

LIBERTY ALL STAR GROWTH FUND INC.

Form N-30B-2

November 29, 2011

Fellow Shareholders:

October 2011

The third quarter represented the worst percentage decline for equities since the fourth quarter of 2008. The S&P 500 Index fell 13.87 percent and pulled that benchmark well into negative territory for the first nine months of 2011, a decline of 8.68 percent. By the end of September, the S&P 500 had declined for five consecutive months, marking its longest losing streak since March 2008. A key growth benchmark, the NASDAQ Composite Index, was off 12.70 percent over the quarter, bringing its nine-month return to -8.33 percent. The Russell 2000® Growth Index, a measure of small cap growth stocks, ended the third quarter and first nine months down 22.25 percent and 15.57 percent, respectively.

A number of factors combined to create the prevailing mood of pessimism. The first was the ongoing crisis in Europe. The risk of Greece defaulting on its debt stoked fears of a financial crisis like the one that hit the U.S. in 2008. Similar debt problems in Spain, Ireland, Portugal and Italy lurked, creating doubt about the future of the euro and the European Union. The second factor was slowing economies around the world. Gross domestic product growth in the U.S. during the second quarter was an anemic 1.3 percent. With unemployment remaining high, housing still depressed and consumer confidence ebbing, the debate domestically was whether the U.S. would slip back into recession—the so-called double dip. Falling industrial commodity prices were indicative of an economic slowdown in China, as well; and, the previously mentioned woes in Europe meant that growth there would likely remain stagnant. The third factor was the debt ceiling spectacle and concerns about the ability of this nation to put its own fiscal house in order.

In addition to the absolute declines in value, investors had to endure market volatility that was at its highest since the first quarter of 2009. The S&P 500 experienced daily moves (higher or lower) of greater than 1 percent on 21 percent of trading days in the first quarter and 24 percent of trading days in the second quarter. That figure soared to 55 percent in the third quarter, and since July 21 it is even higher—60 percent of all trading days until quarter's end.

After outperforming through the first half of the year, third quarter returns for Liberty All-Star Growth Fund were mixed. The Fund declined 16.75 percent with shares valued at net asset value (NAV); 16.67 percent with shares valued at NAV with dividends reinvested; and 17.72 percent with shares valued at market price (with dividends reinvested). The Lipper Multi-Cap Growth Mutual Fund Average declined 17.00 percent for the quarter; the Fund's return ranked in the 46th percentile within that universe for the quarter and in the 29th percentile for the first nine months of the year. Longer term relative results are above average as well; the Fund is ranked in the 38th percentile or better for trailing one-, three- and five-year periods.

The discount at which Fund shares traded relative to their underlying NAV narrowed moderately. For the quarter, shares traded in a discount range of 2.7 percent to 8.9 percent to NAV compared to last quarter's range of 4.9 percent to 8.3 percent.

President's Letter

Liberty All-Star® Growth Fund

During the quarter, Fund shareholders approved a new Fund Management Agreement with ALPS Advisors (AAI) and new Portfolio Management Agreements among the Fund, AAI and each Portfolio Manager. These approvals were needed to ensure that the operation of our Fund would continue without interruption once the acquisition of AAI's parent company, ALPS Holdings, Inc., by DST Systems was completed. DST Systems is publicly-traded and listed on the New York Stock Exchange. AAI will continue to advise Liberty All-Star Growth Fund, and no change in investment management, objectives, distribution policy, or Board of Directors composition is anticipated. After the quarter ended, the transaction closed on October 31.

The third quarter was difficult for investors everywhere. But, looking at the bigger picture, one quarter should not unduly influence investors long-term thinking. We believe the Fund remains well positioned to benefit when investor sentiment shifts, as it inevitably does. We remain committed to providing a high quality growth equity investment vehicle for our shareholders, and we thank you for your support and confidence in the Fund going forward.

Sincerely,

William R. Parmentier, Jr.
President and Chief Executive Officer

Liberty All-Star® Growth Fund, Inc.

The views expressed in the President's letter reflect the views of the President as of October 2011 and may not reflect his views on the date this report is first published or anytime thereafter. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the Fund disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for the Fund are based on numerous factors, may not be relied on as an indication of trading intent.

Liberty All-Star® Growth Fund

Table of Distributions & Rights Offerings

Year	Per Share Distributions	Month Completed	Rights Offerings	Subscription Price
			Shares Needed to Purchase One Additional Share	
1997	\$1.24			
1998	1.35	July	10	\$12.41
1999	1.23			
2000	1.34			
2001	0.92	September	8	6.64
2002	0.67			
2003	0.58	September	8*	5.72
2004	0.63			
2005	0.58			
2006	0.59			
2007	0.61			
2008	0.47			
2009**	0.24			
2010	0.25			
2011				
1 st Quarter	0.07			
2 nd Quarter	0.07			
3 rd Quarter	0.06			

* The number of shares offered was increased by an additional 25% to cover a portion of the over-subscription requests.

** Effective with the second quarter distribution, the annual distribution rate was changed from 10 percent to 6 percent.

DISTRIBUTION POLICY

Liberty All-Star® Growth Fund, Inc. s current policy is to pay distributions on its shares totaling approximately 6 percent of its net asset value per year, payable in four quarterly installments of 1.5 percent of the Fund s net asset value at the close of the New York Stock Exchange on the Friday prior to each quarterly declaration date. The fixed distributions are not related to the amount of the Fund s net investment income or net realized capital gains or losses and may be taxed as ordinary income up to the amount of the Fund s current and accumulated earnings and profits. If, for any calendar year, the total distributions made under the distribution policy exceed the Fund s net investment income and net realized capital gains, the excess will generally be treated as a non-taxable return of capital, reducing the shareholder s adjusted basis in his or her shares. If the Fund s net investment income and net realized capital gains for any year exceed the amount distributed under the distribution policy, the Fund may, in its discretion, retain and not distribute net realized capital gains and pay income tax thereon to the extent of such excess.

Top 20 Holdings & Economic Sectors
September 30, 2011 (Unaudited)

Liberty All-Star® Growth Fund

Top 20 Holdings*	Percent of Net Assets
Apple, Inc.	2.48%
C.H. Robinson Worldwide, Inc.	2.35
Salesforce.com, Inc.	2.10
QUALCOMM, Inc.	1.90
ACE Ltd.	1.90
IHS, Inc., Class A	1.85
American Tower Corp., Class A	1.75
ARM Holdings PLC	1.73
Cerner Corp.	1.68
Intuitive Surgical, Inc.	1.68
Green Mountain Coffee Roasters, Inc.	1.61
FMC Technologies, Inc.	1.61
Core Laboratories N.V.	1.59
Expeditors International of Washington, Inc.	1.56
Oceanering International, Inc.	1.56
Google, Inc., Class A	1.55
BioMarin Pharmaceutical, Inc.	1.48
Baidu, Inc.	1.44
VMware, Inc., Class A	1.34
Allergan, Inc.	1.33
	34.49%

Economic Sectors*	Percent of Net Assets
Information Technology	28.09%
Industrials	15.67
Health Care	14.43
Consumer Discretionary	12.48
Financials	9.31
Energy	8.90
Consumer Staples	3.59
Materials	2.66
Telecommunication Services	1.75
Utilities	0.85
Other Net Assets	2.27
	100.00%

* Because the Fund is actively managed, there can be no guarantee that the Fund will continue to hold securities of the indicated issuers and sectors in the future.

Liberty All-Star® Growth Fund

Major Stock Changes in the Quarter

The following are the major (\$500,000 or more) stock changes - both purchases and sales - that were made in the Fund's portfolio during the third quarter of 2011.

Security Name	Purchases (Sales)	Shares as of 9/30/11
Purchases		
BorgWarner, Inc.	11,186	11,186
Dick's Sporting Goods, Inc.	19,300	19,300
Liquidity Services, Inc.	23,000	23,000
Lufkin Industries, Inc.	12,400	12,400
SuccessFactors, Inc.	23,181	47,081
Virtus Investment Partners, Inc.	7,301	7,301
Sales		
Capella Education Co.	(16,749)	96
Green Mountain Coffee Roasters, Inc.	(7,000)	20,600
Lincare Holdings, Inc.	(24,990)	0
MSCI, Inc., Class A	(23,364)	22,825
SEI Investments Co.	(39,200)	0
Stericycle, Inc.	(10,457)	0
Strayer Education, Inc.	(6,900)	0
Teva Pharmaceutical Industries Ltd.	(20,210)	0
Ultra Petroleum Corp.	(15,300)	0

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Investment Managers/

Portfolio Characteristics

Liberty All-Star® Growth Fund

THE FUND'S THREE GROWTH INVESTMENT MANAGERS AND THE MARKET CAPITALIZATION ON WHICH EACH FOCUSES:

MANAGERS' DIFFERING INVESTMENT STRATEGIES ARE REFLECTED

IN PORTFOLIO CHARACTERISTICS

The portfolio characteristics table below is a regular feature of the Fund's shareholder reports. It serves as a useful tool for understanding the value of the Fund's multi-managed portfolio. The characteristics are different for each of the Fund's three investment managers. These differences are a reflection of the fact that each has a different capitalization focus and investment strategy. The shaded column highlights the characteristics of the Fund as a whole, while the first three columns show portfolio characteristics for the Russell Smallcap, Midcap and Largecap Growth indices. See page 16 for a description of these indices.

PORTFOLIO CHARACTERISTICS *As of September 30, 2011 (Unaudited)*

	RUSSELL GROWTH:			Market Capitalization Spectrum			TOTAL FUND
	SMALLCAP	MIDCAP	LARGECAP	Small M.A.	TCW (MID-CAP)	Large TCW (LARGE-CAP)	
Number of Holdings	1,141	465	587	60	52	31	127*
Weighted Average Market Capitalization (billions)	\$1.2	\$7.1	\$88.2	\$2.2	\$7.7	\$59.4	\$24.0
Average Five-Year Sales Per Share Growth	9%	10%	12%	15%	17%	17%	17%
Average Five-Year Earnings Per Share Growth	14%	12%	14%	13%	24%	25%	21%
Price/Earnings Ratio**	18x	17x	15x	22x	24x	22x	23x
Price/Book Value Ratio	3.6x	4.0x	4.5x	4.1x	5.9x	4.9x	5.0x

* Certain holdings are held by more than one manager.

** Excludes negative earnings.

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Liberty All-Star® Growth Fund

Schedule of Investments

	SHARES	MARKET VALUE
COMMON STOCKS (97.74%)		
CONSUMER DISCRETIONARY (12.48%)		
Auto Components (0.57%)		
BorgWarner, Inc. ^(a)	11,186	\$677,089
Automobiles (0.45%)		
Thor Industries, Inc.	24,333	538,976
Distributors (1.32%)		
LKQ Corp. ^(a)	64,805	1,565,689
Diversified Consumer Services (0.17%)		
Capella Education Co. ^(a)	96	2,725
Global Education & Technology Group Ltd. ^{(a)(b)}	27,358	129,403
Xueda Education Group ^{(a)(b)}	24,978	68,190
		200,318
Hotels, Restaurants & Leisure (1.22%)		
BJ's Restaurants, Inc. ^(a)	14,945	659,224
Ctrip.com International Ltd. ^{(a)(b)}	24,366	783,610
		1,442,834
Household Durables (0.16%)		
Harman International Industries, Inc.	6,667	190,543
Internet & Catalog Retail (2.54%)		
Amazon.com, Inc. ^(a)	6,740	1,457,390
Expedia, Inc.	15,000	386,250
priceline.com, Inc. ^(a)	2,600	1,168,596
		3,012,236
Specialty Retail (4.04%)		
CarMax, Inc. ^(a)	31,672	755,377
Dick's Sporting Goods, Inc. ^(a)	19,300	645,778
Francesca's Holdings Corp. ^(a)	8,649	183,445
Monro Muffler Brake, Inc.	19,911	656,466
Rue21, Inc. ^(a)	52,761	1,197,147
Teavana Holdings, Inc. ^(a)	14,828	301,601
Ulta Salon, Cosmetics & Fragrance, Inc. ^(a)	7,929	493,422
Urban Outfitters, Inc. ^(a)	25,100	560,232
		4,793,468
Textiles, Apparel & Luxury Goods (2.01%)		
Fossil, Inc. ^(a)	10,200	826,812
Gildan Activewear, Inc.	31,100	803,624
Under Armour, Inc., Class A ^(a)	11,472	761,856

See Notes to Schedule of Investments.

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Liberty All-Star® Growth Fund

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
CONSUMER STAPLES (3.59%)		
Food & Staples Retailing (0.85%)		
Costco Wholesale Corp.	12,300	\$1,010,076
Food Products (2.74%)		
Green Mountain Coffee Roasters, Inc. ^(a)	20,600	1,914,564
Mead Johnson Nutrition Co.	19,400	1,335,302
		3,249,866
ENERGY (8.90%)		
Energy Equipment & Services (7.47%)		
CARBO Ceramics, Inc.	6,200	635,686
Core Laboratories N.V.	21,057	1,891,550
Dril-Quip, Inc. ^(a)	11,856	639,157
FMC Technologies, Inc. ^(a)	50,900	1,913,840
Lufkin Industries, Inc.	12,400	659,804
Oceaneering International, Inc.	52,300	1,848,282
Schlumberger Ltd.	21,395	1,277,924
		8,866,243
Oil, Gas & Consumable Fuels (1.43%)		
Brigham Exploration Co. ^(a)	15,700	396,582
Occidental Petroleum Corp.	18,200	1,301,300
		1,697,882
FINANCIALS (9.31%)		
Capital Markets (2.97%)		
Affiliated Managers Group, Inc. ^(a)	13,790	1,076,309
The Charles Schwab Corp.	64,600	728,042
FXCM, Inc., Class A	37,685	528,344
T. Rowe Price Group, Inc.	16,700	797,759
Virtus Investment Partners, Inc. ^(a)	7,301	391,480
		3,521,934
Commercial Banks (1.18%)		
Signature Bank ^(a)	29,359	1,401,305
Consumer Finance (0.63%)		
Green Dot Corp., Class A ^(a)	23,800	745,416
Diversified Financial Services (1.24%)		
MSCI, Inc., Class A ^(a)	22,825	692,282
Portfolio Recovery Associates, Inc. ^(a)	12,635	786,150
		1,478,432

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Insurance (2.42%)

ACE Ltd.	37,200	2,254,320
Greenlight Capital Re Ltd., Class A ^(a)	29,803	618,114
		2,872,434

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Liberty All-Star[®] Growth Fund

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	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Real Estate Management & Development (0.87%)		
FirstService Corp. ^(a)	40,205	\$1,034,073
HEALTH CARE (14.43%)		
Biotechnology (3.68%)		
BioMarin Pharmaceutical, Inc. ^(a)	54,989	1,752,499
Dendreon Corp. ^(a)	55,200	496,800
Human Genome Sciences, Inc. ^(a)	55,388	702,874
Ironwood Pharmaceuticals, Inc. ^(a)	19,200	207,360
Pharmasset, Inc. ^(a)	4,200	345,954
Vertex Pharmaceuticals, Inc. ^(a)	19,300	859,622
		4,365,109
Health Care Equipment & Supplies (3.97%)		
Accuray, Inc. ^(a)	44,878	180,409
Intuitive Surgical, Inc. ^(a)	5,470	1,992,612
Masimo Corp.	27,495	595,267
Varian Medical Systems, Inc. ^(a)	22,600	1,178,816
Volcano Corp. ^(a)	25,800	764,454
		4,711,558
Health Care Providers & Services (1.39%)		
IPC The Hospitalist Co., Inc. ^(a)	10,835	386,701
PSS World Medical, Inc. ^(a)	34,111	671,646
VCA Antech, Inc. ^(a)	36,775	587,664
		1,646,011
Health Care Technology (2.47%)		
athenahealth, Inc. ^(a)	15,683	933,923
Cerner Corp. ^(a)	29,100	1,993,932
		2,927,855
Life Sciences Tools & Services (0.97%)		
Life Technologies Corp. ^(a)	29,900	1,149,057
Pharmaceuticals (1.95%)		
Allergan, Inc.	19,100	1,573,458
Mylan, Inc. ^(a)	44,000	748,000
		2,321,458
INDUSTRIALS (15.67%)		
Aerospace & Defense (2.99%)		
Aerovironment, Inc. ^(a)	18,020	507,263
HEICO Corp.	16,871	830,728
Precision Castparts Corp.	8,800	1,368,048
TransDigm Group, Inc. ^(a)	10,349	845,203

3,551,242

See Notes to Schedule of Investments.

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Schedule of Investments

Liberty All-Star® Growth Fund

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Air Freight & Logistics (3.91%)		
C.H. Robinson Worldwide, Inc.	40,650	\$2,783,305
Expeditors International of Washington, Inc.	45,700	1,853,135
		4,636,440
Commercial Services & Supplies (0.98%)		
American Reprographics Co. ^(a)	47,576	159,855
Waste Connections, Inc.	29,575	1,000,227
		1,160,082
Electrical Equipment (1.76%)		
II-VI, Inc. ^(a)	32,210	563,675
Rockwell Automation, Inc.	27,100	1,517,600
		2,081,275
Machinery (0.85%)		
Graco, Inc.	18,546	633,160
Middleby Corp. ^(a)	5,376	378,793
		1,011,953
Professional Services (4.56%)		
Huron Consulting Group, Inc. ^(a)	27,815	865,881
ICF International, Inc. ^(a)	14,139	265,955
IHS, Inc., Class A ^(a)	29,350	2,195,673
Resources Connection, Inc.	82,682	808,630
Robert Half International, Inc.	37,400	793,628
Stantec, Inc. ^(a)	21,775	486,018
		5,415,785
Road & Rail (0.62%)		
Landstar System, Inc.	18,616	736,449
INFORMATION TECHNOLOGY (28.10%)		
Communications Equipment (4.33%)		
Acme Packet, Inc. ^(a)	4,000	170,360
Aruba Networks, Inc. ^(a)	41,700	871,947
F5 Networks, Inc. ^(a)	9,100	646,555
InterDigital, Inc.	12,661	589,749
Polycom, Inc. ^(a)	33,235	610,527
QUALCOMM, Inc.	46,365	2,254,730
		5,143,868
Computers & Peripherals (2.70%)		

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Apple, Inc. ^(a)	7,710	2,938,898
Fusion-io, Inc. ^(a)	14,276	271,244
		3,210,142
Electronic Equipment & Instruments (1.57%)		
FARO Technologies, Inc. ^(a)	21,048	664,064
FLIR Systems, Inc.	9,325	233,591
National Instruments Corp.	25,147	574,861

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Liberty All-Star® Growth Fund

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	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Electronic Equipment & Instruments (continued)		
Universal Display Corp. ^(a)	8,100	\$388,314
		1,860,830
Internet Software & Services (5.18%)		
Baidu, Inc. ^{(a)(b)}	16,000	1,710,560
Google, Inc., Class A ^(a)	3,570	1,836,337
Liquidity Services, Inc. ^(a)	23,000	737,610
Monster Worldwide, Inc. ^(a)	67,527	484,844
SINA Corp. ^(a)	4,400	315,084
VistaPrint Ltd. ^(a)	19,908	538,113
Youku.com, Inc. ^{(a)(b)}	31,864	521,295
		6,143,843
IT Services (3.23%)		
Cognizant Technology Solutions Corp., Class A ^(a)	19,900	1,247,730
FleetCor Technologies, Inc. ^(a)	9,177	240,988
ServiceSource International, Inc. ^(a)	17,738	234,319
VeriFone Systems, Inc. ^(a)	30,938	1,083,448
Visa, Inc., Class A	11,915	1,021,354
		3,827,839
Semiconductors & Semiconductor Equipment (2.94%)		
ARM Holdings PLC ^(b)	80,500	2,052,750
Cavium, Inc. ^(a)	27,488	742,451
Hittite Microwave Corp. ^(a)	14,151	689,154
		3,484,355
Software (8.15%)		
ANSYS, Inc. ^(a)	13,963	684,746
Concur Technologies, Inc. ^(a)	15,406	573,411
QLIK Technologies, Inc. ^(a)	36,577	792,258
RealPage, Inc. ^(a)	30,444	622,580
Salesforce.com, Inc. ^(a)	21,800	2,491,304
Solera Holdings, Inc.	24,735	1,249,117
SuccessFactors, Inc. ^(a)	47,081	1,082,392
Ultimate Software Group, Inc. ^(a)	12,557	586,663
VMware, Inc., Class A ^(a)	19,800	1,591,524
		9,673,995
MATERIALS (2.66%)		
Chemicals (1.64%)		
CF Industries Holdings, Inc.	4,700	579,933
Praxair, Inc.	14,600	1,364,808
		1,944,741
Metals & Mining (1.02%)		

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Allegheny Technologies, Inc.	15,800	584,442
Silver Wheaton Corp.	21,250	625,812
		1,210,254

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Liberty All-Star® Growth Fund

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
TELECOMMUNICATION SERVICES (1.75%)		
Wireless Telecommunication Services (1.75%)		
American Tower Corp., Class A ^(a)	38,600	\$2,076,680
UTILITIES (0.85%)		
Electric Utilities (0.85%)		
ITC Holdings Corp.	13,083	1,013,017
TOTAL COMMON STOCKS		
(COST OF \$108,389,510)		115,994,944
PAR VALUE		
SHORT TERM INVESTMENT (2.63%)		
REPURCHASE AGREEMENT (2.63%)		
Repurchase agreement with State Street Bank & Trust Co., dated 09/30/11, due 10/03/11 at 0.01%, collateralized by several Fannie Mae and Freddie Mac instruments with various maturity dates, market value of \$3,195,728 (Repurchase proceeds of \$3,127,000)	\$3,127,000	3,127,000
TOTAL SHORT TERM INVESTMENT		
(COST OF \$3,127,000)		3,127,000
TOTAL INVESTMENTS (100.37%)		
(COST OF \$111,516,510) ^(c)		119,121,944
LIABILITIES IN EXCESS OF OTHER ASSETS (-0.37%)		(436,230)
NET ASSETS (100.00%)		\$118,685,714
NET ASSET VALUE PER SHARE		
(30,080,350 SHARES OUTSTANDING)		\$3.95

(a) Non-income producing security.

(b) American Depositary Receipt.

(c) Cost of investments for federal income tax purposes is \$111,880,618.

Gross unrealized appreciation and depreciation at September 30, 2011 based on cost of investments for federal income tax purposes is as follows:

Gross unrealized appreciation	\$ 20,417,963
Gross unrealized depreciation	(13,176,637)
Net unrealized appreciation	\$ 7,241,326

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets. These industry classifications are unaudited.

See Notes to Schedule of Investments.

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Security Valuation

Equity securities including common stocks and exchange traded funds are valued at the last sale price at the close of the principal exchange on which they trade, except for securities listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) exchange, which are valued at the NASDAQ official closing price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Short-term debt obligations maturing in more than 60 days for which market quotations are readily available are valued at current market value. Short-term debt obligations maturing within 60 days are valued at amortized cost, which approximates market value.

Investments for which market quotations are not readily available are valued at fair value as determined in good faith under consistently applied procedures approved by and under the general supervision of the Liberty All-Star® Growth Fund's (the Fund) Board of Directors (the Board).

Foreign Securities

The Fund invests in foreign securities including American Depositary Receipts, which may involve a number of risk factors and special considerations not present with investments in securities of U.S. corporations.

Security Transactions

Security transactions are recorded on the trade date. Cost is determined and gains/(losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Repurchase Agreements

The Fund may engage in repurchase agreement transactions with institutions that the Fund's investment advisor has determined are creditworthy. The Fund, through its custodian, receives delivery of underlying securities collateralizing a repurchase agreement. Collateral is at least equal, at all times, to the value of the repurchase obligation including interest. A repurchase agreement transaction involves certain risks in the event of default or insolvency of the counterparty. These risks include possible delays or restrictions upon a Fund's ability to dispose of the underlying securities and a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights.

Income Recognition

Interest income is recorded on the accrual basis. Corporate actions and dividend income are recorded on the ex-date.

Fair Value Measurements

The Fund discloses the classification of its fair value measurements following the three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

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September 30, 2011 (Unaudited)

Liberty All-Star® Growth Fund

Various inputs are used in determining the value of the Fund's investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

Level 1 Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that a Fund has the ability to access at the measurement date;

Level 2 Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

Level 3 Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The following is a summary of the inputs used to value the Fund's investments as of September 30, 2011:

Investments in Securities at	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Value*				
Common Stocks	\$ 115,994,944	\$	\$	\$ 115,994,944
Short Term Investment		3,127,000		3,127,000
Total	\$ 115,994,944	\$ 3,127,000	\$	\$ 119,121,944

*See Schedule of Investments for industry classifications

For the three months ended September 30, 2011, the Fund did not have any significant transfers between Level 1 and Level 2 securities. The Fund did not have any securities which used significant unobservable inputs (Level 3) in determining fair value.

Indemnification

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund. Also, under the Fund's organizational documents and by contract, the Directors and Officers of the Fund are indemnified against certain liabilities that may arise out of their duties to the Fund. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be minimal.

Maryland Statutes

By resolution of the Board of Directors, the Fund has opted into the Maryland Control Share Acquisition Act and the Maryland Business Combination Act. In general, the Maryland Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition may not be voted except to the extent approved by shareholders at a meeting by a vote

of two-thirds of the votes entitled to be cast on the matter (excluding shares owned by the acquiror and by officers or directors who are employees of the corporation). Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within certain statutorily-defined ranges (one-tenth but less than one-third, one-third but less than a majority, and more than a majority of the voting power). In general, the Maryland Business Combination Act prohibits an interested shareholder (a shareholder that holds 10% or more of the voting power of the outstanding stock of the corporation) of a Maryland corporation from engaging in a business combination (generally defined to include a merger, consolidation, share exchange, sale of a substantial amount of assets, a transfer of the corporation's securities and similar transactions to or with the interested shareholder or an entity affiliated with the interested shareholder) with the corporation for a period of five years after the most recent date on which the interested shareholder became an interested shareholder. At the time of adoption, March 19, 2009, the Board and the Fund were not aware of any shareholder that held control shares or that was an interested shareholder under the statutes.

Description of Lipper Benchmark

and Market Indices

Liberty All-Star® Growth Fund

September 30, 2011 (Unaudited)

Lipper Multi-Cap Growth Mutual Fund Average

The average of funds that, by portfolio practice, invest in a variety of market capitalization ranges without concentrating 75% of their equity assets in any one market capitalization range over an extended period of time. Multi-Cap growth funds typically have an above-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P SuperComposite 1500 Index.

NASDAQ Composite Index

Measures all NASDAQ domestic and international based common type stocks listed on the NASDAQ Stock Market.

Russell 3000® Growth Index

Measures the performance of those Russell 3000® companies with higher price-to-book-ratios and higher forecasted growth values. The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

Russell 1000® Growth Index (Largecap)

Measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index.

Russell Midcap® Growth Index

Measures the performance of those Russell Midcap® companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index.

Russell 2000® Growth Index (Smallcap)

Measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index.

S&P 500 Index

A representative sample of 500 leading companies in leading industries of the U.S. economy. Focuses on the large-cap segment of the market with approximately 75% coverage of U.S. equities.

