT THEMES

SHORT SEMICONDUCTOR AND SMARTPHONE COMPONENT SUPPLIERS

The Fund currently has established short positions in two sectors: smartphone suppliers and select semiconductor manufacturers. Both industries face stagnant to declining demand and declining margins. While the semiconductor industry has been a key enabler of a data-driven economy and has become inherently less cyclical, the current demand cycle has led to pricing and profit margin levels which are unsustainable for certain suppliers. Many suppliers have responded by building capacity which is likely to ultimately exceed demand. We believe that pricing will come under pressure and that margins will follow.

The Fund currently remains long the stock of Apple while maintaining short positions in certain companies within the company's supply chain. Global unit sales of smartphones are flat, compressing profit margins for commodity suppliers, while Apple will benefit from a product mix shift which implies higher revenues per unit shipped and a growing services business. Companies manufacturing discrete capacitors for the phones are particularly vulnerable.

SHORT EUROPEAN BANKS

A sell-off in Italian bonds translated into lower bank stock prices across Europe, demonstrating the link between weak banks and weak government finances. The cost of credit is rising in response to aggressive fiscal stimulus plans. Falling bond prices weaken bank capital positions since the banks are a key source of government funding. Italian banks are particularly vulnerable. Italy's banks are hurt by rising bond yields and remain vulnerable to a \$290 billion pile of nonperforming loans. Moody's once again downgraded these banks.

Meanwhile, French banks have written down less than 6% of their loans and they likely remain insolvent. At least they are liquid, but the European Central Bank is gradually turning off the liquidity spigot. We think a new solvency crisis looms in Europe and what little capital Europe's banks have is fragile. At the same time, offshore dollar liquidity is tightening as U.S. corporations bring back their overseas cash hordes. U.S. policy is tight money and loose fiscal policy which draws more money to the U.S. Eventually, heavy subprime borrowing in the U.S. may reverse and force deleveraging, but that is not yet predictable.

FIXED INCOME

We continue to keep our duration low in the Fund. With rates moving higher, we are positioned in the less volatile front end of the yield curve in investment grade corporate bonds as well as investment grade floating rate bonds. The Fund sold almost all of its agency mortgage backed securities. In a rising rate environment, these bonds will extend in duration and fall in price. We still believe in a low rate environment in the long term and are patiently waiting for buying opportunities amidst the repricing in the bond market.

FUND DISCOUNT MANAGEMENT PROGRAM

The Fund has taken several steps in the last year to shrink the price discount to net asset value. Throughout the past two years, we have made a number of changes to reduce the expense ratios of the Fund. Last fall, the Fund's Board of Trustees agreed to a managed distribution rate of 10% for the next two years. History has shown that funds with higher distribution rates trade at more attractive valuations relative to net asset value. Finally, the Board of Trustees also implemented a significant tender offer in November 2017 at 98.5% of net asset value. Clough and the Board will continue to look for other opportunities to take shareholder friendly actions that will also shrink the Fund's price discount to net asset value.

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

Sincerely,

Chuck Clough

Robert Zdunczyk

4 www.cloughglobal.com

Clough Global Dividend and Income Fund Shareholder Letter

October 31, 2018 (Unaudited)

This letter is provided for informational purposes only and is not an offer to purchase or sell shares. Clough Global Dividend and Income Fund, Clough Global Equity Fund and Clough Opportunities Fund (the "Funds") are closed-end funds, which are traded on the NYSE American LLC, and does not continuously issue shares for sale as open-end mutual funds do. The market price of a closed-end Fund is based on the market's value.

The information in this letter represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Past performance is no guarantee of future results.

MSCI World Index: a stock market index of world stocks. It is maintained by MSCI Inc. and is often used as a common benchmark for world or global stock funds. The index includes a collection of stocks of all the developed markets in the world as defined by MSCI.

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States, including government, corporate, and international dollar denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.

The net asset value (NAV) of a closed-end fund is the market price of the underlying investments (i.e., stocks and bonds) in the fund's portfolio, minus liabilities, divided by the total number of fund shares outstanding. However, the fund also has a market price; the value of which it trades on an exchange. This market price can be more or less than its NAV.

It is not possible to invest directly in an Index.

RISKS

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain an annual report or semiannual report which contains this and other information visit www.cloughglobal.com or call 1-877-256-8445. Read them carefully before investing.

A Fund's distribution policy will, under certain circumstances, have certain adverse consequences to the Fund and its shareholders because it may result in a return of capital resulting in less of a shareholder's assets being invested in the Fund and, over time, increase the Fund's expense ratio.

Distributions may be paid from sources of income other than ordinary income, such as net realized short-term capital gains, net realized long-term capital gains and return of capital. Based on current estimates, we anticipate the most recent distribution has been paid from short-term and long-term capital gains. The actual amounts and sources of the amounts for tax reporting purposes will depend upon a Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year.

A Fund's investments in securities of foreign issuers are subject to risks not usually associated with owning securities of U.S. issuers. These risks can include fluctuations in foreign currencies, foreign currency exchange controls, social, political and economic instability, differences in securities regulation and trading, expropriation or nationalization of assets, and foreign taxation issues.

A Fund's investments in preferred stocks and bonds of below investment grade quality (commonly referred to as "high yield" or "junk bonds"), if any, are predominately speculative because of the credit risk of their issuers.

An investment by a Fund in REITs will subject it to various risks. The first, real estate industry risk, is the risk that the REIT share prices will decline because of adverse developments affecting the real estate industry and real property values. In general, real estate values can be affected by a variety of factors, including supply and demand for properties, the economic health of the country or of different regions, and the strength of specific industries that rent properties. The second, investment style risk, is the risk that returns from REITs—which typically are small or medium capitalization stocks—will trail returns from the overall stock market. The third, interest rate risk, is the risk that changes in interest rates may hurt real estate values or make REIT shares less attractive than other income-producing investments. Credit risk is the risk that an issuer of a preferred or debt security will become unable to meet its obligation to make dividend, interest and principal payments.

Interest rate risk is the risk that preferred stocks paying fixed dividend rates and fixed-rate debt securities will decline in value because of changes in market interest rates. When interest rates rise the value of such securities generally will fall. Derivative transactions (such as futures contracts and options thereon, options, swaps, and short sales) subject a Fund to increased risk of principal loss due to imperfect correlation or unexpected price or interest rate movements. Compared to investment companies that focus only on large companies, the Fund's share price may be more volatile because it also invests in small and medium capitalization companies.

Past performance is no guarantee of future results.

Annual Report | October 31, 2018 5

Clough Global Dividend and Income Fund Portfolio Allocation

October 31, 2018 (Unaudited)

Top 10 Equity Holdings^{^^}	% of Total Portfolio
1. Microsoft Corp.	3.66%
2. Starwood Property Trust, Inc.	3.20%
3. Ares Capital Corp.	2.99%
4. Citigroup, Inc.	2.97%
5. Johnson & Johnson	2.63%
6. Pfizer, Inc.	2.55%
7. Apple, Inc.	2.48%
8. Blackstone Mortgage Trust, Inc.	2.31%
9. JPMorgan Chase & Co.	2.29%
10. Community Healthcare Trust, Inc.	2.15%

Global Securities Holdings[^]	% of Total Portfolio
United States	85.85%
U.S. Multinationals [†]	9.04%
United Kingdom	3.07%
China	2.48%
India	1.98%
Germany	0.84%
Japan	0.17%
Canada	0.00%
Mexico	0.00%
Other	-3.43%
TOTAL INVESTMENTS	100.00%
Asset Allocation*	% of Total Portfolio
Common Stock - US	31.16%
Common Stock - Foreign	7.95%
Exchange Traded Funds	-0.25%
Total Return Swap Contracts	-0.06%
Total Equities	38.80%

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Corporate Debt	32.71%
Government L/T	9.57%
Preferred Stock	5.43%
Asset/ Mortgage Backed	2.42%
Total Fixed Income	50.13%
Other (Cash)	6.55%
Short-Term Investments	4.52%
TOTAL INVESTMENTS	100.00%

Country Allocation**	Long Exposure %TNA	Short Exposure %TNA	Gross Exposure %TNA	Net Exposure %TNA
United States	132.0%	-4.1%	136.1%	127.9%
U.S. Multinationals [†]	15.3%	-1.8%	17.1%	13.5%
United Kingdom	4.6%	0.0%	4.6%	4.6%
China	3.7%	0.0%	3.7%	3.7%
India	3.0%	0.0%	3.0%	3.0%
Germany	2.7%	-1.4%	4.1%	1.3%
Japan	1.1%	-0.8%	1.9%	0.3%
Canada	0.0%	0.0%	0.0%	0.0%
Mexico	0.0%	0.0%	0.0%	0.0%
Other	0.0%	-5.1%	5.1%	-5.1%
TOTAL INVESTMENTS	162.4%	-13.3%	175.6%	149.2%

*Percentages are based on total investments, including securities sold short and derivative contracts. Holdings are subject to change.

^Includes securities sold short, derivative contracts and foreign cash balances.

†US Multinational Corporations – has more than 50% of revenues derived outside of the U.S.

** Calculated as percent of total net assets using value of cash traded securities and foreign cash balances, and notional value of derivative contracts.

^^ Only long positions are listed.

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Clough Global Equity Fund Shareholder Letter

October 31, 2018 (Unaudited)

For the fiscal year ending October 31, the Clough Global Equity Fund (“GLQ” or the “Fund”) was up 3.99% on net asset value (“NAV”) and up 7.62% on market price. The Fund’s benchmark, the MSCI World Index, was up 1.71% for the same time. Health Care and Financials were the largest contributors by sector while Energy and Communication Services were the largest detractors. We will discuss individual names below.

First, we would like to address the recent spike in volatility on the markets. The spike in Treasury yields has been driven by real yields. Inflation expectations are falling, so rising bond yields are simply reflecting growth in the economy and in our view are likely close to peaking.

There are negatives. Equities are clearly discounting a peak in the profit cycle. Residential housing and auto sales are weak and forward-looking indicators of business cycle spending point to a slow down. The Global Purchasing Managers Index (PMI) is falling, cyclicals are underperforming, and the global profit cycle is peaking. While the central banks focus on labor costs and headline consumer inflation, they are backward looking at a time private debt level is high, and a raft of high yield debt has been added to both corporate and financial sector balance sheets. Leveraged loans have mushroomed, having doubled over the past six years and now stand at \$1.1 trillion. They enable private equity holders to load their companies with debt to fuel the mergers and acquisitions boom, many of these loans have floating rates which leave them vulnerable to rising short rates.

Nevertheless, we expect a recovery from October’s equity market selloff. At the first sign of stabilization, investors will face historically low yields and are dependent on capital gains to capture returns. They will likely “buy the dip” for the simple reason liquidity is still abundant. Financial market volatility is far more than trends in the underlying economy. High yield spreads are well within the range of quantitative easing experience, so the likelihood is that the Federal Reserve may cease tightening early in 2019.

TOP FIVE CONTRIBUTORS

Carvana (CVNA) was a top contributor in GLQ. A good example of the digital disruption theme is Carvana, an online company disrupting the used car retailing industry. The stock was GLQ’s largest gainer. It exemplifies the type of investments we seek as disruptive technologies migrate to large and more traditional industries. The company has been growing revenues more than 100% annually.

Automotive marketing, particularly for used cars, has not changed in over a century and is ripe for disruption. The traditional used car dealer commits millions of investment dollars in inventory, bricks and mortar, and selling, general and administrative expenses at individual dealerships yet offers only a limited inventory of vehicles. The market is extremely fragmented. The largest used car retailer, Carmax, has only a 1.7% market share. Carvana Corp. stepped into this market only five years ago yet today reaches 40% of the U.S. market for used vehicles. It accomplished this by developing a capital-light growth strategy which involves building large centralized inspection and reconditioning centers, each of which serves a wide geographical region. With pooled inventories of over 10,000 vehicles, the company offers the buyer a huge choice via an online platform where they can find, finance and purchase a vehicle in less than 10 minutes at prices that average \$1,500 less than Kelly Blue Book values. In short, the company benefits from great economies of scale and provides a huge growth opportunity, a great product offering, and highly scale-able economics.

Carvana is led by a talented founder-CEO with a significant ownership stake in the business. We think the company may see continued triple-digit growth for a number of years and because the business is so scalable, this could have a substantial impact on its profit margins.

Teladoc Health (TDOC) was also a top contributor for GLQ. Teladoc is an innovative health care company that replaces the traditional visit to the doctor's office with phone and video consultations. Teladoc rallied on strong quarterly earnings

CRISPR Therapeutics (CRSP) a top performer for the year. CRISPR, a gene editing company, gained after it was the first company of its kind to file a clinical trial authorization in Europe, and gained on merger and acquisition ("M&A") activity in the cancer therapy area as highlighted by Celgene's takeout bid for Juno Therapeutics. This offer led to higher value being ascribed to CRISPR, which has retained all rights to its immune oncology platform.

Amazon.com (AMZN) was a top performer in GLQ for the year. We believe Amazon's dominance in retail services as well as its Web Services business makes it a long-term winner in the global technology sector. The recent acquisition of Whole Foods can also help drive earnings going forward.

Finally, Microsoft (MSFT) was a top contributor in the Fund. MSFT is one of the winners in cloud computing. MSFT Azure and Office 365 will continue to drive top line growth. This coupled with higher incremental margins as the cloud business scales and discipline on cost will drive strong earnings and free cash flow ("FCF") growth. Given these fundamentals, its valuation and return of capital profile, MSFT remains a core position in the Fund.

Clough Global Equity Fund Shareholder Letter

October 31, 2018 (Unaudited)

TOP FIVE DETRACTORS

Baker Hughes (BHI) was a top detractor in GLQ. The position has subsequently been sold. We purchased Baker Hughes thinking that margins would expand in the company's key turbo machinery and process controls business. But operating problems continue to linger in that business, far longer than they should have, and we decided our investment was premature.

We wrote down a portion of the private investment in Fairway Energy. Fairway is a crude oil storage company in the Houston area with a 10-million-barrel storage terminal capable of receiving crude from the Permian Basin, the Eagle Ford Shale basin, as well as Canada/Mid-continent production locations. The company's utilization rates have been depressed by backwardation in the crude oil price curve, wherein deferred futures prices for crude are depressed relative to the price of near term deliveries. This discourages holding crude inventories and of course reduces demand for storage. In addition, the company currently faces intense competitive pressures and higher than expected transportation costs.

GCI Liberty is an entity through which we own Charter Communications (CHTR) shares at a discount to their NAV. Charter is the 2nd largest cable company in the country run by what we believe is the best management team in the industry. The company has been investing heavily in its high-speed data product to increase speeds and capacity, while repositioning its product packaging to result in sustainable growth at lower churn, higher margins and lower capital intensity. The position was a negative contributor during the year as the company reported temporarily weak Q1 subscriber results due to the integration of the Time Warner and Bright House Networks assets. The negative performance was also compounded by concerns around competition from emerging technologies such as 5G. Subscriber trends have since improved as the company completes its integration efforts and we believe they will continue to improve over the next few quarters and converge towards the kind of growth that CHTR experienced after the current management team repositioned the company's legacy assets. Furthermore, we believe that the concern around competition from 5G will also fade, and that 5G will come to be regarded similarly to Verizon Fios, Google Fiber, etc.; a competitive last mile solution that is highly manageable in the context of a well-positioned footprint like CHTR's.

GTT Communications (GTT) was a top detractor for the year. GTT is a tier-1 global enterprise network services provider that is uniquely asset-light; much of its network is comprised of capacity leased from other asset-intensive internet service providers. This business model allows the company to compete against incumbents favorably based on customization, service and price. The asset-light business model also generates significant free cash flow with which the company has compiled an impressive merger & acquisition ("M&A") track record. Most recently the company has acquired European peer Interoute. While the Interoute deal looks financially and strategically attractive,

nuances around how the equity funding for the deal took place caused the stock to decline during the quarter. We believe this is a temporary phenomenon and that the company has a long runway in front of them of both M&A and taking share from the large industry incumbents.

OTHER CURRENT INVESTMENT THEMES

BIOTECHNOLOGY

We continue to monitor the Trump administration's actions and rhetoric on drug costs. Importantly, the administration, through the Centers for Medicare and Medicaid Services and the Food & Drug Administration ("FDA"), continues to be focused on innovation within biotech and has stated that it is supportive of the high risk, high innovation approach in biotech. Our longer-term outlook for small and mid-cap biotech companies currently remains bullish. As shown in the chart below, biotech has seen its share of new medicine development increase significantly since 2001, whereas big pharma has seen its share of innovation decrease.

We believe these smaller, more prolific drug developers are likely to continue to be rewarded through premium priced M&A, as the largest companies continue to look outside their own labs for products.

8 www.cloughglobal.com

Clough Global Equity Fund Shareholder Letter

October 31, 2018 (Unaudited)

**Revenues in BioPharma By New Medicine Originator -
Biotech Has Been Gaining Share at the Expense of Big Pharma**

Source: EvaluatePharma; Pharmaprojects; McKinsey analysis

Among other holdings, the Fund also has exposure to companies engaged in a variety of promising areas across the biotechnology sector, including genomic sequencing, telemedicine, and specialty pharma that uses genetically modified cannabis plants for the treatment of pediatric seizures.

We are particularly bullish on the M&A landscape in biotech. We have positioned the Fund with what we believe are several attractive strategic assets and have used the drawdown in October 2018 to selectively add to some of our favorite names within the space. As we have mentioned in the past, we are currently bullish, based on starving pipelines, tax repatriation, and the need for innovation at the large biopharma companies.

U.S. MONEY CENTER BANKS

The number of shares outstanding for the U.S. money center banks keep falling and U.S. banks are returning ever larger portions of profits to shareholders in dividends and share repurchases. For example, JP Morgan Chase & Co.'s shares outstanding dropped 5% over the past year; Citigroup's dropped 8%. Citi's management is particularly incentivized to grow profits: its bonus pool pays out fully if Citi earns at least \$22.50 of cumulative earnings per share between 2018 and 2020. Regulators are satisfied with capital levels.

Money center banks reported strong earnings in the third quarter despite lower mortgage and investment banking activity, weak trading and loan growth. Bank of America Corp.'s investment banking fees fell 18%, but total revenues were up 5% built upon strong credit card operations. Expenses were actually down 2%.

Citi, in particular, can achieve much higher margins. Outside of its highly profitable credit card business, Citi's efficiency ratios (roughly costs as a percentage of revenues) are still high compared to peers. Management's target is to reduce them 200 basis points each year. An activist, ValueAct, is involved and we expect further restructuring moves and stock buybacks. Citi remains the last man standing in global banking, and we believe it is well situated to potentially return more than its earnings. Deferred tax asset utilization will reduce its tax rate, and the bank will get a new chairman in early 2019.

We believe the environment for community and small regional banks is becoming more tenuous and the money centers will gain share in the more attractive market segments. For example, larger banks have limited their real estate lending in this cycle while banks with less than \$100 billion in assets have materially increased their commercial real estate loans to suburban developers and those assets may be becoming stressed. Bank OZK (the former Bank of the Ozarks) wrote down \$45 million in commercial real estate loans, which reportedly sported an 80% loan to value ratio when the loans were made.

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WHAT ABOUT EMERGING ASIA?

Headlines about Asian markets are dominating sentiment and are at risk of masking some of the important changes going on within China and its capital markets. In India, we believe that what Prime Minister Modi and his administration have accomplished over the last four years has been unprecedented in India's recent history. That being said, emerging market stress finally reached the shores of the Indian market and sentiment as opposed to underlying fundamentals can drive performance.

We are traditionally very flexible in our exposure to these markets. At the moment, given the turbulence created by U.S. and China trade tensions, along with rising U.S. rates and higher oil prices which are causing havoc with India's current account balance, it is at the lower end of our target.

SHORT THEMES

SHORT SEMICONDUCTOR AND SMARTPHONE COMPONENT SUPPLIERS

The Fund currently has established short positions in two sectors: smartphone suppliers and select semiconductor manufacturers. Both industries face stagnant to declining demand and declining margins. While the semiconductor industry has been a key enabler of a data-driven economy and has become inherently less cyclical, the current demand cycle has led to pricing and profit margin levels which are unsustainable for certain suppliers. Many suppliers have responded by building capacity which is likely to ultimately exceed demand. We believe that pricing will come under pressure and that margins will follow.

The Fund currently remains long the stock of Apple Inc. while maintaining short positions in the company's supply chain. Global unit sales of smartphones are flat, compressing profit margins for commodity suppliers, while Apple will benefit from a product mix shift which implies higher revenues per unit shipped and a growing services business. Companies manufacturing discrete capacitors for the phones are particularly vulnerable.

SHORT EUROPEAN BANKS

A sell-off in Italian bonds translated into lower bank stock prices across Europe, demonstrating the link between weak banks and weak government finances. The cost of credit is rising in response to aggressive fiscal stimulus plans.

Falling bond prices weaken bank capital positions since the banks are a key source of government funding. Italian banks are particularly vulnerable. Italy's banks are hurt by rising bond yields and remain vulnerable to a \$290 billion pile of nonperforming loans. Moody's once again downgraded these banks.

Meanwhile, French banks have written down less than 6% of their loans and they likely remain insolvent. At least they are liquid, but the European Central Bank is gradually turning off the liquidity spigot. We think a new solvency crisis looms in Europe and what little capital Europe's banks have is fragile. At the same time, offshore dollar liquidity is tightening as U.S. corporations bring back their overseas cash hordes. U.S. policy is tight money and loose fiscal policy which draws more money to the U.S. Eventually, heavy subprime borrowing in the U.S. may reverse and force deleveraging, but that is not yet predictable.

FUND DISCOUNT MANAGEMENT PROGRAM

The Fund has taken several steps in the last year to shrink the price discount to net asset value. Throughout the past two years, Clough made a number of changes to reduce the expense ratios of the fund. Last fall, the Fund's Board of Trustees agreed to a managed distribution rate of 10% for the next two years. History has shown that funds with higher distribution rates trade at more attractive valuations relative to net asset value. Finally, the Board of Trustees also implemented a significant tender offer in November 2017 at 98.5% of net asset value. Clough and the Board will continue to look for other opportunities to take shareholder friendly actions that will also shrink the Fund's price discount to net asset value.

If you have any question, please contact Kevin McNally at 617-204-3411.

Sincerely,

Chuck Clough

Robert Zdunczyk

10 www.cloughglobal.com

Clough Global Equity Fund Shareholder Letter

October 31, 2018 (Unaudited)

This letter is provided for informational purposes only and is not an offer to purchase or sell shares. Clough Global Dividend and Income Fund, Clough Global Equity Fund and Clough Opportunities Fund (the “Funds”) are closed-end funds, which are traded on the NYSE American LLC, and does not continuously issue shares for sale as open-end mutual funds do. The market price of a closed-end Fund is based on the market’s value.

The information in this letter represents the opinions of the individual Portfolio Managers and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Past performance is no guarantee of future results.

MSCI World Index: a stock market index of world stocks. It is maintained by MSCI Inc. and is often used as a common benchmark for world or global stock funds. The index includes a collection of stocks of all the developed markets in the world as defined by MSCI.

Bloomberg Barclays U.S. Aggregate Bond Index: Measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States, including government, corporate, and international dollar denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.

The net asset value (NAV) of a closed-end fund is the market price of the underlying investments (i.e., stocks and bonds) in the fund’s portfolio, m