

LIBERTY ALL STAR GROWTH FUND INC.  
Form N-CSR  
February 28, 2014

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: 811-04537

Liberty All-Star Growth Fund, Inc.

(exact name of registrant as specified in charter)

1290 Broadway, Suite 1100, Denver, Colorado 80203

(Address of principal executive offices) (Zip code)

Erin D. Nelson

ALPS Fund Services, Inc.

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: December 31

Date of reporting period: January 1 - December 31, 2013

**Item 1. Reports to Stockholders.**





LIBERTY ALL-STAR® GROWTH FUND

1

PRESIDENT'S LETTER (UNAUDITED)

Fellow Shareholders:

February 2014

The U.S. equity market rewarded investors with exceptionally strong returns in 2013. The S&P 500® Index returned 32.39 percent – its highest since 1997 – as all 10 of the index's sectors finished the year in positive territory. The widely followed Dow Jones Industrial Average (DJIA) posted 51 record highs en route to a 29.65 percent return, while the technology-focused NASDAQ Composite Index delivered the highest return of all, 40.12 percent.

Among key growth benchmarks, the broad market Russell 3000® Growth Index returned 34.23 percent for the year. (Indicative that both investing styles participated in the market's advance, the Russell 3000® Value Index trailed its growth counterpart, but still returned a strong 32.69 percent.) Among market capitalization indices, the Russell 1000® Growth Index (large cap) returned 33.48 percent and the Russell Midcap® Growth Index rose 35.74 percent. Small cap stocks, as represented by the Russell 2000® Growth Index, generated the strongest return of all, an advance of 43.30 percent.

Stocks surged in 2013 as the economy continued to recover at a steady, albeit moderate pace; corporate earnings continued to grow; and, perhaps most importantly, the Federal Reserve kept short-term interest rates at record low levels while continuing to inject liquidity into the financial system through its \$85 billion-a-month bond buying program. Investor optimism could not be slowed by political gridlock in Washington, fears of a softer economy in China, and continuing fiscal and economic woes in the euro zone. A powerful theme running throughout the year was the industrial renaissance in the U.S., as auto, capital equipment and energy output gained strength. U.S. energy production stood out as a growth driver, as hydraulic fracturing methodologies unlocked previously inaccessible or economically impractical oil and gas deposits. While the old economy was strong, so was the new economy, as demonstrated by the market for initial public offerings (IPOs). According to *The Wall Street Journal*, 230 companies went public on domestic equity markets in 2013, a sharp increase over 144 in 2012.

Liberty All-Star® Growth Fund rewarded investors in 2013 with returns that were strong on both an absolute and relative basis. The Fund returned 39.01 percent with shares valued at net asset value (NAV) with dividends reinvested and 47.82 percent with shares valued at market price with dividends reinvested. (Fund returns are net of fees.) By comparison, the Russell 3000® Growth Index returned the previously mentioned 34.23 percent; the Fund also outperformed both the S&P 500 and DJIA. Performance versus the NASDAQ Composite was mixed; the Fund's NAV return with dividends reinvested trailed moderately, but the market price advance with dividends reinvested was well ahead of the index. The Fund also outperformed the Lipper Multi-Cap Growth Mutual Fund Average, which returned 35.03 percent for the year. The discount at which Fund shares traded relative to their underlying NAV narrowed considerably during the year; at one point in the fourth quarter Fund shares traded at a 1.8 percent premium to NAV.

The Fund's long-term returns were also strong. The Fund outperformed the Lipper average for the past three- and five-year periods, while lagging moderately over the trailing 10 years. Compared to the Russell 3000® Growth Index, the Fund was either slightly ahead or slightly behind for the three-, five- and 10-year periods, depending on whether return is measured by NAV with dividends reinvested or market price with dividends reinvested.

On the subject of longer-term returns, 2013 marked five years since the steep equity market sell-off in 2008 (when the Russell 3000® Growth Index declined 38.44 percent). In the shareholder letter for the Fund's 2008 annual report, we noted that even in the depths of recession and stock market retreat it is essential for investors to keep faith in the U.S. economy and our financial markets. Indeed, investors who were able to look beyond the immediate crisis were well-rewarded. By year-end 2009, the Russell 3000® Growth Index gained 67.46 percent off the March 9 low and, even accounting for the steep declines in January and February, the index gained

**LIBERTY ALL-STAR® GROWTH FUND**  
**PRESIDENT'S LETTER (UNAUDITED)**

37.01 percent for the full year in 2009. In retrospect, the financial system did not come apart, and U.S. banks are now the most highly capitalized in the world.

Fund distributions totaled \$0.31 per share in 2013. The Fund's distribution policy has been in place since 1997 and is a major component of the Fund's total return. Since 1997, the Fund has paid distributions totaling \$11.55 per share, and we would emphasize that shareholders should include these distributions when determining the return on their investment in the Fund.

One of the key principles on which the Fund was founded is multi-management, or the practice of allocating the Fund's assets to carefully selected growth style managers investing across the capitalization spectrum of large-, mid- and small-cap growth stocks. Thus, in this annual report we are once again offering insights into the managers' thinking through a roundtable discussion to which all three managers have contributed. In particular, we asked the managers to comment on why participation by individual investors in the equity market has declined in recent years. We believe you will find their responses to be of interest. As we have done in recent annual reports, we once again offer a brief summary of the Fund's attributes (on pages 4 and 5). I urge you to revisit these attributes, as they help to make the Fund a unique and attractive investment vehicle.

We are gratified that the Fund rewarded investors in 2013. Uniformly strong equity market returns set a high hurdle for an actively managed fund, like Liberty All-Star® Growth Fund, to outperform passive benchmarks. But, the Fund was able to do that and we believe the Fund is also well positioned for the future. While we are optimistic about the prospects for 2014 and beyond, no one knows what direction equity markets will take going forward. We can, and will, however, remain diligent and disciplined and put our experience and expertise to work in service to our shareholders.

Sincerely,

William R. Parmentier, Jr.

President and Chief Executive Officer

Liberty All-Star® Growth Fund, Inc.

## LIBERTY ALL-STAR® GROWTH FUND

3

PRESIDENT'S LETTER (UNAUDITED)

## FUND STATISTICS AND SHORT-TERM PERFORMANCE

## PERIODS ENDING DECEMBER 31, 2013

## FUND STATISTICS:

Net Asset Value (NAV)	\$ 5.91
Market Price	\$ 5.62
Discount	4.9%

	<b>Quarter</b>	<b>2013</b>
Distributions*	\$0.09	\$0.31
Market Price Trading Range	\$4.80 to \$5.89	\$4.11 to \$5.89
Premium/(Discount) Range	1.8% to (11.6)%	1.8% to (11.8)%

## PERFORMANCE:

Shares Valued at NAV with Dividends Reinvested	8.33%	39.01%
Shares Valued at Market Price with Dividends Reinvested	16.20%	47.82%
Dow Jones Industrial Average	10.22%	29.65%
Lipper Multi-Cap Growth Mutual Fund Average	9.71%	35.03%
NASDAQ Composite Index	11.10%	40.12%
Russell 3000® Growth Index	10.25%	34.23%
S&P 500® Index	10.51%	32.39%

LONG-TERM PERFORMANCE SUMMARY AND DISTRIBUTIONS  
PERIODS ENDING DECEMBER 31, 2013

## ANNUALIZED RATES OF RETURN

3 YEARS 5 YEARS 10 YEARS INCEPTION\*\*

## LIBERTY ALL-STAR® GROWTH FUND, INC.

Distributions	\$0.85	\$1.34	\$4.22	\$7.41
Shares Valued at NAV with Dividends Reinvested	16.29%	20.85%	8.03%	3.18%
Shares Valued at Market Price with Dividends Reinvested	17.16%	25.02%	6.98%	4.76%
Dow Jones Industrial Average	15.71%	16.74%	7.44%	5.74%
Lipper Multi-Cap Growth Mutual Fund Average	15.02%	20.03%	8.25%	2.92%
NASDAQ Composite Index	17.74%	22.86%	8.63%	1.36%
Russell 3000® Growth Index	16.47%	20.56%	7.95%	1.59%
S&P 500® Index	16.18%	17.94%	7.40%	3.74%

\* All 2013 distributions consist of ordinary dividends and long-term capital gains. A breakdown of each 2013 distribution for federal income tax purposes can be found in the table on page 31.

\*\* Since restructuring to a multi-cap growth fund on May 1, 2000.

Figures shown for the Fund and the Lipper Multi-Cap Growth Mutual Fund Average are total returns, which include dividends, after deducting Fund expenses. The Fund's performance is calculated assuming that a shareholder exercised all primary rights in the Fund's rights offerings. Figures shown for the unmanaged Dow

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

Jones Industrial Average, NASDAQ Composite Index, the Russell 3000® Growth Index and the S&P 500® Index are total returns, including dividends. A description of the Lipper benchmark and the market indices can be found on page 40.

**Past performance cannot predict future results.** Performance will fluctuate with market conditions. Current performance may be lower or higher than the performance data shown. Performance information does not reflect the deduction of taxes that shareholders would pay on Fund distributions or the sale of Fund shares. An investment in the Fund involves risk, including loss of principal.

Closed-end funds raise money in an initial public offering and shares are listed and traded on an exchange. Open-end mutual funds continuously issue and redeem shares at net asset value. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value.

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG



**LIBERTY ALL-STAR® GROWTH FUND**

4

**UNIQUE FUND ATTRIBUTES (UNAUDITED)**

## Unique Attributes of Liberty All-Star® Growth Fund

Several attributes help to make the Fund a core equity holding for investors seeking a diversified growth portfolio, income and the potential for long-term appreciation.

### Multi-management for Individual Investors

Large institutional investors have traditionally employed multiple investment managers. With three investment managers investing across the full capitalization range of growth stocks, the Fund brings multi-management to individual investors.

### Real-time Trading and Liquidity

The Fund has a fixed number of shares that trade on the New York Stock Exchange and other exchanges. Share pricing is continuous not just end-of-day, as it is with open-end mutual funds. In addition, Fund shares offer immediate liquidity and there are no annual sales fees.

## UNIQUE FUND ATTRIBUTES (UNAUDITED)

### Access to Institutional Managers

The Fund's investment managers invest primarily for pension funds, endowments, foundations and other institutions. Because institutional managers are closely monitored by their clients, they tend to be more disciplined and consistent in their investment process.

### Monitoring and Rebalancing

ALPS Advisors continuously monitors these investment managers to ensure that they are performing as expected and adhering to their style and strategy, and will replace the managers when warranted. Periodic rebalancing maintains the Fund's structural integrity and is a well-recognized investment discipline.

### Alignment and Objectivity

Alignment with shareholders' best interests and objective decision-making help to ensure that the Fund is managed openly and equitably. In addition, the Fund is governed by a Board of Directors that is elected by and responsible to shareholders.

### Distribution Policy

Since 1997, the Fund has followed a policy of paying annual distributions on its shares at a rate that approximates historical equity market returns. The current annual distribution rate is 6 percent of the Fund's net asset value (paid quarterly at 1.5 percent per quarter), providing a systematic mechanism for distributing funds to shareholders.

**6 LIBERTY ALL-STAR® GROWTH FUND**  
**INVESTMENT MANAGERS/PORTFOLIO CHARACTERISTICS (UNAUDITED)**

**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 40 for a description of these indices.

**PORTFOLIO  
CHARACTERISTICS**

**AS OF DECEMBER 31, 2013**

	RUSSELL GROWTH:			M.A. WEATHERBIE	TCW (MID-CAP)	TCW (LARGE-CAP)	TOTAL FUND
	SMALLCAP INDEX	MIDCAP INDEX	LARGECAP INDEX				
Number of Holdings	1174	502	625	60	56	33	134*
Weighted Average Market Capitalization (billions)	\$2.0	\$12.3	\$100.6	\$3.0	\$10.9	\$68.3	\$26.7
Average Five-Year Earnings Per Share Growth	18%	19%	18%	25%	25%	19%	23%
Average Five-Year Sales Per Share Growth	8%	9%	12%	13%	10%	15%	13%
Price/Earnings Ratio**	27x	25x	22x	33x	28x	31x	31x
Price/Book Value Ratio	6.6x	6.5x	6.7x	7.1x	6.9x	9.6x	7.8x

\* Certain holdings are held by more than one manager.

\*\* Excludes negative earnings.



## Investment Manager Roundtable

*Timely insights for individual investors: Why the Fund's investment managers remained focused on their disciplines in a strong market like 2013 (despite lingering worries about a reversal). And how investors—many of whom have missed the multi-year stock market rally—should be thinking about participation in the stock market.*

Liberty All-Star® Growth Fund's investment managers bring long experience, deep knowledge, a proven track record and a firm commitment to growth style investing. Once again, therefore, we are grateful to be able to call upon this resource to provide Fund shareholders with commentary and insight. The Fund's Investment Advisor, ALPS Advisors, serves as moderator of the roundtable. Participating investment management firms, the portfolio manager for each and their respective capitalization ranges are:

### **WEATHERBIE CAPITAL, LLC**

*Portfolio Manager*/Matthew A. Weatherbie, CFA

President and Founder

*Capitalization Focus*/Small-Cap Growth—Weatherbie practices a small capitalization growth investment style focusing on high quality companies that demonstrate superior earnings growth prospects, yet are reasonably priced relative to their intrinsic value. The firm seeks to provide superior returns relative to small capitalization growth indices over a full market cycle.

### **TCW INVESTMENT MANAGEMENT COMPANY**

*Co-Portfolio Managers*/Chang Lee and Mike Olson,

CFA Managing Directors

*Capitalization Focus*/Mid-Cap Growth—TCW seeks capital appreciation through investment in the securities of rapidly growing companies whose business prospects, in TCW's view, are not properly perceived by consensus research.

### **TCW INVESTMENT MANAGEMENT COMPANY**

*Portfolio Manager*/Craig C. Blum, CFA

Group Managing Director

*Capitalization Focus*/Large-Cap Growth—TCW seeks large-cap companies that have superior sales growth, leading and/or rising market shares, and high and/or rising profit margins. TCW's concentrated growth equity strategy seeks companies with distinct advantages in their business model.

The year 2013 was, by just about any measure, a very good one for equity investors. Leading many prognosticators to forecast a pullback as the year progressed. Liberty All-Star® Growth Fund investment managers, however, are more driven by bottom-up company fundamentals than top-down market conditions. When and to what extent does overall market valuation enter your decision-making? Or do you judge valuation solely on a stock-by-stock basis. And what is your approach to valuing a security both at purchase and sale?

**Weatherbie (Weatherbie Capital—Small-Cap Growth):** At Weatherbie, we follow a fundamental, bottom-up, research-driven investment process. We evaluate each of our approximately 60 portfolio positions on a stock-by-stock basis. We do evaluate the macro environment and often have a view on sectors we believe will move or be held back by the markets.

**We continue to believe the united States is the most attractive developed growth market for investing.**

**Matt Weatherbie**  
**(Weatherbie Capital**  
**Small-Cap Growth)**

We continue to believe the United States is the most attractive developed growth market for investing. We are excited that the continued resurrection of the initial public offering (IPO) market is creating an increased opportunity set that our firm is poised to capitalize on.

Moreover, we see early signs that the positive direct and indirect longer-term implications for the U.S. economy of the development of unconventional energy resources from hydraulic fracturing have been underestimated. Despite continued partisan bickering in Washington, we think that it is rational and realistic to believe that America's best days lie ahead.

We remain confident that our research-driven investment approach will allow us to continue to outperform the small-cap growth indices over the long term.

Thank you. Let's continue up the capitalization range by hearing from TCW's mid-cap and large-cap managers.

**Lee (TCW Mid-Cap Growth):** We use bottom-up, fundamental analysis to create financial models with best-, base- and worst-case price targets for every stock in our portfolio. These price targets are based on future cash flow projections and they, along with our risk/reward analysis and conviction level, drive our decision-making. The goal is to find companies in which our estimates of free cash flow growth are above what is implied by current market prices, resulting in securities that are attractively valued today relative to those cash flows. That being said, we do pay attention to overall economic and market conditions, as

**LIBERTY ALL-STAR® GROWTH FUND**

8

**MANAGER ROUNDTABLE (UNAUDITED)**

these do influence our decisions because of their potential impact on cash flow estimates for our portfolio companies.

**Blum (TCW Large-Cap Growth):** We are stock pickers and judge valuation on a stock-by-stock basis. After our initial screen, we do thorough fundamental analysis on any potential new position. This includes talking to suppliers, conducting competitor analysis, sizing the end market and determining what makes the company special. We look three to five years out and look for a disconnect between the stock's current price and our valuation. We sell a security when the valuation reflects our most optimistic outlook in order to take advantage of a superior opportunity. Of course, we can get negatively surprised and when this happens we place a stock on our review list and ask two questions: One, is the business model impaired? And, two, is the revenue opportunity impaired? If the answer to either is yes, we sell the position.

That said, we do consider the economic cycle when constructing our portfolio. We like to say that we run a balanced portfolio: Approximately two-thirds of the

portfolio is in offensive growth stocks and one-third of the portfolio is Individual investors in defensive growth stocks. The former are very disruptive companies with above-market volatility (betas) and may be cyclical. Defensive growth stocks are less sensitive to GDP and are uncorrelated to the economic cycle. Besides a laser-like focus on only owning quality businesses

need to remember that volatility, although not easy to stomach, often provides long-term opportunities.

**Craig Blum**

**(TCW Large-Cap Growth)**

with sustainable competitive advantages, this portfolio construction process is another way we mitigate risk in the portfolio.

Thank you very much. Individual investors have not shown much of an inclination to invest in stocks. A national poll conducted last April by a respected survey research firm found that only 52 percent of people said they owned shares directly or indirectly (through a mutual fund) compared with 62 percent in April 2000. Why do you believe individuals are investing at a relatively low rate? How should individual investors be thinking about participation in the stock market?

**Blum (TCW Large-Cap Growth):** Fear and greed drive markets and due to the pain of 2008, many investors are still squarely in the fear camp. Individual investors need to remember that volatility, although not easy to stomach, often provides long-term opportunities. The stock market has advanced for five consecutive years and

many individual investors feel like they have missed their chance. Consistent stock market participation is critical, yet it is clear that the average individual investor may have been his/her own worst enemy. The evidence: 20-year annualized returns for the average investor (+2.3 percent) have not only failed to keep up with the S&P 500 Index (+8.2 percent) and bonds (+6.3 percent), they have failed to keep up with inflation (+2.5 percent)<sup>1</sup>.

**Olson (TCW Mid-Cap Growth):** Even though stocks have more than recovered their losses since the financial crisis, individual investors are probably still a bit shell-shocked after the events of 2008. Accelerating growth in a low inflationary environment, such as we're seeing now, is favorable for equity investing. Although we have seen some expansion in earnings multiples, we believe that it is a rebound from trough levels. Our assessment of the data based on our bottom-up fundamental analysis indicates that we are currently somewhere in the middle of the cycle.

**Weatherbie (Weatherbie Capital Small-Cap Growth):** Individuals were hurt by the combined impact on net worth of the 2008 global financial meltdown and the decline in residential real estate values. This has resulted in cautious investment behavior, which may take some time

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

to change. Individual investors should think about participating in the stock market using a diversified approach that takes into account their risk tolerance. As an investor in smaller capitalization stocks, we can state with considerable experience that ownership of individual shares can generate substantial gains or losses. We believe a diversified portfolio across many of the major industry sectors can yield sustainable long-term performance with beneficial risk mitigation.

In the context of your previous comments, what is a longstanding holding in the portion of the Liberty All-Star® Growth Fund that you manage that serves as a good example of your style and strategy? And, second, what is a recent addition to your portfolio that also serves as a good example of your style and strategy?

**Lee (TCW Mid-Cap Growth):** Under Armour is a longstanding holding in the portfolio. Under Armour is an up-and-coming global brand in athletic apparel. Its revenue has grown tenfold over the past decade, and the company is expected to continue to grow rapidly as it expands into new categories, such as basketball shoes and cotton wear while aggressively expanding its international distribution footprint.

Leading social media company Twitter is a recent addition to the portfolio. Twitter operates a self-service publishing

<sup>1</sup> Twenty-year annualized returns ending December 31, 2013. Sources: Individual investor return, Dalbar, a leading provider of data for the investment industry; equity return, S&P 500 Index; bond return, Barclays Aggregate Bond Index; inflation, Consumer Price Index.



MANAGER ROUNDTABLE (UNAUDITED)

platform which provides value to both the publishers in the form of real-time feedback and value to consumers in the form of real-time consumption.

Good. Matt and Craig, share your thoughts, please.

**Weatherbie (Weatherbie Capital Small-Cap Growth):**

A good stock example of our style and strategy is LKQ Corporation, which provides replacement parts, components and systems needed to

repair vehicles, primarily cars and trucks in the U.S. There are several factors that define it as a Weatherbie holding. First, LKQ became a publicly-traded entity in a new market in which they had a substantial growth opportunity and, after the IPO, we were one of the

We use bottom-up, fundamental analysis to create financial models with best-, base- and worst-case price targets for every stock in the portfolio.

Chang Lee

(TCW Mid-Cap Growth)

company's earliest institutional shareholders. Second, from the outset LKQ had a seasoned management team whose vision and plan for growth seemed achievable. Third, the technology used by LKQ to identify, inventory and distribute parts leads the industry and has provided a long-term, sustainable advantage over all potential competitors. Finally, we recently sold LKQ from the Fund, as we now view it as an excellent, but maturing mid-cap company. But, it provided more than a tenfold return to Fund investors during our ownership.

A recent addition to our portfolio that also serves as a good example of a Weatherbie stock is Geospace Technologies Corporation (GEOS.) A leading manufacturer of seismic measuring equipment used to evaluate hydraulic fracturing of shale deposits (so-called fracking), GEOS shares many of the qualities we seek in our holdings. These begin with a sustainable, long-term technological advantage over competitors via the company's proprietary wireless measuring patents. Next, as an indirect play on the shale oil revolution, GEOS has tremendous market share potential. Finally, GEOS has a solid, well-prepared management team with deep energy industry knowledge, and it is positioned to take fracking activity offshore.

Craig Blum, wrap it up for us, will you please?

**Blum (TCW Large-Cap Growth):** We believe strong long-term performance may be achieved by participating in the growth and success of extraordinary businesses purchased at attractive valuations. We start by looking for companies competing in large and growing end markets, with defensible business models and wide moats (defensible positions). Often, these companies have either a product or cost advantage in an industry going through structural change. The company's current market share may be low but its rate of share capture is quite high. Amazon, first purchased over a decade ago, is an example of a company with immense scale and a clear cost advantage. More recently, we purchased athenahealth, a cloud-based healthcare IT provider. The company's business model is scalable, its platform is disruptive to the competition, and it is rapidly gaining market share.

Great insights from experienced investment managers and we thank you all. It should be an interesting year ahead. We'll check in again next year.



**10 LIBERTY ALL-STAR® GROWTH FUND  
INVESTMENT GROWTH (UNAUDITED)**

**GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT**

The graph below illustrates the growth of a hypothetical \$10,000 investment assuming the purchase of shares of common stock at the closing market price (NYSE: ASG) of \$9.25 on December 31, 1996, and tracking its progress through December 31, 2013. For certain information, it also assumes that a shareholder exercised all primary rights in the Fund's rights offerings (see below). This graph covers the period since the Fund commenced its 10 percent distribution policy in 1997. Effective with the 2009 second quarter distribution, the annual distribution rate was changed from 10 percent to 6 percent.

The growth of the investment assuming all distributions were received in cash and not reinvested back into the Fund. The value of the investment under this scenario grew to \$18,562 (including the December 31, 2013 value of the original investment of \$6,076, plus distributions during the period of \$12,486).

The additional value realized through reinvestment of all distributions. The value of the investment under this scenario grew to \$31,398.

The additional value realized by exercising all primary rights in the Fund's rights offerings. The value of the investment under this scenario grew to \$38,610 excluding the cost to exercise all primary rights in the rights offerings which was \$5,299.

Past performance cannot predict future results. Performance will fluctuate with changes in market conditions. Current performance may be lower or higher than the performance data shown. Performance information does not reflect the deduction of taxes that shareholders would pay on Fund distributions or the sale of Fund shares. An investment in the Fund involves risk, including loss of principal.

## LIBERTY ALL-STAR® GROWTH FUND

11

## TABLE OF DISTRIBUTIONS AND RIGHTS OFFERINGS (UNAUDITED)

YEAR	PER SHARE	MONTH	RIGHTS OFFERINGS SHARES NEEDED TO PURCHASE	SUBSCRIPTION
	DISTRIBUTIONS	COMPLETED	ONE ADDITIONAL SHARE	PRICE
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	0.27			
2012	0.27			
2013	0.31			
Total	\$11.55			

\* 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.

**LIBERTY ALL-STAR® GROWTH FUND**

12

**TOP 20 HOLDINGS AND ECONOMIC SECTORS (UNAUDITED)**

December 31, 2012

<b>TOP 20 HOLDINGS*</b>	<b>PERCENT OF NET ASSETS</b>
Cerner Corp.	1.99%
Amazon.com, Inc.	1.79
ACE Ltd.	1.77
Splunk, Inc.	1.75
Google, Inc., Class A	1.70
Dril-Quip, Inc.	1.66
ARM Holdings PLC	1.63
Under Armour, Inc., Class A	1.55
Signature Bank	1.55
Salesforce.com, Inc.	1.55
athenahealth, Inc.	1.51
Visa, Inc., Class A	1.39
LinkedIn Corp., Class A	1.33
American Tower Corp.	1.31
Precision Castparts Corp.	1.29
QUALCOMM, Inc.	1.29
Core Laboratories N.V.	1.25
Starbucks Corp.	1.25
The Ultimate Software Group, Inc.	1.25
BioMarin Pharmaceutical, Inc.	1.22
	30.03%

<b>ECONOMIC SECTORS*</b>	<b>PERCENT OF NET ASSETS</b>
Information Technology	26.50%
Industrials	16.87
Consumer Discretionary	15.67
Financials	13.48
Health Care	11.70
Energy	6.86
Consumer Staples	5.13
Materials	2.04

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

Other Net Assets

1.75  
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

13

## MAJOR STOCK CHANGES IN THE QUARTER (UNAUDITED)

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 fourth quarter of 2013.

SECURITY NAME	PURCHASES (SALES)	SHARES HELD AS OF 12/31/13
<b>PURCHASES</b>		
The Boston Beer Co., Inc., Class A	2,700	2,700
Graco, Inc.	7,688	18,626
Hilton Worldwide Holdings, Inc.	30,175	30,175
Insulet Corp.	26,461	26,461
Kansas City Southern	5,550	5,550
Twitter, Inc.	15,950	15,950
<b>SALES</b>		
Fastenal Co.	(15,950)	20,470
Fifth & Pacific Cos., Inc.	(16,250)	26,000
LKQ Corp.	(42,504)	0
Palo Alto Networks, Inc.	(16,798)	0

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG

**LIBERTY ALL-STAR® GROWTH FUND**

14

**SCHEDULE OF INVESTMENTS***as of December 31, 2012*

<b>COMMON STOCKS (98.25%)</b>	<b>SHARES</b>	<b>MARKET VALUE</b>
<b>u CONSUMER DISCRETIONARY (15.67%)</b>		
<b>Auto Components (0.55%)</b>		
BorgWarner, Inc.	13,800	\$ 771,558
<b>Automobiles (0.24%)</b>		
Thor Industries, Inc.	6,071	335,301
<b>Diversified Consumer Services (0.22%)</b>		
Ascent Capital Group, Inc., Class A <sup>(a)</sup>	3,623	309,984
<b>Hotels, Restaurants &amp; Leisure (3.20%)</b>		
Arcos Dorados Holdings, Inc., Class A	75,150	910,818
Chuy's Holdings, Inc. <sup>(a)</sup>	11,266	405,801
Hilton Worldwide Holdings, Inc. <sup>(a)</sup>	30,175	671,394
Starbucks Corp.	22,335	1,750,841
Wynn Resorts Ltd.	3,800	737,998
		4,476,852
<b>Internet &amp; Catalog Retail (3.55%)</b>		
Amazon.com, Inc. <sup>(a)</sup>	6,270	2,500,413
priceline.com, Inc. <sup>(a)</sup>	1,275	1,482,060
RetailMeNot, Inc. <sup>(a)</sup>	19,017	547,500
Shutterfly, Inc. <sup>(a)</sup>	8,494	432,599
		4,962,572
<b>Leisure Equipment &amp; Products (0.90%)</b>		
Black Diamond, Inc. <sup>(a)</sup>	19,554	260,655
Polaris Industries, Inc.	6,900	1,004,916
		1,265,571
<b>Media (0.60%)</b>		
Discovery Communications, Inc., Class A <sup>(a)</sup>	9,200	831,864
<b>Specialty Retail (3.28%)</b>		
CarMax, Inc. <sup>(a)</sup>	8,150	383,213
Dick's Sporting Goods, Inc.	15,950	926,695
DSW, Inc., Class A	20,700	884,511
Francesca's Holdings Corp. <sup>(a)</sup>	48,208	887,509
Tiffany & Co.	13,755	1,276,189
Ulta Salon, Cosmetics & Fragrance, Inc. <sup>(a)</sup>	2,350	226,822
		4,584,939
<b>Textiles, Apparel &amp; Luxury Goods (3.13%)</b>		
Deckers Outdoor Corp. <sup>(a)</sup>	16,295	1,376,276
Fifth & Pacific Cos., Inc. <sup>(a)</sup>	26,000	833,820
Under Armour, Inc., Class A <sup>(a)</sup>	24,882	2,172,198
		4,382,294



**u CONSUMER STAPLES (5.13%)**

**Beverages (1.51%)**

The Boston Beer Co. Inc., Class A <sup>(a)</sup>	2,700	652,833
Constellation Brands, Inc., Class A <sup>(a)</sup>	6,200	436,356
Monster Beverage Corp. <sup>(a)</sup>	15,200	1,030,104
		2,119,293

See Notes to Schedule of Investments and Financial Statements.

## LIBERTY ALL-STAR® GROWTH FUND

15

## SCHEDULE OF INVESTMENTS

as of December 31, 2013

COMMON STOCKS (continued)	SHARES	MARKET VALUE
<b>Food &amp; Staples Retailing (2.07%)</b>		
Costco Wholesale Corp.	8,450	\$ 1,005,635
The Fresh Market, Inc. <sup>(a)</sup>	14,915	604,057
PriceSmart, Inc.	7,154	826,573
Whole Foods Market, Inc.	7,850	453,966
		2,890,231
<b>Food Products (1.55%)</b>		
The Hain Celestial Group, Inc. <sup>(a)</sup>	13,450	1,220,991
Mead Johnson Nutrition Co.	11,350	950,676
		2,171,667
<b>u ENERGY (6.86%)</b>		
<b>Energy Equipment &amp; Services (6.86%)</b>		
Core Laboratories N.V.	9,171	1,751,202
Dril-Quip, Inc. <sup>(a)</sup>	21,105	2,320,073
Forum Energy Technologies, Inc. <sup>(a)</sup>	13,063	369,160
Frank's International N.V.	15,530	419,310
Geospace Technologies Corp. <sup>(a)</sup>	9,384	889,885
National-Oilwell Varco, Inc.	7,850	624,311
Oceaneering International, Inc.	19,650	1,549,992
Schlumberger Ltd.	18,545	1,671,090
		9,595,023
<b>u FINANCIALS (13.48%)</b>		
<b>Capital Markets (3.47%)</b>		
The Charles Schwab Corp.	34,250	890,500
Financial Engines, Inc.	17,002	1,181,299
FXCM, Inc., Class A	32,244	575,233
T. Rowe Price Group, Inc.	12,400	1,038,748
Virtus Investment Partners, Inc. <sup>(a)</sup>	5,811	1,162,491
		4,848,271
<b>Commercial Banks (1.55%)</b>		
Signature Bank <sup>(a)</sup>	20,180	2,167,736
<b>Consumer Finance (1.39%)</b>		
Visa, Inc., Class A	8,715	1,940,656
<b>Diversified Financial Services (1.01%)</b>		
MarketAxess Holdings, Inc.	11,500	769,005
Portfolio Recovery Associates, Inc. <sup>(a)</sup>	12,223	645,863
		1,414,868
<b>Insurance (2.77%)</b>		
ACE Ltd.	23,950	2,479,543
Greenlight Capital Re Ltd., Class A <sup>(a)</sup>	35,436	1,194,548
Third Point Reinsurance Ltd. <sup>(a)</sup>	11,261	208,666

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

<b>Real Estate Investment Trusts (1.31%)</b>		3,882,757
American Tower Corp.	23,000	1,835,860
See Notes to Schedule of Investments and Financial Statements.		

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG

## LIBERTY ALL-STAR® GROWTH FUND

16

## SCHEDULE OF INVESTMENTS

as of December 31, 2012

COMMON STOCKS (continued)	SHARES	MARKET VALUE
<b>Real Estate Management &amp; Development (1.09%)</b>		
FirstService Corp.	23,640	\$ 1,017,229
Zillow, Inc., Class A <sup>(a)</sup>	6,181	505,173
		1,522,402
<b>Thriffs &amp; Mortgage Finance (0.89%)</b>		
BofI Holding, Inc. <sup>(a)</sup>	15,866	1,244,370
<b>u HEALTH CARE (11.70%)</b>		
<b>Biotechnology (3.03%)</b>		
BioMarin Pharmaceutical, Inc. <sup>(a)</sup>	24,205	1,700,886
Celgene Corp. <sup>(a)</sup>	7,850	1,326,336
Onconova Therapeutics, Inc. <sup>(a)</sup>	8,459	97,109
Puma Biotechnology, Inc. <sup>(a)</sup>	10,738	1,111,705
		4,236,036
<b>Health Care Equipment &amp; Supplies (2.28%)</b>		
Insulet Corp. <sup>(a)</sup>	26,461	981,703
Intuitive Surgical, Inc. <sup>(a)</sup>	3,200	1,229,056
Masimo Corp. <sup>(a)</sup>	20,301	593,398
Neogen Corp. <sup>(a)</sup>	8,408	384,246
		3,188,403
<b>Health Care Providers &amp; Services (1.14%)</b>		
ExamWorks Group, Inc. <sup>(a)</sup>	37,597	1,123,022
Premier, Inc., Class A <sup>(a)</sup>	12,710	467,220
		1,590,242
<b>Health Care Technology (3.50%)</b>		
athenahealth, Inc. <sup>(a)</sup>	15,688	2,110,036
Cerner Corp. <sup>(a)</sup>	50,030	2,788,672
		4,898,708
<b>Life Sciences Tools &amp; Services (0.43%)</b>		
Illumina, Inc. <sup>(a)</sup>	5,450	602,879
<b>Pharmaceuticals (1.32%)</b>		
Allergan, Inc.	10,140	1,126,351
Zoetis, Inc.	22,265	727,843
		1,854,194
<b>u INDUSTRIALS (16.87%)</b>		
<b>Aerospace &amp; Defense (3.39%)</b>		
B/E Aerospace, Inc. <sup>(a)</sup>	14,300	1,244,529
HEICO Corp.	10,853	628,931
Precision Castparts Corp.	6,700	1,804,310
TransDigm Group, Inc.	6,621	1,066,114
		4,743,884

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

**Air Freight & Logistics (0.57%)**

Echo Global Logistics, Inc.<sup>(a)</sup>

36,941

793,493

**Commercial Services & Supplies (1.89%)**

The Advisory Board Co.<sup>(a)</sup>

17,340

1,104,038

See Notes to Schedule of Investments and Financial Statements.

## LIBERTY ALL-STAR® GROWTH FUND

17

## SCHEDULE OF INVESTMENTS

as of December 31, 2012

COMMON STOCKS (continued)	SHARES	MARKET VALUE
<b>Commercial Services &amp; Supplies (continued)</b>		
Waste Connections, Inc.	35,472	\$ 1,547,643 2,651,681
<b>Electrical Equipment (0.84%)</b>		
AMETEK, Inc.	9,500	500,365
Rockwell Automation, Inc.	5,700	673,512 1,173,877
<b>Machinery (4.81%)</b>		
AGCO Corp.	10,550	624,454
Cummins, Inc.	6,350	895,159
Graco, Inc.	18,626	1,455,063
Middleby Corp. <sup>(a)</sup>	3,859	926,044
Nordson Corp.	8,300	616,690
Rexnord Corp. <sup>(a)</sup>	18,732	505,951
WABCO Holdings, Inc. <sup>(a)</sup>	10,050	938,771
Wabtec Corp.	10,450	776,122 6,738,254
<b>Professional Services (3.36%)</b>		
Huron Consulting Group, Inc. <sup>(a)</sup>	11,507	721,719
IHS, Inc., Class A <sup>(a)</sup>	10,456	1,251,583
Stantec, Inc.	10,969	680,078
Verisk Analytics, Inc., Class A <sup>(a)</sup>	18,800	1,235,536
WageWorks, Inc. <sup>(a)</sup>	13,597	808,206 4,697,122
<b>Road &amp; Rail (0.79%)</b>		
Kansas City Southern	5,550	687,256
Landstar System, Inc.	7,195	413,353 1,100,609
<b>Trading Companies &amp; Distributors (1.22%)</b>		
Fastenal Co.	20,470	972,530
MSC Industrial Direct Co., Inc., Class A	9,100	735,917 1,708,447
<b>u INFORMATION TECHNOLOGY (26.50%)</b>		
<b>Communications Equipment (1.86%)</b>		
QUALCOMM, Inc.	24,265	1,801,676
ViaSat, Inc. <sup>(a)</sup>	12,700	795,655 2,597,331
<b>Electronic Equipment &amp; Instruments (1.69%)</b>		
FARO Technologies, Inc. <sup>(a)</sup>	13,755	801,916
FEI Co.	7,800	697,008

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

IPG Photonics Corp. <sup>(a)</sup>	11,075	859,531 2,358,455
<b>Internet Software &amp; Services (7.79%)</b>		
Envestnet, Inc. <sup>(a)</sup>	32,131	1,294,879
Equinix, Inc. <sup>(a)</sup>	7,235	1,283,851
Google, Inc., Class A <sup>(a)</sup>	2,128	2,384,871

See Notes to Schedule of Investments and Financial Statements.

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG

## LIBERTY ALL-STAR® GROWTH FUND

18

## SCHEDULE OF INVESTMENTS

as of December 31, 2012

COMMON STOCKS (continued)	SHARES	MARKET VALUE
<b>Internet Software &amp; Services (continued)</b>		
LinkedIn Corp., Class A <sup>(a)</sup>	8,550	\$ 1,853,897
Liquidity Services, Inc. <sup>(a)</sup>	38,466	871,640
NIC, Inc.	11,178	277,997
SPS Commerce, Inc. <sup>(a)</sup>	9,804	640,201
Stamps.com, Inc.	24,694	1,039,617
Textura Corp. <sup>(a)</sup>	7,927	237,334
Twitter, Inc. <sup>(a)</sup>	15,950	1,015,218
		10,899,505
<b>IT Services (1.12%)</b>		
ServiceSource International, Inc. <sup>(a)</sup>	51,560	432,073
VeriFone Systems, Inc. <sup>(a)</sup>	42,665	1,144,275
		1,576,348
<b>Semiconductors &amp; Semiconductor Equipment (2.50%)</b>		
ARM Holdings PLC <sup>(b)</sup>	41,767	2,286,326
Hittite Microwave Corp. <sup>(a)</sup>	5,938	366,553
NVIDIA Corp.	52,750	845,055
		3,497,934
<b>Software (11.54%)</b>		
ANSYS, Inc. <sup>(a)</sup>	16,648	1,451,706
Concur Technologies, Inc. <sup>(a)</sup>	6,324	652,510
FireEye, Inc. <sup>(a)</sup>	12,600	549,486
FleetMatics Group PLC <sup>(a)</sup>	22,987	994,188
NetSuite, Inc. <sup>(a)</sup>	6,200	638,724
RealPage, Inc. <sup>(a)</sup>	51,863	1,212,557
Salesforce.com, Inc. <sup>(a)</sup>	39,270	2,167,311
ServiceNow, Inc. <sup>(a)</sup>	13,700	767,337
Solera Holdings, Inc.	19,482	1,378,546
Splunk, Inc. <sup>(a)</sup>	35,717	2,452,686
The Ultimate Software Group, Inc. <sup>(a)</sup>	11,373	1,742,571
VMware, Inc., Class A <sup>(a)</sup>	11,350	1,018,209
Workday, Inc., Class A <sup>(a)</sup>	13,550	1,126,818
		16,152,649
<b>u MATERIALS (2.04%)</b>		
<b>Chemicals (0.89%)</b>		
Praxair, Inc.	9,625	1,251,539
<b>Metals &amp; Mining (1.15%)</b>		
Allegheny Technologies, Inc.	28,750	1,024,362
Silver Wheaton Corp.	28,705	579,554
		1,603,916
<b>TOTAL COMMON STOCKS</b>		
(COST OF \$88,519,946)		137,469,575

See Notes to Schedule of Investments and Financial Statements.





## LIBERTY ALL-STAR® GROWTH FUND

19

## SCHEDULE OF INVESTMENTS

as of December 31, 2013

SHORT TERM INVESTMENT (2.85%)	PAR VALUE	MARKET VALUE
<b>u REPURCHASE AGREEMENT (2.85%)</b>		
Repurchase agreement with State Street Bank & Trust Co., dated 12/31/13, due 01/02/14 at 0.01%, collateralized by Federal Home Loan Mortgage Corp. 3.00%, 03/15/43, market value of \$4,074,099 (Repurchase proceeds of \$3,987,002) (COST OF \$3,987,000)	\$ 3,987,000	\$ 3,987,000
<b>TOTAL INVESTMENTS (101.10%)</b> (COST OF \$92,506,946) <sup>(c)</sup>		141,456,575
<b>LIABILITIES IN EXCESS OF OTHER ASSETS (-1.10%)</b>		(1,545,310)
<b>NET ASSETS (100.00%)</b>		\$ 139,911,265
<b>NET ASSET VALUE PER SHARE</b> (23,685,402 SHARES OUTSTANDING)		\$ 5.91

## Notes to Schedule of Investments:

- (a) Non-income producing security.  
(b) American Depositary Receipt.  
(c) Cost of investments for federal income tax purposes is \$92,941,980.

Gross unrealized appreciation	\$ 50,481,111
Gross unrealized depreciation	(1,966,516)
Net unrealized appreciation	\$ 48,514,595

See Notes to Financial Statements.

**LIBERTY ALL-STAR® GROWTH FUND**

20

**STATEMENT OF ASSETS AND LIABILITIES***December 31, 2013***ASSETS:**

Investments at market value (Cost \$92,506,946)	\$ 141,456,575
Cash	1,526
Receivable for investment securities sold	98,813
Dividends and interest receivable	39,431
Prepaid and other assets	237

<b>TOTAL ASSETS</b>	<b>141,596,582</b>
---------------------	--------------------

**LIABILITIES:**

Payable for investments purchased	195,352
Distributions payable to shareholders	1,296,266
Investment advisory fee payable	92,374
Payable for administration, pricing and bookkeeping fees	30,669
Payable for advisory fee reimbursement (Note 4)	11,095
Accrued expenses	59,561

<b>TOTAL LIABILITIES</b>	<b>1,685,317</b>
--------------------------	------------------

<b>NET ASSETS</b>	<b>\$ 139,911,265</b>
-------------------	-----------------------

**NET ASSETS REPRESENTED BY:**

Paid-in capital	\$ 84,688,889
Accumulated net realized gain on investments	6,272,747
Net unrealized appreciation on investments	48,949,629

<b>NET ASSETS</b>	<b>\$ 139,911,265</b>
-------------------	-----------------------

Shares of common stock outstanding (authorized 60,000,000 shares at \$0.10 Par)	23,685,402
------------------------------------------------------------------------------------	------------

<b>NET ASSET VALUE PER SHARE</b>	<b>\$ 5.91</b>
----------------------------------	----------------

See Notes to Financial Statements.

## LIBERTY ALL-STAR® GROWTH FUND

21

STATEMENT OF OPERATIONS  
For the Year Ended December 31, 2013**INVESTMENT INCOME:**

Dividends (Net of foreign taxes withheld at source which amounted to \$ 8,396)	\$ 732,863
Interest	340

<b>TOTAL INVESTMENT INCOME</b>	<b>733,203</b>
--------------------------------	----------------

**EXPENSES:**

Investment advisory fee	964,108
Administration fee	241,027
Pricing and bookkeeping fees	72,709
Audit fee	28,073
Repayment of previously waived advisory fees (Note 4)	16,821
Custodian fee	39,441
Directors' fees and expenses	56,253
Insurance expense	6,300
NYSE fee	25,000
Shareholder communication expenses	80,171
Transfer agent fees	71,997
Miscellaneous expenses	7,764

<b>TOTAL EXPENSES</b>	<b>1,609,664</b>
-----------------------	------------------

<b>NET INVESTMENT LOSS</b>	<b>(876,461)</b>
----------------------------	------------------

**REALIZED AND UNREALIZED GAIN ON INVESTMENTS:**

Net realized gain on investment transactions	15,897,629
----------------------------------------------	------------

Net change in unrealized appreciation on investments	24,561,274
------------------------------------------------------	------------

<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>	<b>40,458,903</b>
--------------------------------------------------------	-------------------

<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 39,582,442</b>
-------------------------------------------------------------	----------------------

See Notes to Financial Statements.

**LIBERTY ALL-STAR® GROWTH FUND**

22

**STATEMENTS OF CHANGES IN NET ASSETS**

	Year Ended December 31,	
	2013	2012
<b>FROM OPERATIONS:</b>		
Net investment loss	\$ (876,461)	\$ (733,529)
Net realized gain on investment transactions	15,897,629	5,103,936
Net change in unrealized appreciation on investments	24,561,274	7,662,738
Net Increase in Net Assets Resulting From Operations	39,582,442	12,033,145
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
From net realized gains on investments	(7,213,337)	(5,715,134)
From tax return of capital		(1,441,154)
Total Distributions	(7,213,337)	(7,156,288)
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Dividend reinvestments	3,307,263	1,666,589
Shares repurchased through tender offer, net of costs		(29,910,946)
Net Increase/(Decrease) From Capital Share Transactions	3,307,263	(28,244,357)
Net Increase/(Decrease) in Net Assets	35,676,368	(23,367,500)
<b>NET ASSETS:</b>		
Beginning of year	104,234,897	127,602,397
End of year (Includes overdistributed net investment income of \$0 and \$(634,286), respectively)	\$ 139,911,265	\$ 104,234,897

See Notes to Financial Statements.

## LIBERTY ALL-STAR® GROWTH FUND

23

## FINANCIAL HIGHLIGHTS

	Year Ended December 31,				
	2013	2012	2011	2010	2009
<b>PER SHARE OPERATING PERFORMANCE:</b>					
Net asset value at beginning of year	\$ 4.54	\$ 4.24	\$ 4.57	\$ 4.00	\$ 3.24
<b>INCOME FROM INVESTMENT OPERATIONS:</b>					
Net investment loss <sup>(a)</sup>	(0.04)	(0.03)	(0.05)	(0.04)	(0.02)
Net realized and unrealized gain/(loss) on investments	1.72	0.54	(0.01)	0.86	1.02
Total from Investment Operations	1.68	0.51	(0.06)	0.82	1.00
<b>LESS DISTRIBUTIONS TO SHAREHOLDERS:</b>					
Net investment income			(0.07)	(0.19)	
Net realized gain on investments	(0.31)	(0.22)	(0.20)		
Tax return of capital		(0.05)		(0.06)	(0.24)
Total Distributions	(0.31)	(0.27)	(0.27)	(0.25)	(0.24)
Change due to tender offer <sup>(b)</sup>		0.06			
Net asset value at end of year	\$ 5.91	\$ 4.54	\$ 4.24	\$ 4.57	\$ 4.00
Market price at end of year	\$ 5.62	\$ 4.06	\$ 3.81	\$ 4.25	\$ 3.36
<b>TOTAL INVESTMENT RETURN FOR SHAREHOLDERS:<sup>(c)</sup></b>					
Based on net asset value	39.0%	14.3%	(1.0%)	21.8%	34.6%
Based on market price	47.8%	13.8%	(4.4%)	34.8%	40.8%
<b>RATIOS AND SUPPLEMENTAL DATA:</b>					
Net assets at end of year (millions)	\$ 140	\$ 104	\$ 128	\$ 137	\$ 120
Ratio of expenses to average net assets after waiver/reimbursement	N/A	1.46%	N/A	N/A	N/A
Ratio of expenses to average net assets before waiver/reimbursement	1.34%	1.51%	1.52%	1.79%	1.44%
Ratio of net investment loss to average net assets	(0.73%)	(0.61%)	(1.04%)	(0.95%)	(0.58%)
Portfolio turnover rate	45%	35%	32%	80%	135%

(a) Calculated using average shares outstanding during the period.

(b) Effect of Fund's tender offer for shares at a price below net asset value, net of costs.

(c) Calculated assuming all distributions are reinvested at actual reinvestment prices. The net asset value and market price returns will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares traded during the period. Past performance is not a guarantee of future results.

See Notes to Financial Statements.

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG

---

**LIBERTY ALL-STAR® GROWTH FUND**

24

**NOTES TO FINANCIAL STATEMENTS**

*December 31, 2013*

**NOTE 1. ORGANIZATION**

Liberty All-Star® Growth Fund, Inc. (the Fund) is a Maryland corporation registered under the Investment Company Act of 1940 (the Act), as amended, as a diversified, closed-end management investment company.

**Investment Goal**

The Fund seeks long-term capital appreciation.

**Fund Shares**

The Fund may issue 60,000,000 shares of common stock at \$0.10 par.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

**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.

Repurchase agreements are valued at cost, which approximates fair 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 Fund's Board of Directors.

**Foreign Securities**

The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible reevaluation of currencies, the inability to repatriate foreign currency, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers. For the year ended December 31, 2013, the Fund only held American Depositary Receipts and did not hold any securities denominated in foreign currencies.

**Security Transactions**



## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

Security transactions are recorded on 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 engages 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.

These collateral agreements mitigate the counterparty credit risk by providing for a single net settlement with a counterparty of all financial transactions covered by the agreement in an event of default as defined under such agreement.

Repurchase agreements are entered into by the Fund under a Master Repurchase Agreement ( MRA ) which permits the Fund, under certain circumstances, including an event of default (such as bankruptcy or insolvency), to offset payables and/or receivables under the MRA with collateral held and/or posted to the counterparty and create one single net payment due or from the Fund.

At December 31, 2013, the open repurchase agreement with the counterparty State Street Bank & Trust Co., and subject to a MRA on a net payment basis, was as follows:

## LIBERTY ALL-STAR® GROWTH FUND

25

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the State- ment of Assets and Liabilities	Net Amounts Presented in the Statement of Assets and Liabilities	Financial Instruments Collateral Received*	Gross Amounts Not Offset in the Statement of Financial Position	
					Cash Collateral Received	Net Amount
Repurchase Agreement	\$ 3,987,000	\$	\$ 3,987,000	\$ (3,987,000)	\$	\$
Total	\$ 3,987,000	\$	\$ 3,987,000	\$ (3,987,000)	\$	\$

\*These amounts do not include the excess collateral received.

### 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 a 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.

Valuation techniques used to value the Fund's investments by major category are as follows:

Equity securities for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by a third party pricing vendor on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the mean of the most recent quoted bid and ask prices on such day and are generally categorized as Level 2 in the hierarchy.

Repurchase agreements are valued at cost, which approximates fair value, and are categorized as Level 2 in the hierarchy.

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 which 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 investments, 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

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

**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 December 31, 2013. The Fund recognizes transfers between the levels as of the beginning of the annual period in which the transfer occurred.

Investments in Securities at Value*	Valuation Inputs			Total
	Level 1	Level 2	Level 3	
<b>Common Stocks</b>	\$ 137,469,575	\$	\$	\$137,469,575
<b>Short-Term Investment</b>		3,987,000		3,987,000
<b>TOTAL</b>	\$ 137,469,575	\$ 3,987,000	\$	\$141,456,575

\* See Schedule of Investments for industry classifications.

For the year ended December 31, 2013, the Fund did not have any 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 during the year ended December 31, 2013.

**LIBERTY ALL-STAR® GROWTH FUND**

26

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2013

**Distributions to Shareholders**

The Fund currently has a policy of paying distributions on its common shares totaling approximately 6% of its net asset value per year. The distributions are payable in four quarterly distributions of 1.5% 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. Distributions to shareholders are recorded on ex-date.

**NOTE 3. FEDERAL TAX INFORMATION**

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under income tax regulations. 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.

For the year ended December 31, 2013, permanent book and tax basis differences resulting primarily from a net operating loss and excess distributions were identified and reclassified among the components of the Fund's net assets as follows:

<b>Accumulated Net Investment Income</b>	<b>Accumulated Net Realized Loss</b>
\$1,510,747	\$(1,510,747)

Net investment loss and net realized gain, as disclosed on the Statement of Operations and net assets were not affected by this reclassification.

**Classification of Distributions to Shareholders**

Net investment income/(loss) and net realized gain/(loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. The amounts and characteristics of tax basis distributions and composition of distributable earnings/(accumulated losses) are finalized at fiscal year-end. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gain was recorded by the Fund.

The tax character of distributions paid during the years ended December 31, 2013 and December 31, 2012, were as follows:

	<b>12/31/13</b>	<b>12/31/12</b>
<b>Distributions paid from:</b>		
Ordinary income	\$ 1,926,950	\$
Long-term capital gain	5,286,387	5,715,134
Return of Capital		1,441,154
Total	\$ 7,213,337	\$ 7,156,288

Future realized gains offset by the loss carryforwards are not required to be distributed to shareholders. However, under the Fund's distribution policy, such gains may be distributed to shareholders in the year the gains are realized. Any such gains distributed may be taxable to shareholders as ordinary income.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

As of December 31, 2013, the components of distributable earnings on a tax basis were as follows:

<b>Accumulated Capital Gains</b>	<b>Net Unrealized Appreciation</b>	<b>Total</b>
\$6,707,781	\$48,514,595	\$55,222,376

The differences between book-basis and tax-basis are primarily due to deferral of losses from wash sales and the differing treatment of certain other investments.

As of December 31, 2013, the costs of investments for federal income tax purposes and accumulated net unrealized appreciation/(depreciation) on investments were as follows:

<b>Cost of Investments</b>	<b>Gross Unrealized Appreciation (excess of value over tax cost)</b>	<b>Gross Unrealized Depreciation (excess of tax cost over value)</b>	<b>Net Unrealized Appreciation</b>
\$92,941,980	\$50,481,111	\$(1,966,516)	\$48,514,595

### **Federal Income Tax Status**

For federal income tax purposes, the Fund currently qualifies, and intends to remain qualified, as a regulated investment company under the provisions of Subchapter M of the Internal Revenue Code of 1986, as amended, by distributing substantially all of its investment company taxable net income including realized gain, not offset by capital loss carryforwards, if any, to its shareholders. Accordingly, no provision for federal income or excise taxes has been made.

As of and during the year ended December 31, 2013, the Fund did not have a liability for any unrecognized tax benefits. The Fund files U.S. federal, state, and local tax returns

## LIBERTY ALL-STAR® GROWTH FUND

27

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

as required. The Fund's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations which is generally three years after the filing of the tax return. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

**NOTE 4. FEES AND COMPENSATION PAID TO AFFILIATES****Investment Advisory Fee**

ALPS Advisors, Inc. (AAI) serves as the investment advisor to the Fund. AAI receives a monthly investment advisory fee based on the Fund's average daily net assets at the following annual rates:

Average Daily Net Assets	Annual Fee Rate
First \$ 300 million	0.80%
Over \$300 million	0.72%

AAI retains multiple Portfolio Managers to manage the Fund's investments in various asset classes. AAI pays each Portfolio Manager a portfolio management fee based on the assets of the investment portfolio that they manage. The portfolio management fee is paid from the investment advisory fees collected by AAI and is based on the Fund's average daily net assets at the following annual rates:

Average Daily Net Assets	Annual Fee Rate
First \$ 300 million	0.40%
Over \$300 million	0.36%

**Administration, Bookkeeping and Pricing****Services Agreement**

ALPS Fund Services, Inc. (ALPS) provides administrative and other services to the Fund for a monthly administration fee based on the Fund's average daily net assets at the following annual rates:

Average Daily Net Assets	Annual Fee Rate
First \$ 300 million	0.20%
Over \$300 million	0.18%

In addition, ALPS provides bookkeeping and pricing services to the Fund for an annual fee consisting of: (i) \$38,000 paid monthly plus 0.015% on the average daily net assets for the month; and (ii) a multi-manager fee based on the number of portfolio managers; provided that during any 12-month period, the aggregate amount of (i) shall not exceed \$140,000 (exclusive of out-of-pocket expenses and charges). The Fund also reimburses ALPS for out-of-pocket expenses and charges, including fees payable to third parties for pricing the Fund's portfolio securities and direct

internal costs incurred by ALPS in connection with providing fund accounting oversight and monitoring and certain other services.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

Under the terms of the Expense Limitation Agreement between the Fund and AAI, AAI has agreed to waive certain fees they are entitled to receive from the Fund. Specifically, AAI has agreed to reimburse Fund expenses and/or waive a portion of the investment advisory and other fees that AAI is entitled to receive to the extent necessary that Total Annual Operating Expenses, after such expense reimbursement and/or fee waiver (excluding acquired fund fees and expenses, taxes, brokerage commissions and extraordinary expenses), do not exceed 1.45% of net assets. The Expense Limitation Agreement is effective through July 31, 2014. Pursuant to the Expense Limitation Agreement, the Fund may reimburse AAI for any fee waivers and expense reimbursements made by AAI, provided that any such reimbursements made by the Fund to AAI will not cause the Fund's annual expense ratio to exceed the expense limitation rate. AAI is entitled to collect on or make a claim for waived fees at any time in the future. For the periods ended December 31, 2013 and December 31, 2012, the fee waivers and/or reimbursements were \$0 and \$16,821, respectively. During period ended December 31, 2013, AAI collected \$16,821 of previously waived fees.

### **Fees Paid to Officers**

All officers of the Fund, including the Fund's Chief Compliance Officer, are employees of AAI or its affiliates, and receive no compensation from the Fund. The Board of Directors has appointed a Chief Compliance Officer to the Fund in accordance with federal securities regulations.

### **NOTE 5. PORTFOLIO INFORMATION**

#### **Purchases and Sales of Securities**

For the year ended December 31, 2013, the cost of purchases and proceeds from sales of securities, excluding short-term obligations, were \$53,062,427 and \$57,632,772, respectively.

### **NOTE 6. CAPITAL TRANSACTIONS**

On June 21, 2012, the Fund's Board of Directors authorized the Fund to conduct a tender offer for up to 25% of its outstanding common stock at a price equal to 95% of its net asset value per share as determined on the day of the tender offer expiration of July 24, 2012. Approximately 9,479,379 shares of common stock or approximately 31.5% of the Fund's outstanding shares were properly tendered and not withdrawn. The Fund accepted 7,520,088 shares for payment at a price equal to \$3.95 per share, which represented 95% of the Fund's net asset value per share as of July 24, 2012. Because the tender offer was oversubscribed, all tenders of shares were subject to

---

**LIBERTY ALL-STAR® GROWTH FUND**

28

**NOTES TO FINANCIAL STATEMENTS**

*December 31, 2013*

poration in accordance with the terms of the tender offer, including adjustments to avoid purchase of fractional shares. Accordingly, on a pro rata basis, the Fund accepted and purchased approximately 79.3% of the shares properly tendered in the tender offer.

During the years ended December 31, 2013 and December 31, 2012, distributions in the amounts of \$3,307,263 and \$1,666,589, respectively, were paid in newly issued shares valued at market value or net asset value, but not less than 95% of market value. Such distributions resulted in the issuance of 710,944 and 414,196 shares, respectively.

Under the Fund's Automatic Dividend Reinvestment and Direct Purchase Plan (the Plan), shareholders automatically participate and have all their Fund dividends and distributions reinvested. Under the Plan, all dividends and distributions will be reinvested in additional shares of the Fund. Distributions declared payable in cash will be reinvested for the accounts of participants in the Plan in additional shares purchased by the Plan Agent on the open market at prevailing market prices, subject to certain limitations as described more fully in the Plan. Distributions declared payable in shares are paid to participants in the Plan entirely in newly issued full and fractional shares valued at the lower of market value or net asset value per share on the valuation date for the distribution (but not at a discount of more than 5 percent from market price). Dividends and distributions are subject to taxation, whether received in cash or in shares.

**NOTE 7. 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.

**NOTE 8. OTHER MATTERS**

**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 acquirer 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 acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer 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.

**NOTE 9. NEW ACCOUNTING PRONOUNCEMENTS**

In June 2013, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2013-08, Financial Services-Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The FASB standard identifies characteristics a company must assess to determine whether it is considered an investment company for financial reporting purposes. This ASU is effective for fiscal years beginning after December 15, 2013. The Fund is currently reviewing the requirements and believes the adoption of this ASU will not have a material impact on its financial statements.





REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF LIBERTY ALL-STAR® GROWTH FUND, INC.:**

We have audited the accompanying statement of assets and liabilities of Liberty All-Star®Growth Fund, Inc. (the Fund ), including the schedule of investments, as of December 31, 2013, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2013, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Liberty All-Star®Growth Fund, Inc. as of December 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Denver, Colorado

February 20, 2014

---

**LIBERTY ALL-STAR® GROWTH FUND**

30

**AUTOMATIC DIVIDEND REINVESTMENT AND DIRECT PURCHASE PLAN (UNAUDITED)**

Under the Fund's Automatic Dividend Reinvestment and Direct Purchase Plan (the "Plan"), shareholders automatically participate and have all their Fund dividends and distributions reinvested by Computershare Trust Company, N.A., as agent for participants in the Plan (the "Plan Agent"), in additional shares of the Fund. For further information, call Investor Assistance at 1-800-LIB-FUND (1-800-542-3863) weekdays between 9 a.m. and 5 p.m. Eastern Time.

Shareholders whose shares are held in the name of a brokerage firm, bank or other nominee can participate in the Plan only if their brokerage firm, bank or nominee is able to do so on their behalf. Shareholders participating in the Plan through a brokerage firm may not be able to transfer their shares to another brokerage firm and continue to participate in the Plan.

Under the Plan, all dividends and distributions will be reinvested in additional shares of the Fund. Distributions declared payable in cash will be reinvested for the accounts of participants in the Plan in additional shares purchased by the Plan Agent on the open market at prevailing market prices. If, prior to the Plan Agent's completion of such open market purchases, the market price of a share plus estimated brokerage commissions exceeds the net asset value, the remainder of the distribution will be paid in newly issued shares valued at net asset value (but not at a discount of more than 5% from market price). Distributions declared payable in shares (or cash at the option of shareholders) are paid to participants in the Plan entirely in newly issued full and fractional shares valued at the lower of market value or net asset value per share on the valuation date for the distribution (but not at a discount of more than 5 percent from market price). Dividends and distributions are subject to taxation, whether received in cash or in shares.

Plan participants have the option of making additional investments of \$100 or more on a monthly basis up to a maximum of \$120,000 in a calendar year. These direct purchases will be invested on or shortly after the 15th of each month and direct purchases should be sent so as to be received by the Plan Agent at least two business days prior to the next investment date. Barring suspension of trading, direct purchases will be invested within 35 days after such date. Alternatively, participants can authorize an automatic monthly deduction from a checking or savings

account at a U.S. bank or other financial institution. A participant may withdraw a direct purchase by written notice received by the Plan Agent at least two business days before such payment is to be invested.

The Plan Agent maintains all shareholder accounts in the Plan and furnishes confirmations of all transactions in the account, including information needed by shareholders for tax records. Shares in the account of each Plan participant will be held by the Plan Agent in book-entry or noncertificated form in the name of the participant, and each shareholder's proxy will include those shares purchased or received pursuant to the Plan.

There is no charge to participants for reinvesting distributions pursuant to the Plan. The Plan Agent's fees are paid by the Fund, therefore indirectly by shareholders. There are no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or distributions declared payable in shares. However, each participant bears a per share fee (which includes any brokerage commissions the Plan Agent is required to pay) incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of distributions declared payable in cash.

With respect to direct purchases, the Plan Agent will charge \$1.25 for purchase by check and \$2.00 for automatic investment transactions, plus a per share fee (which includes any brokerage commissions the Plan Agent is required to pay). Sales of shares held in the Plan will also be subject to a service fee of \$2.50 and a per share fee currently \$0.10. All fees described in this summary are subject to change. Please contact the Plan Agent for the current fees.

Shareholders may terminate their participation in the Plan by notifying the Plan Agent by telephone, through the Internet or in writing. Such termination will be effective immediately if notice is received by The Plan Agent prior to any dividend record date and all subsequent dividends and distributions will be paid in cash instead of shares.

The Fund reserves the right to amend or terminate the Plan.

The full text of the Plan may be found on the Fund's website at [www.all-starfunds.com](http://www.all-starfunds.com).



## LIBERTY ALL-STAR® GROWTH FUND

31

## TAX INFORMATION (UNAUDITED)

All 2013 distributions whether received in cash or shares of the Fund consist of the following:

- (1) ordinary dividends, and
- (2) long-term capital gains

The table below details the breakdown of each 2013 distribution for federal income tax purposes.

## TAX STATUS OF 2013 DISTRIBUTIONS

RECORD DATE	PAYABLE DATE	AMOUNT PER SHARE	TOTAL ORDINARY DIVIDENDS		
			QUALIFIED	NON-QUALIFIED	LONG-TERM CAPITAL GAINS**
11/02/12*	01/02/13	\$0.0279	8.29%	24.35%	67.36%
01/25/13	03/11/13	\$0.07	8.29%	24.35%	67.36%
05/03/13	06/17/13	\$0.07	8.29%	24.35%	67.36%
08/02/13	09/16/13	\$0.08	8.29%	24.35%	67.36%
11/01/13	01/02/14	\$0.09	8.29%	24.35%	67.36%

\* Pursuant to Section 852 of the Internal Revenue Code, the taxability of this portion of the distribution will be reported in the Form 1099-DIV for 2013.

\*\* Pursuant to Section 852(b) (3) of the Internal Revenue Code, Liberty All-Star Growth Fund designated \$5,286,387 as long-term capital gain dividends.

## ADDITIONAL INFORMATION (UNAUDITED)

## Tax Designations

The Fund designates the following as a percentage of taxable ordinary income distributions for the calendar year ended December 31, 2013:

Qualified Dividend Income:	25.40%
Dividend Received Deduction:	23.32%

**LIBERTY ALL-STAR® GROWTH FUND**

32

**DIRECTORS AND OFFICERS (UNAUDITED)**

The names of the Directors and Officers of the Liberty All-Star® Growth Fund, Inc., the date each was first elected or appointed to office, their term of office, their principal business occupations and other directorships they have held during at least the last five years, are shown below.

**INDEPENDENT DIRECTORS**

<b>NAME (AGE) AND ADDRESS*</b>	<b>POSITION WITH FUND, TERM OF OFFICE AND LENGTH OF SERVICE</b>	<b>PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS</b>	<b>NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR</b>	<b>OTHER DIRECTORSHIPS HELD</b>
John A. Benning,  Year of Birth: 1934	Director Since 2002, Term expires 2014	Retired since December, 1999.	2	Trustee, Liberty All-Star® Equity Fund (since 2002).
Thomas W. Brock,  Year of Birth: 1947	Director Since 2005, Term expires 2015	Former Chief Executive Officer, Stone Harbor Investment Partners LP (April 2006-2012); Adjunct Professor, Columbia University Graduate School of Business (since 1998).	2	Director, Silver Bay Realty (December 2012 present); Director and Chairman Stone Harbor Investment Funds (2007-2012); Trustee, Liberty All-Star® Equity Fund, (since 2005).
George R. Gaspari,  Year of Birth: 1940	Director Since 2006, Term Expires 2016	Financial Services Consultant (since 1996).	2	Trustee, Liberty All-Star® Equity Fund (since 1999); Trustee and Chairman, The Select Sector SPDR Trust (since 1999).
Richard W. Lowry, Year of Birth: 1936	Director Since 1994, Term Expires 2016 Chairman since 2004	Private Investor since August 1987.	2	Trustee, Liberty All-Star® Equity Fund (since 1994).
John J. Neuhauser, Year of Birth: 1943	Director Since 1998, Term Expires 2015	President, St. Michael's College (since August, 2007); University Professor December 2005-2007, Boston College (formerly Academic Vice President and Dean of Facul-ties, from August 1999 to December 2005, Boston College).	2	Trustee, Liberty All-Star® Equity Fund (since 1998); Trustee, Columbia Funds Series Trust I (since 1985).
Richard C. Rantow, Year of Birth: 1938	Director Since 2006, Term expires 2014	Retired; Chairman of the Board of First Funds (from 1992 to July 2006).	2	Trustee, Clough Global Allocation Fund (since

2004), Trustee Clough Global Equity Fund (since 2005); Trustee, Clough Global Opportunities Fund (since 2006); Trustee, Liberty All-Star® Equity Fund (since 2006).

\*The address for all Directors is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.

## LIBERTY ALL-STAR® GROWTH FUND

33

## DIRECTORS AND OFFICERS (UNAUDITED)

## INTERESTED DIRECTOR

NAME (AGE) AND ADDRESS*	POSITION WITH FUND, TERM OF OFFICE AND LENGTH OF SERVICE	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS**	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY DIRECTOR**	OTHER DIRECTORSHIPS HELD
Edmund J. Burke**, Year of Birth: 1961	Director Since 2006, Term expires 2015, Vice President since 2006	Chief Executive Officer of ALPS Holdings, Inc., a DST Company (since November 2011); Chief Executive Officer and a Director of: ALPS Holdings, Inc. (since 2005); Director of ALPS Advisers (since 2001), and ALPS Distributors, Inc. (since 2000) and ALPS Fund Services, Inc., (since 2000); President and a Director of ALPS Financial Services, Inc. (1991-2005).	2	President (since 2006), Trustee and Chairman (since 2009), Financial Investors Trust; Trustee (since 2004) and President (since 2006), Clough Global Allocation Fund, Trustee (since 2006) and President (since 2005), Clough Global Equity Fund; Trustee and President, Clough Global Opportunities Fund Trustee and President (since 2006); Trustee and Vice President, Liberty All- Star® Equity Fund (since 2006). Mr. Burke is deemed an affiliate of the Fund as defined under the 1940 Act.

## OFFICERS

NAME (AGE) AND ADDRESS*	POSITION WITH GROWTH FUND	YEAR FIRST ELECTED OR APPOINTED TO OFFICE	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
William R. Parmentier, Jr., Year of Birth: 1952	President	1999	Chief Investment Officer, ALPS Advisors, Inc. (since 2006); President of the Liberty All-Star Equity Fund and Liberty All-Star® Growth Fund, Inc. (since April 1999); Senior Vice President, Banc of America In- vestment Advisors, Inc. (2005-2006). Mr. Parmentier is deemed an affiliate of the Fund as defined under the 1940 Act.
Mark T. Haley, CFA, Year of Birth: 1964	Senior Vice President	1999	Senior Vice President of the Liberty All-Star Equity Fund and Liberty All-Star® Growth Fund, Inc. (since January 1999); Vice President, ALPS Advisors, Inc. (since 2006). Vice President, Banc of America Investment Advisors (1999-2006). Mr. Haley is deemed an affiliate of the Fund as defined under the 1940 Act.



Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

Kimberly R. Storms,	Treasurer	2013	Director of Fund Administration and Senior Vice President of ALPS Fund Services, Inc. Ms. Storms is currently Treasurer of Financial Investors Trust, ALPS Series Trust, BPV Family of Funds, and Liberty All-Star® Equity Fund and Chief Financial Officer of Arbitrage Funds. Ms. Storms is also on the Board of Directors of the Denver Center for Crime Victims. Ms. Storms is deemed an affiliate of the Fund as defined under the 1940 Act.
Year of Birth: 1972			

\* The address for all Directors is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.

\*\* Mr. Burke is an interested person of the Funds, as defined in the 1940 Act, because he is an officer of ALPS Holdings, Inc. and a Director of ALPS Advisors, Inc. and ALPS Fund Services, Inc.

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG

**LIBERTY ALL-STAR® GROWTH FUND**

34

**DIRECTORS AND OFFICERS (UNAUDITED)****OFFICERS (continued)**

<b>NAME (AGE) AND ADDRESS*</b>	<b>POSITION WITH GROWTH FUND</b>	<b>YEAR FIRST ELECTED OR APPOINTED TO OFFICE</b>	<b>PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS</b>
Melanie Zimdars, Year of Birth: 1976	Chief Compliance Officer	2009	Deputy Chief Compliance Officer with ALPS Fund Services, Inc. since September 2009. Principal Financial Officer, Treasurer and Secretary, Wasatch Funds, February 2007 to December 2008. Assistant Treasurer, Wasatch Funds, November 2006 to February 2007. Ms. Zimdars is currently the Chief Compliance Officer for ALPS Variable Investment Trust, ALPS ETF Trust, EGA Emerging Global Shares Trust, BPV Family of Funds, Broadview Opportunity Trust, RealityShares ETF Trust, and Liberty All-Star® Equity Fund. Ms. Zimdars is deemed an affiliate of the Fund as defined under the 1940 Act.
Erin D. Nelson, Year of Birth: 1977	Secretary	2013	Vice-President and Assistant General Counsel of ALPS Fund Services, Inc., ALPS Advisors, Inc., ALPS Distributors, Inc., and ALPS Portfolio Solutions Distributor, Inc. Currently Secretary of ALPS ETF Trust, Clough Global Allocation Fund, Clough Global Equity Fund, Clough Global Opportunities Fund, and Liberty All- Star® Equity Fund. Ms. Nelson is deemed an affiliate of the Fund as defined under the 1940 Act.
Alex J. Marks, Year of Birth: 1974	Assistant Secretary	2011	Employee of ALPS Fund Services, Inc. since June 2011. Mr. Marks also served as an employee of ALPS Funds Services, Inc. from July 2006 to September 2010. Mr. Marks is also currently Assistant Secretary of Liberty All-Star® Equity Fund. Mr. Marks is deemed an affiliate of the Fund as defined under the 1940 Act.

\*The address for all Trustees is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.

**LIBERTY ALL-STAR® GROWTH FUND**  
**BOARD CONSIDERATION OF THE RENEWAL OF THE FUND MANAGEMENT**  
**AND PORTFOLIO MANAGEMENT AGREEMENTS (UNAUDITED)**

35

The Investment Company Act of 1940 requires that the Board of Directors ( Board ) of the Liberty All-Star Growth Fund, Inc. ( Fund ), including all of the Directors who are not interested persons of the Fund ( Independent Directors ), annually review the Fund's investment advisory agreements and consider whether or not to renew them for an additional year. At its meeting on September 12, 2013, the Board, including a majority of the Independent Directors, conducted such a review and approved the continuation of the Fund Management Agreement between the Fund and ALPS Advisors, Inc. ( AAI ) and the two separate Portfolio Management Agreements, among the Fund, AAI and the following independent investment management firms (each, a Portfolio Manager ): M.A. Weatherbie & Co., Inc. ( Weatherbie ) and TCW Investment Management Company ( TCW ).

Prior to the Board action, the Independent Directors met to consider management's recommendations with respect to the renewal of the Fund Management Agreement and the Portfolio Management Agreements (each, an Agreement and, collectively, the Agreements ). In reaching its decision to renew each Agreement, the Board considered the overall fairness of the Agreement and whether the Agreement was in the best interest of the Fund. The Board further considered factors it deemed relevant with respect to the Fund, including (1) the nature, extent and quality of services provided to the Fund by AAI, its affiliates and each Portfolio Manager; (2) the performance of the Fund and the Portfolio Managers; (3) the level of the Fund's management and portfolio management fees and expense ratios; (4) the costs of the services provided and profits realized by AAI and its affiliates from their relationship with the Fund; (5) the extent to which economies of scale would be realized as the Fund grows and whether fee levels will reflect economies of scale for the benefit of shareholders; (6) the fall-out benefits to AAI, each Portfolio Manager and their respective affiliates (i.e., any direct or indirect benefits to be derived by AAI, each Portfolio Manager and their respective affiliates from their relationships with the Fund); and (7) other general information about AAI and each Portfolio Manager. In considering each Agreement, the Board did not identify any single factor or information as all-important or controlling and each Director may have attributed different weight to each factor.

The Board considered these factors in the context of the Fund's multi-manager methodology, which seeks to achieve more consistent and less volatile performance over the long term than if a single Portfolio Manager was employed. The Fund allocates its portfolio assets among Portfolio Managers recommended by AAI and approved by the Board, currently two for the Fund. The Board considered that each Portfolio Manager employs a different investment style and/or strategy, and from time to time AAI

rebalances the Fund's portfolio assets among the Portfolio Managers. The Board also took into account that AAI continuously analyzes and evaluates each Portfolio Manager's investment performance and portfolio composition and, from time to time, recommends changes in the Portfolio Managers.

In connection with its deliberations, the Board took into account information furnished throughout the year at regular and special Board meetings, as well as information prepared specifically in connection with the annual renewal and approval process. Information furnished and discussed throughout the year included AAI's analysis of the Fund's investment performance and related financial information for the Fund, presentations given by the Fund's Portfolio Managers, as well as periodic reports on legal, compliance, brokerage commissions and execution and other services provided by AAI, the Portfolio Managers and their affiliates. Information furnished specifically in connection with the renewal process included, among other things, a report of the Fund's investment performance over various time periods as compared to a peer universe and a market index and the Fund's fees and expenses as compared to comparable groups of closed-end funds and open-end multi-managed funds based, in part, on information from Lipper, Inc. ( Lipper ), an independent organization, as well as additional materials prepared by AAI. The information provided by AAI generally included information reflecting the Fund's management fees, expense ratios, investment performance and profitability, including AAI's profitability with respect to the Fund.

As part of the process to consider the Agreements, legal counsel to the Independent Directors requested information from AAI and each Portfolio Manager. In response to these requests, the Independent Directors received reports from AAI and each Portfolio Manager that addressed specific factors designed to inform the Board's consideration of each Agreement. Counsel also provided the Independent Directors and the Board with a memorandum discussing the legal standards applicable to their consideration of the Agreements. Based on its evaluation of all material factors, the Board unanimously concluded that the terms of each Agreement were reasonable and fair and that the renewal of each Agreement was in the best interests of the Fund and its shareholders. The following is a summary of the Board's considerations and conclusions regarding these matters.

**NATURE, EXTENT AND QUALITY OF THE SERVICES PROVIDED**

The Directors considered the nature, extent and quality of the portfolio manager selection, evaluation and monitoring services provided by AAI, and the portfolio management services provided by each Portfolio Manager, in light of the

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG

**LIBERTY ALL-STAR® GROWTH FUND  
BOARD CONSIDERATION OF THE RENEWAL OF THE FUND MANAGEMENT  
AND PORTFOLIO MANAGEMENT AGREEMENTS (UNAUDITED)**

investment objective of the Fund. The Board also considered the nature, extent and quality of the administrative services provided to the Fund by ALPS Fund Services, Inc., an affiliate of AAI. The Board took into account the steps that AAI has taken to encourage strong performance, including AAI's willingness to recommend Portfolio Manager changes when necessary to address performance issues.

The Board also considered each Portfolio Manager's demonstrated consistency in investment approach. The Board considered that TCW manages the large-cap and mid-cap growth portions and Weatherbie manages the small-cap growth portion of the Fund's portfolio. The Board considered the background and experience of the personnel at AAI responsible for Portfolio Manager selection, evaluation and monitoring for the Fund and at the Portfolio Manager responsible for managing the Fund's portfolio. The Board also considered the overall financial strength of AAI, the effect on the Fund of any turnover in personnel at each Portfolio Manager, the insurance maintained by each Portfolio Manager and the compliance records of AAI and each Portfolio Manager. The Board concluded that the nature, extent and quality of the services provided by AAI and the Portfolio Managers were appropriate and consistent with the terms of the Agreements and that the Fund was likely to continue to benefit from services provided under the Agreements.

**INVESTMENT PERFORMANCE**

The Board considered the long-term and short-term investment performance of the Fund over multiple periods, which generally included annual total returns both on an absolute basis and relative to an appropriate benchmark and/or Lipper peer universe. The Board considered the Fund's performance based on both net asset value (NAV) and market price and, in general, considered long-term performance to be more important in its evaluation than short-term performance. In addition, the Board took into account the performance of other investment companies and accounts managed by the Portfolio Managers and the performance of the allocated portions of the Fund in the context of the Portfolio Managers' different investment strategies and styles and the contribution of each Portfolio Manager to the Fund's overall strategy and performance.

Among other information, the Directors considered that the Fund's return was comparable on an absolute and a relative basis in 2012 and for the seven months ended July 31, 2013. In particular, the Board considered that, based on the Fund's NAV, the Fund outperformed the Lipper Multi-Cap Growth Mutual Fund Average (Lipper Average) for the year-to-date, one-year, three-year, and five-year periods, underperformed for the ten-year period, and equaled the Lipper Average for the since-inception period. The Directors also considered that the Fund outperformed the

Russell 3000 Growth Index for the year-to-date, one-year and since-inception periods and underperformed for the three-year, five-year and ten-year periods. The performance information demonstrated to the Directors the Fund's generally consistent pattern of favorable long-term performance and supported the renewal of the Agreements.

**COSTS OF THE SERVICES PROVIDED TO THE FUND**

The Board considered the fees paid by the Fund to AAI and the fees paid by AAI to the Portfolio Managers as well as information provided by AAI about the management fees, overall expense ratio and expense reimbursement by AAI for selected closed-end funds and multi-manager open-end equity funds. The Board considered that the Fund's total expenses were higher than the median, but the management and administrative fees were lower than the median for closed-end funds. The Fund's total expense ratio and management and administrative fees were higher than the median for the multi-manager open-end equity funds. The Board determined, however, that the higher contractual management fees and expense ratios were generally consistent with the higher costs and greater complexity associated with the management of a closed-end multi-manager fund. The Board also considered the additional expense incurred by the Fund as a result of the proxy solicitation by dissident shareholders, which increased the Fund's total expense ratio.

The Board also considered that AAI currently does not have any institutional clients with investment objectives and strategies comparable to those of the Fund. The Board considered the breakpoint schedule that lowers the management fee rate as the Fund's assets increase. The Board also considered the management fees paid to the Portfolio Managers and the fee rates charged by the Portfolio Managers to their other accounts, including institutional accounts. The Board considered that the Portfolio Managers were paid by AAI, not the Fund. The Board also considered the differences in the level of services provided and the differences in responsibility of AAI and the Portfolio Managers to the Fund and to other accounts. The Board concluded that the management fees payable by the Fund to AAI and the fees payable by AAI to the Portfolio Managers were reasonable in relation to the nature and quality of the services provided, taking into account the management fees paid by selected closed-end funds and open-end equity funds.

**PROFITABILITY AND COSTS OF SERVICES TO AAI**

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

The Board considered the level of profits realized by AAI in connection with the operation of the Fund. The Board considered the profitability information setting forth the overall profitability of the Fund to AAI for the year ended December 31, 2012, as well as overall profitability information

**LIBERTY ALL-STAR® GROWTH FUND**  
**BOARD CONSIDERATION OF THE RENEWAL OF THE FUND MANAGEMENT**  
**AND PORTFOLIO MANAGEMENT AGREEMENTS (UNAUDITED)**

37

relating to the calendar years ended December 31, 2011 and 2010. In reviewing the information, attention was given to the methodology followed in allocating costs to the Fund, it being recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. In this respect, the Board took into consideration that AAI's cost allocation methodology was consistent with that followed in profitability report presentations for the Fund made in prior years. The Board took into account management's ongoing costs and expenditures in providing and improving services for the Fund as well as the ongoing need to meet regulatory and compliance requirements. In addition, the Board considered information prepared by management comparing the profitability of AAI on an overall basis to other investment company managers. The Board also considered the extent to which AAI and its affiliates might derive ancillary benefits from the Fund, noting that an affiliate of AAI serves as the Fund's administrator and receives compensation for acting in this capacity.

The Board considered that AAI has advised the Board that it does not regard Portfolio Manager profitability as meaningful to an evaluation of the Portfolio Manager Agreements because the willingness of the Portfolio Managers to serve in such capacity depends primarily upon arm's-length negotiations with AAI, AAI generally is aware of the fees charged by the Portfolio Managers to other clients, and AAI believes that the fees agreed upon with the Portfolio Managers are reasonable in light of the quality of investment advisory services rendered. The Board accepted AAI's explanations in light of the Board's findings as to the reasonableness of the aggregate management fees paid by the Fund and the fact that each Portfolio Manager's fee is paid by AAI and not the Fund. The Board acknowledged that, as a business matter, AAI was entitled to earn reasonable profits for its services to the Fund. The Board determined that AAI's profitability was reasonable in relation to the services provided and to the costs of providing management services to the Fund and supported the renewal of the Agreements.

**EXTENT OF ECONOMIES OF SCALE AS THE FUND GROWS AND WHETHER FEE LEVELS REFLECT ECONOMIES OF SCALE**

The Board considered whether economies of scale are realized by AAI as the Fund grows larger and the extent to which this is reflected in the level of management fees charged. The Board took into consideration the fee breakpoint schedules under the Agreements and concluded that the schedules reflect economies of scale with respect to the selection, evaluation and monitoring of Portfolio Managers and other services performed by AAI and the management of Fund assets by each Portfolio Manager.

In this regard, the Board considered that, although the Fund is not currently at an asset level at which it can take advantage of the breakpoints in its fee schedule, the schedule is structured so that when the Fund's assets increase, economies of scale may be shared for the benefit of shareholders. Based on the foregoing, the Board concluded that the breakpoint schedules allow the Fund to realize economies of scale, which supports the renewal of the Agreements.

**BENEFITS TO BE DERIVED FROM THE RELATIONSHIP WITH THE FUND**

The Directors also considered the potential "fall-out" benefits that AAI or the Portfolio Managers might receive in connection with their association with the Fund. In its consideration of the Agreements, the Board considered, among other things, that AAI and the Portfolio Managers may derive ancillary benefits from the Fund's operations. For example, under the Agreements, AAI may request that transactions giving rise to brokerage commissions be executed through brokers and dealers that provide brokerage or research services to the Fund or AAI. Each Portfolio Manager, through its position as a Portfolio Manager to the Fund, also may engage in soft dollar transactions. In advance of the meeting, the Board received information regarding each Portfolio Manager's procedures for executing portfolio transactions for the allocated portion(s) of the Fund and each Portfolio Manager's soft dollar policies and procedures. In addition, the Board considered that a Portfolio Manager may be affiliated with registered broker-dealers who may, from time to time, receive brokerage commissions from the Fund in connection with the purchase and sale of portfolio securities; provided, however, that those transactions, among other things, must be consistent with seeking best execution. The Board determined that the foregoing ancillary benefits were consistent with the renewal of the Agreements.

**CONCLUSIONS**

Based on its evaluation of all material factors, the Board unanimously concluded that the terms of each Agreement were reasonable and fair and that the renewal of each Agreement was in the best interests of the Fund and its shareholders.

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG



**LIBERTY ALL-STAR® GROWTH FUND**

38

**RESULTS OF SHAREHOLDER MEETING (UNAUDITED)**

On August 29, 2013, the Annual Meeting of Shareholders of the Fund was held to elect two Directors. On June 14, 2013, the record date for the meeting, the Fund had outstanding 23,175,491 shares of common stock. The votes cast at the meeting were as follows:

**PROPOSAL 1** - Proposal to elect two Directors:

	<b>FOR</b>	<b>WITHHELD</b>
Richard W. Lowry	16,362,928.685	573,106.525
George R. Gaspari	16,375,097.025	560,938.185

PRIVACY POLICY (UNAUDITED)

This Privacy Policy Notice discloses the privacy policies of the Liberty All-Star® Funds, which are advised by ALPS Advisors, Inc. and serviced by ALPS Fund Services, Inc. (the Companies). The Companies and the Funds are referred to herein collectively as we or us.

**PROTECTING YOUR PRIVACY IS A TOP PRIORITY**

We realize that our ability to offer superior products and services depends on the personal and financial information we collect from you. We value your business and are committed to maintaining your trust. That is why we have made your privacy a top priority.

**THE INFORMATION WE HAVE AND WHERE WE GET IT**

We collect information about you from a variety of sources, including:

- Information we receive from you on applications or other forms, such as your name, address and phone number; your social security number; and your assets, income and other household information;

- Information about your other transactions with us, our affiliates or others, such as your account balances and transactions history; and

- Information from visitors to our websites provided through online forms, site visitorship data and online information-collecting devices known as cookies.

We do not solicit personal or financial information from minors without written parental consent, nor do we knowingly market products and services to minors.

**HOW WE USE THIS INFORMATION**

We may share all of the information we collect with the Companies as part of the ordinary course of providing financial products and services to you, for the purpose of offering you new products and services to address your financial needs, for product development purposes and as otherwise required or permitted by law.

To assist in our business dealings with you, we may also share this information with companies (other than the Companies) that perform services, including marketing services, on our behalf (such as vendors that package and mail our investor statements and marketing research firms that enhance our ability to market our products and services). We do not share your information with mailing list or direct marketing companies. Thus, the information you provide to us will not result in unwanted solicitations from third-party marketers.

Finally, we may share this information with other entities outside of the Companies for the following purposes, including among others:

- To respond to a subpoena or court order, judicial process or regulatory inquiry;

- To report suspicious transactions to government agencies and law enforcement officials;

- To protect against fraud;

- To provide products and services with the consent or the direction of a customer; or

- In connection with the proposed or actual sale or merger of all or a portion of a business or operating unit.

*Except as described above, and except for information we provide to nonaffiliated third parties as otherwise required or permitted by law, we do not share information about you with nonaffiliated third parties.*

**SECURITY OF PERSONAL FINANCIAL INFORMATION**

We restrict access to information about you to those employees we determine need to know that information to provide products and services to you. We maintain physical, electronic and procedural safeguards to protect this information.

If you provide information to us via our websites in order to view your account activity or conduct transactions, we use 128-bit SSL encryption security with passwords to ensure a safe transmission of data between you and us. Information you provide is stored and transmitted in a secure environment, accessible only by a select group of people who are given a secure passcode to access the information.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC. - Form N-CSR

We continuously assess new technology for protecting information and upgrade our systems where appropriate.

**IF YOU HAVE ANY QUESTIONS OR CONCERNS ABOUT THIS PRIVACY POLICY NOTICE, PLEASE WRITE TO US AT:**

ALPS Advisors, Inc.

Attn: Compliance Department

1290 Broadway, Suite 1100

Denver, CO 80203

### **FORMER CUSTOMERS**

If, for whatever reason, our customer relationship with you ends, we will preserve your information as necessary to comply with applicable laws. The measures we take to protect the privacy of customer information, as described in this Privacy Policy Notice, will continue to apply to you. We also will comply with more restrictive state laws to the extent they apply.

*We reserve the right to change this Privacy Policy Notice, and any of the policies described herein, at any time. The examples contained in this Privacy Policy Notice are illustrations; they are not intended to be exclusive.*

[www.all-starfunds.com](http://www.all-starfunds.com)

ASG

**LIBERTY ALL-STAR® GROWTH FUND**

40

**DESCRIPTION OF LIPPER BENCHMARK AND MARKET INDICES (UNAUDITED)**

**Dow Jones Industrial Average**

A price-weighted measure of 30 U.S. blue-chip companies.

**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.

An investor cannot invest directly in an 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 large cap U.S. equities index that includes 500 leading companies and captures approximately 80% coverage of available market capitalization.





**Item 2. Code of Ethics.**

- (a) The registrant has, as of the end of the period covered by this report, adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (b) Not Applicable.
- (c) During the period covered by this report, there were not any amendments to a provision of the code of ethics adopted in 2(a) above.
- (d) During the period covered by this report, there were not any waivers or implicit waivers to a provision of the code of ethics adopted in 2(a) above.
- (e) Not Applicable.
- (f) The registrant's Board adopted, effective December 10, 2007, a revised code of ethics described in 2(a) above. The revised code of ethics is incorporated by reference to the Registrant's Form N-CSR filing made on March 7, 2008. There have been no revisions to the code since that date.

**Item 3. Audit Committee Financial Expert.**

The registrant's Audit Committee is composed of six of the registrant's independent directors who are not affiliated with the registrant's investment advisor. The Board has determined that each of the audit committee members is financially literate and that at least one member has accounting or related financial management expertise as used in the New York Stock Exchange definitions of the terms.

Under the Sarbanes-Oxley Act, if the Board has not determined that a financial expert, a term based on criteria contained in the Sarbanes-Oxley Act, is serving on the audit committee, it must disclose this fact and explain why the committee does not have such an expert. The Board believes that for the following reasons it is not necessary for a registered investment company such as the registrant, with an audit committee that meets the New York Stock Exchange requirements of financial literacy, to have a financial expert as a member of the committee.

- 1. The financial statements of and accounting principles applying to the registrant are relatively straightforward and transparent compared to those of operating companies. The significant accounting issues are valuation of securities and other assets (regulated under the Investment Company Act of 1940 (the 1940 Act ) and computed daily), accrual of expenses, allocation of joint expenses shared with other entities, such as insurance premiums, and disclosures of all related party transactions. Equally important is knowledge of the tax laws applying to registered investment companies. None of the accounting issues involving corporate America that have received recent publicity, such as sophisticated derivative transactions and special purpose entities, are present in financial

reporting for this registered investment company.

2. During the years that the registrant has been filing financial reports under the 1940 Act since its inception in 1986 there has never been a requirement for a financial report or statement to be restated.
3. The current members of the audit committee have many years of aggregate experience serving on this audit committee and/or in the Board's judgment, through this experience and experience with other public corporation's financial affairs, they have an understanding of the relevant generally accepted accounting principles governing the registrant's financial statements, tax laws applying to the registrant, the registrant's internal accounting controls and audit committee functions necessary to satisfy the objectives of the Sarbanes-Oxley Act with respect to the financial statements, auditing process and internal controls of the registrant.



4. The audit committee has the capability of employing a consultant who satisfies the technical definition of a financial expert and will do so from time to time if circumstances warrant.

**Item 4. Principal Accountant Fees and Services.**

(a) *Audit Fees.* Aggregate Audit Fees billed by the principal accountant for professional services rendered during the fiscal years ended December 31, 2012 and December 31, 2013 were approximately \$24,700 and \$24,700, respectively.

Audit Fees include amounts related to the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

(b) *Audit-Related Fees.* Aggregate Audit-Related Fees billed to the registrant by the principal accountant for professional services rendered during the fiscal years ended December 31, 2012 and December 31, 2013 were approximately \$0 and \$0, respectively.

Audit-Related Fees include amounts for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported in Audit Fees above.

(c) *Tax Fees.* Aggregate Tax Fees billed by the principal accountant to the registrant for professional services rendered during the fiscal years ended December 31, 2012 and December 31, 2013 were approximately \$3,790 and \$3,915, respectively.

(d) *All Other Fees.* Aggregate All Other Fees billed by the principal accountant to the registrant for professional services rendered during the fiscal years ended December 31, 2012 and December 31, 2013 were \$0 and \$0, respectively.

All Other Fees include amounts for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) above.

None of the amounts described in paragraphs (a) through (d) above were approved pursuant to the de minimis exception under paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. During the fiscal years ended December 31, 2012 and December 31, 2013, there were no Audit-Related Fees, Tax Fees and All Other Fees that were approved for services related directly to the operations and financial reporting of the registrant to the investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and any entity controlling, controlled by, or under common control with such investment advisor that provides ongoing services to the registrant under paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X.

**(e)(1) Audit Committee Pre-Approval Policies and Procedures**

The registrant's Audit Committee is required to pre-approve the engagement of the registrant's independent accountants to provide audit and non-audit services to the registrant and non-audit services to its investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) or any entity controlling, controlled by or under common control with such investment advisor that provides ongoing services to the registrant ( Advisor Affiliates ), if the engagement relates directly to the operations or financial reporting of the registrant, including the fees and other compensation to be paid to the independent accountants.

The Audit Committee has adopted a Policy for Engagement of Independent Accountants for Audit and Non-Audit Services ( Policy ). The Policy sets forth the understanding of the Audit Committees regarding the engagement of the

registrant's independent accountants to provide (i) audit and permissible audit-related, tax and other services to the registrant; (ii) non-audit services to the registrant's investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and Advisor Affiliates, if the engagement relates directly to the operations or financial reporting of a Fund; and (iii) other audit and non-audit services to the registrant's investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and Advisor Affiliates. Unless a type of service receives general pre-approval under the Policy, it requires specific pre-approval by the Audit Committee if it is to be provided by the independent accountants. Pre-approval of non-audit services to the registrant, the registrant's investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen

by another investment advisor) and Advisor Affiliates may be waived provided that the de minimis requirements set forth in the SEC's rules relating to pre-approval of non-audit services are met.

Under the Policy, the Audit Committee may delegate pre-approval authority to any pre-designated member or members who are Independent Directors. The member(s) to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next regular meeting. The Audit Committee's responsibilities with respect to the pre-approval of services performed by the independent accountants may not be delegated to management.

The Policy requires the Fund Treasurer and/or Director of Board Administration to submit to the Audit Committee, on an annual basis, a schedule of the types of services that are subject to general pre-approval. The schedule(s) provide a description of each type of service that is subject to general pre-approval and, where possible, will provide estimated fee caps for each instance of providing each service. The Audit Committees will review and approve the types of services and review the projected fees for the next fiscal year and may add to, or subtract from, the list of general pre-approved services from time to time based on subsequent determinations. That approval acknowledges that each Audit Committee is in agreement with the specific types of services that the independent accountants will be permitted to perform.

(e)(2) The percentage of services described in paragraphs (b) through (d) of this Item approved pursuant to the de minimis exception under paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X during both fiscal years ended December 31, 2012 and December 31, 2013 was zero.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's accountant in each of the last two fiscal years of the Registrant were \$213,790 in 2012 and \$225,415 in 2013. These fees consisted of non-audit fees billed to (i) the Registrant of \$3,790 in 2012 and \$3,915 in 2013 as described in response to paragraph (c) above and (ii) to ALPS Fund Services, Inc., (AFS), an entity under common control with the ALPS Advisors, Inc., the Registrant's investment advisor, of \$210,000 in 2012 and \$221,500 in 2013. The non-audit fees billed to AFS related to SSAE 16 services and other compliance related matters.

(h) The registrant's Audit Committee has considered whether the provision of non-audit services that were rendered to the registrant's advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor), and any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, is compatible with maintaining the principal accountant's independence. The Audit Committee determined that the provision of such services is compatible with maintaining the principal accountant's independence.

#### **Item 5. Audit Committee of Listed Registrants.**

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)).

As of December 31, 2013, John A. Benning, Thomas W. Brock, George R. Gaspari Richard W. Lowry, John J. Neuhauser, and Richard C. Rantzow are each an independent director and collectively constitute the entire Audit Committee.

#### **Item 6. Schedule.**

(a) The registrant's Schedule I Investments in securities of unaffiliated issuers (as set forth in 17 CFR 210.12-12) is included in Item 1 of this Form N-CSR.

(b) Not applicable.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

The Fund has delegated to ALPS Advisors, Inc. (the AAI) the responsibility to vote proxies relating to portfolio securities held by the Fund. In deciding to delegate this responsibility to AAI, the Fund's Board reviewed and approved the policies and procedures adopted by the Advisor. These included the procedures that the Advisor follows when a vote

presents a conflict between the interests of the Fund and its shareholders and AAI, its affiliates, its other clients or other persons.

All proxies regarding client securities for which AAI has authority to vote will, unless AAI determines in accordance with policies stated below to refrain from voting, be voted in a manner considered by AAI to be in the best interest of AAI's clients without regard to any resulting benefit or detriment to AAI or its affiliates. The best interest of clients is defined for this purpose as the interest of enhancing or protecting the economic value of client accounts, considered as a group rather than individually, as AAI determines in its sole and absolute discretion. There may also be instances where a fund relies upon Section 12(d)(1)(F), and by law, the fund may be required to vote proxies in the same proportion as the vote of all other shareholders of the acquired fund (i.e., echo vote). In the event a client believes that its other interests require a different vote, AAI will vote as the client clearly instructs, provided AAI receives such instructions in time to act accordingly.

AAI endeavors to vote, in accordance with this Policy, all proxies of which it becomes aware, subject to the following general exceptions (unless otherwise agreed) when AAI expects to routinely refrain from voting:

1. Proxies will usually not be voted in cases where the security has been loaned from the Client's account and subsequently, AAI determines that the type of proxy issue is not material to shareholders. AAI will utilize the below considerations to determine if a security then on loan should be recalled for voting purposes. Decisions will generally be made on a case-by-case basis depending on whether, in AAI's judgment,:
  - the matter to be voted on has critical significance to the potential value of the security in question;
  - the security represents a significant holding and whether the security is considered a long-term holding; and
  - AAI believes it can recall the security in time to cast the vote.
2. Proxies will usually not be voted in cases where AAI deems the costs to the Client and/or the administrative inconvenience of voting the security outweigh the benefit of doing so (e.g., international issuers which impose share blocking restrictions).

AAI seeks to avoid the occurrence of actual or apparent material conflicts of interest in the proxy voting process by voting in accordance with predetermined voting guidelines and observing other procedures that are intended to guard against and manage conflicts of interest (refer to Section III, Conflicts of Interest below).

For purposes of this policy, a material conflict of interest is a relationship or activity engaged in by AAI, an AAI affiliate, or an AAI associate that creates an incentive (or appearance thereof) to favor the interests of AAI, the affiliate, or associate, rather than the clients' interests. For example, AAI may have a conflict of interest if either AAI has a significant business relationship with a company that is soliciting a proxy, or if an AAI associate involved in the proxy voting decision-making process has a significant personal or family relationship with the particular company. A conflict of interest is considered to be material to the extent that a reasonable person could expect the conflict to influence AAI's decision on the particular vote at issue. In all cases where there is deemed to be a material conflict of interest, AAI will seek to resolve it in the clients' best interests.

AAI follows the proxy guidelines and uses other research services provided by Institutional Shareholder Services, Inc. (ISS) or another independent third party. In providing proxy voting services to AAI, ISS provides vote recommendations on a pre-determined policy. Generally, AAI will vote proxies based on ISS' pre-determined voting policy. In doing so, AAI demonstrates that its vote would not be a product of a conflict of interest as AAI would have little or no discretion on how the proxy was voted.

For those proxy proposals that: (1) are not addressed by AAI's proxy voting guidelines; (2) the guidelines specify the issue must be evaluated and determined on a case-by-case basis; or (3) an AAI investment associate believes that an exception to the guidelines may be in the best economic interest of AAI's clients (collectively, Proxy Referrals), AAI may vote the proxy, subject to the conflicts of interest procedures set forth below.

In the case of Proxy Referrals, Compliance will collect and review any information deemed reasonably appropriate to evaluate if AAI or any person participating in the proxy voting decision-making process has, or has the appearance of, a material conflict of interest. AAI investment personnel involved in the particular Proxy Referral must report any personal conflict of interest circumstances to AAI's Chief Compliance Officer (CCO), or designee, in writing (see Appendix B - Conflicts of Interest Disclosure and Certification Form). Compliance will consider information about AAI's significant business relationships, as well as other relevant information. The information considered by Compliance may include information regarding: (1) AAI client and other business relationships; (2) any relevant personal conflicts; and (3)

communications between investment professionals and parties outside the AAI investment division regarding the proxy matter. Compliance will consult with relevant experts, including legal counsel, as necessary.

If Compliance determines that it reasonably believes (1) AAI has a material conflict of interest, or (2) certain individuals should be recused from participating in the proxy vote at issue, Compliance will inform the Chair of the Proxy Committee. Where a material conflict of interest is determined to have arisen in the proxy voting process, AAI's policy is to invoke one or more of the following conflict management procedures:

1. Causing the proxies to be voted in accordance with the recommendations of an independent third party (which generally will be AAI's proxy voting agent);
2. Causing the proxies to be delegated to a qualified, independent third party, which may include AAI's proxy voting agent.
3. In unusual cases, with the Client's consent and upon ample notice, forwarding the proxies to AAI's clients so that they may vote the proxies directly.

#### Affiliate Investment Companies and Public Companies

AAI considers proxies solicited by open-end and closed-end investment companies for which AAI or an affiliate serves as an investment adviser or principal underwriter to present a material conflict of interest for AAI. Consequently, the proxies of such affiliates will be voted following one of the conflict management procedures discussed above.

#### Management of Conflicts of Interest – Additional Procedures

AAI has various compliance policies and procedures in place in order to address any material conflicts of interest that might arise in this context.

1. ALPS's Code of Ethics affirmatively requires that associates of AAI act in a manner whereby no actual or apparent conflict of interest may be seen as arising between the associate's interests and those of AAI's Clients.
2. By assuming his or her responsibilities pursuant to this Policy, each member of the Proxy Committee (including the chairperson) and any AAI or ALPS associate advising or acting under the supervision or oversight of the Proxy Committee undertakes:

To disclose in writing to AAI's CCO, or designee, any actual or apparent personal material conflicts of interest which he or she may have (e.g., by way of substantial ownership of securities, relationships with nominees for directorship, members of an issuer's or dissident's management or otherwise) in determining whether or how AAI will vote proxies. Additionally, each member must disclose any direct, indirect or perceived influence or attempt to influence such action which the member or associate views as being inconsistent with the purpose or provisions of this Policy or the Code of Ethics of ALPS. In the event any member of the Proxy Committee has a conflict of interest regarding a given matter, he or she will abstain from participating in the Committee's determination of whether and/or how to vote in the matter; and

To refrain from taking into consideration, in the decision as to whether or how AAI will vote proxies the existence of any current or prospective material business relationship between AAI, ALPS or any of their affiliates, on one hand, and any party (or its affiliates) that is soliciting or is otherwise interested in the proxies to be voted, on the other hand.

3. In certain circumstances, AAI follows the proxy guidelines and uses other research services provided by Institutional Shareholder Services, Inc. ( ISS ) or another independent third party. AAI has undertaken a review of ISS conflicts of interest procedures, and will continue to monitor them on an ongoing basis. In the event that AAI determines that it would be appropriate to use another third party, it will undertake a similar conflicts of interest assessment review.

A description of the Fund's proxy voting policies and procedures is available (i) on the Securities and Exchange Commission's ( SEC ) website at [www.sec.gov](http://www.sec.gov), and (ii) without charge, upon request, by calling 1-800-542-3863. Information regarding how the Fund voted proxies relating to portfolio securities during the 12-month period ended June 30th is available from the SEC's website at [www.sec.gov](http://www.sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities is also available at [www.all-starfunds.com](http://www.all-starfunds.com).



**Item 8. Portfolio Managers of Closed-End Management Investment Companies.****Weatherbie Capital LLC ( Weatherbie )**

(a)(1) MANAGEMENT. Matthew A. Weatherbie, CFA is the person responsible for managing the portion of the Fund allocated to Weatherbie. Mr. Weatherbie is the Chief Investment Officer, President and Lead Portfolio Manager of Weatherbie, which he founded in December 1995. Mr. Weatherbie's prior experience as a portfolio manager was at Putnam Investments from 1983-1995 where he managed the Putnam Voyager Fund. Between 1973 and 1983, he was a securities analyst and then a portfolio manager of MFS (Massachusetts Financial Services) Emerging Growth Trust. He has earned the right to use the CFA Institute Chartered Financial Analyst designation.

(a)(2) OTHER ACCOUNTS. The table below provides information regarding the other accounts managed by Matthew A. Weatherbie as of December 31, 2013:

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts Managed For which Advisory Fee is Performance Based	Assets Managed for which Advisory Fee is Performance Based (in millions)
<b>Matthew A. Weatherbie</b>				
Registered Investment Companies	1	\$36	0	N/A
Other pooled investment vehicles	1	\$100	1	\$100
Other accounts	17	\$744	0	N/A

MATERIAL CONFLICTS OF INTEREST. None.

(a)(3) COMPENSATION STRUCTURE. As the sole owner of Weatherbie, Matthew A. Weatherbie's compensation is directly related to the overall profitability of Weatherbie. Mr. Weatherbie receives a fixed base salary, profit sharing (pre-tax/deferred compensation) and earnings from the company, if any, at year end under the rules of Sub-Chapter S of the Internal Revenue Code. All compensation is pre-tax. There is no difference between the method used to determine compensation with respect to the Fund and the other accounts managed by Mr. Weatherbie, except that a performance allocation may be payable by the other pooled investment vehicles managed by Weatherbie.

(a)(4) OWNERSHIP BY PORTFOLIO MANAGER:

<u>Portfolio Managers</u>	<u>Dollar Range of the Registrant's Securities Owned by the Portfolio Managers</u>
Matthew A. Weatherbie	None

**TCW Investment Management Company ( TCW )**

(a)(1) MANAGEMENT. The first portion of the Fund allocated to TCW for mid-cap growth is managed by Mike Olson, CFA and Chang Lee.

Mr. Olson is co-Portfolio Manager of TCW's Small Cap Growth, SMID Cap Growth, Growth Equities, Global Technology, and Multi-Cap Growth strategies. Prior to assuming his current position, Mr. Olson was a Senior Analyst in the Small and Mid-Cap Growth Equities group and Senior Portfolio Manager of the Multi-Cap Growth strategy.

Mr. Olson joined U.S. Equities in 2001 as an analyst concentrating on small cap technology companies where he worked alongside the Small and Mid-Cap Growth Equities portfolio managers and analysts for four years before officially joining the team. Mr. Olson joined TCW in 1999 as an analyst for the Latin America Equities group where he covered diverse industries across Brazil, Chile, and Venezuela. Prior to TCW, Mr. Olson worked at Aegis Asset Management as a Research Analyst. Mr. Olson graduated from California State University at Fullerton with a BA in Finance and International Business and also earned an MBA from the University of Southern California. He is a CFA charterholder.

Mr. Lee is co-Portfolio Manager of TCW's Small Cap Growth, SMID Cap Growth, Growth Equities, Global Technology, and Multi-Cap Growth strategies. Mr. Lee joined TCW in 2005 as an Analyst in the U.S. Equity Research

Department where he covered the insurance sector. In 2006 Mr. Lee joined the TCW Small and Mid-Cap Growth Equities team as an Analyst, with an analytical focus on financials, health care and industrials. Prior to TCW, Mr. Lee was a Senior Investment Analyst at Samsung Life Investment from 2003 to 2005 and an Analyst at Lazard Asset Management from 1998 to 2003. At Lazard, Mr. Lee was a member of the Alternative Investment Product team where he focused primarily on small and mid cap health care and industrial companies. He also worked closely with Lazard's small and mid cap product groups in providing investment opportunities. Prior to Lazard, Mr. Lee was an Analyst at Bear Stearns. Mr. Lee holds a BS in Applied Mathematics and Economics from Johns Hopkins University (1996) as well as an MBA from Stern School of Business at New York University (2001).

The second portion of the Fund allocated to TCW for large-cap growth is managed by Craig C. Blum, CFA, Portfolio Manager, Managing Director and US Equities.

Mr. Blum is Co-Portfolio Manager of the Concentrated Core and Select Equities investment strategies. He joined TCW in 1999 as part of a program designed to fast-track high potential individuals, providing them with in-depth knowledge of the firm's various investment groups. After gaining experience in the High Yield and Mortgage-Backed Securities Groups, in 2000 Mr. Blum joined the US Equity Research Group as an Analyst covering data networking, communications equipment, and enterprise hardware and software companies. In 2002, Mr. Blum became a member of the Concentrated Core / Select Equities Group, and in 2004 he was promoted to Co-Portfolio Manager. Prior to joining TCW, Mr. Blum focused on commercial mortgage-backed securities cash flow modeling and deal structuring as a Senior Analyst with FMAC Capital Markets. Prior to that, he worked in institutional sales and mortgage-backed securities analysis at PaineWebber. Mr. Blum began his investment career in 1994 at Merrill Lynch where he developed a financial advisory business focused on high net worth and corporate clients. He has more than 10 years experience in the investment management industry. Mr. Blum received his Bachelor of Science in Applied Mathematics and Computer Science from the University of California at Los Angeles (UCLA) in 1993, and his MBA in Finance from the UCLA Anderson Graduate School of Management in 1999. Mr. Blum has earned the right to use the CFA Institute Chartered Financial Analyst designation.

(a)(2) OTHER ACCOUNTS. The table below provides information about the other accounts managed by Messrs. Olson and Lee and Blum, as of December 31, 2013:

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts Managed for which Advisory Fee is Performance Based	Assets Managed for which Advisory Fee is Performance Based (in millions)
<b>Chang Lee</b>				
Registered Investment Companies	7	\$647	0	n/a
Other Pooled Investment Vehicles	8	\$180	1	\$21
Other Accounts	20	\$781	1	\$297
<b>Mike Olson</b>				
Registered Investment Companies	7	\$647	0	n/a
Other Pooled Investment Vehicles	8	\$180	1	\$21
Other Accounts	20	\$781	1	\$297

**Craig C. Blum**

Registered Investment Companies	4	\$1,503	0	n/a
Other Pooled Investment Vehicles	5	\$411	1	\$130
Other Accounts	59	\$3,710	2	\$264

POTENTIAL CONFLICTS OF INTEREST IN MANAGING MULTIPLE ACCOUNTS. Like other investment professionals with multiple clients, a portfolio manager for a Fund may face certain potential conflicts of interest in connection with managing both the Fund and other accounts at the same time. The paragraphs below describe some of these potential conflicts, which may be faced by investment professionals at most major financial firms. ALPS Advisors, Inc. and the Fund have adopted compliance policies and procedures that attempt to address certain of these potential conflicts.

The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance ( performance fee accounts ), may raise potential conflicts of interest by creating an incentive to favor higher-fee accounts. These potential conflicts may include, among others:

The most attractive investments could be allocated to higher-fee accounts or performance fee accounts.

The trading of higher-fee accounts could be favored as to timing and/or execution price. For example, higher-fee accounts could be permitted to sell securities earlier than other accounts when a prompt sale is desirable or to buy securities at an earlier and more opportune time.

The trading of other accounts could be used to benefit higher-fee accounts (front- running).

The investment management team could focus their time and efforts primarily on higher-fee accounts due to a personal stake in compensation.

Potential conflicts of interest may also arise when the portfolio managers have personal investments in other accounts that may create an incentive to favor those accounts.

A potential conflict of interest may arise when a Fund and other accounts purchase or sell the same securities. On occasions when a portfolio manager considers the purchase or sale of a security to be in the best interests of a Fund as well as other accounts, the adviser's trading desk may, to the extent permitted by applicable laws and regulations, aggregate the securities to be sold or purchased in order to obtain the best execution and lower brokerage commissions, if any. Aggregation of trades may create the potential for unfairness to a Fund or another account if one account is favored over another in allocating the securities purchased or sold—for example, by allocating a disproportionate amount of a security that is likely to increase in value to a favored account.

Cross trades, in which one account sells a particular security to another account (potentially saving transaction costs for both accounts), may also pose a potential conflict of interest. Cross trades may be seen to involve a potential conflict of interest if, for example, one account is permitted to sell a security to another account at a higher price than an independent third party would pay. The Fund has adopted compliance procedures that provide that any transactions between a Fund and another advised account are to be made at an independent current market price, as required by law.

Another potential conflict of interest may arise based on the different investment objectives and strategies of a Fund and other accounts. For example, another account may have a shorter-term investment horizon or different investment objectives, policies or restrictions than a Fund. Depending on another account's objectives or other factors, a portfolio manager may give advice and make decisions that may differ from advice given, or the timing or nature of decisions made, with respect to a Fund. In addition, investment decisions are the product of many factors in addition to basic suitability for the particular account involved. Thus, a particular security may be bought or sold for certain accounts even though it could have been bought or sold for other accounts at the same time. More rarely, a particular security may be bought for one or more accounts managed by a portfolio manager when one or more other accounts are selling the security (including short sales). There may be circumstances when purchases or sales of portfolio securities for one or more accounts may have an adverse effect on other accounts.

A Fund's portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. As a result, the portfolio manager may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he or she were to devote substantially more attention to the management of a single fund. The effects of this potential conflict may be more pronounced where funds and/or accounts overseen by a particular portfolio manager have different investment strategies.

A Fund's portfolio managers may be able to select or influence the selection of the brokers and dealers that are used to execute securities transactions for the Fund. In addition to executing trades, some brokers and dealers provide portfolio managers with brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934), which may result in the payment of higher brokerage fees than might have otherwise be available. These services may be more beneficial to certain funds or accounts than to others. Although the payment of brokerage commissions is subject to the requirement that the portfolio manager determine in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided to the fund, a portfolio manager's decision as to the selection of brokers and dealers could yield disproportionate costs and benefits among the funds and/or accounts that he or she manages.

The adviser or an affiliate may provide more services (such as distribution or recordkeeping) for some types of funds or accounts than for others. In such cases, a portfolio manager may benefit, either directly or indirectly, by devoting disproportionate attention to the management of fund and/or accounts that provide greater overall returns to the investment manager and its affiliates.

A Fund's portfolio manager(s) may also face other potential conflicts of interest in managing the Fund, and the description above is not a complete description of every conflict that could be deemed to exist in managing both a Fund and other accounts. In addition, a Fund's portfolio manager may also manage other accounts (including their personal assets or the assets of family members) in their personal capacity. The management of these accounts may also involve certain of the potential conflicts described above. Investment personnel at the advisers, including each Fund's portfolio manager, are subject to restrictions on engaging in personal securities transactions pursuant to Codes of Ethics adopted by the adviser.

Each of the Fund's sub-advisers has trade allocation and other policies and procedures that it believes are reasonably designed to address these and other potential conflicts of interest.

(a)(3) PORTFOLIO MANAGERS COMPENSATION. The overall objective of TCW's compensation program for portfolio managers is to attract competent and expert investment professionals and to retain them over the long-term. Compensation is comprised of several components which, in the aggregate, are designed to achieve these objectives and to reward the portfolio managers for their contributions to the successful performance of the accounts they manage. Portfolio managers are compensated through a combination of base salary, profit sharing based compensation ( *profit sharing* ), bonus and equity incentive participation in the TCW's parent company ( *equity incentives* ). Profit sharing and equity incentives generally represent most of the portfolio managers' compensation. In some cases, portfolio managers are eligible for discretionary bonuses.

*Salary.* Salary is agreed to with managers at time of employment and is reviewed from time to time. It does not change significantly and often does not constitute a significant part of the portfolio manager's compensation.

*Profit Sharing.* Profit sharing is linked quantitatively to a fixed percentage of net income relating to accounts in the investment strategy area for which the portfolio managers are responsible and is typically paid quarterly. In most cases, revenues are allocated to a pool and profit sharing compensation is paid out after the deduction of certain expenses (including base salaries) related to the strategy group. The profit sharing percentage used to compensate a portfolio manager for management of the Fund is generally the same as that used to compensate portfolio managers for all other client accounts in the same strategy managed by TCW or one of the other TCW Advisors (together, ***the TCW Group*** ). Income included in a profit sharing pool will relate to the products managed by the portfolio manager. In some cases, the pool includes revenues related to more than one equity or fixed income product where the portfolio managers work together as a team, in which case each participant in the pool is entitled to profit sharing derived from all the included products. In certain cases, a portfolio manager may also participate in a profit sharing pool that includes revenues from products besides the strategies offered in the Fund, including alternative investment products; the portfolio manager would be entitled to participate in such pool where he or she supervises, is involved in the management of, or is associated with a group, other members of which manage, such products. Profit sharing arrangements are generally the result of agreement between the portfolio manager and the TCW Group, although in some cases they may be discretionary based on supervisor allocation.

In some cases, the profit sharing percentage is subject to increase based on the relative pre-tax performance of the investment strategy composite returns, net of fees and expenses, to that of the benchmark. The measurement of performance relative to the benchmark can be based on single year or multiple year metrics, or a combination thereof. The benchmark used is the one associated with the Fund managed by the portfolio manager as disclosed in the prospectus. Benchmarks vary from strategy to strategy but, within a given strategy, the same benchmark applies to all accounts.

*Discretionary Bonus/Guaranteed Minimums.* In general, portfolio managers do not receive discretionary bonuses. However, in some cases bonuses may be paid on a discretionary basis out of a department profit sharing pool, as determined by the supervisor(s) in the department. In other cases where portfolio managers do not receive profit sharing or where the company has determined the combination of salary and profit sharing does not adequately compensate the portfolio manager, discretionary bonuses may be paid by the TCW Group. Also, pursuant to contractual arrangements, some portfolio managers may be entitled to a mandatory bonus if the sum of their salary and profit sharing does not meet certain minimum thresholds.

*Equity Incentives.* Many portfolio managers participate in equity incentives based on overall firm performance of the TCW Group and its affiliates, through ownership or participation in restricted unit plans that vest over time or unit appreciation plans of TCW's parent company.



Under the Restricted Unit Plan, certain portfolio managers in the fixed income and equity areas were awarded partnership units in TCW's parent company. Awards under this plan vest over time. Vesting is in part dependent on satisfaction of performance criteria.

Under the 2013 Equity Unit Incentive Plan, certain portfolio managers in the fixed income and equity areas are awarded options to acquire partnership units in TCW's parent company with a strike price equal to the fair market value of the option at the date of grant. The options granted under the plan are subject to vesting and other conditions.

*Other Plans and Compensation Vehicles.* Portfolio managers may also elect to participate in the TCW Group's 401(k) plan, to which they may contribute a portion of their pre- and post-tax compensation to the plan for investment on a tax-deferred basis.

(a)(4) OWNERSHIP BY PORTFOLIO MANAGERS.

	<u>Dollar Range of the Registrant's Securities Owned</u>
Portfolio Managers	<u>by the Portfolio Managers</u>
Chang Lee	None
Mike Olson	None
Craig C. Blum	None

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**

During the fiscal year ended December 31, 2013, there were no purchases made by or on behalf of the registrant or any affiliated purchaser, as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934 (Exchange Act), of shares or other units of any class of the registrant's equity securities that are registered by the registrant pursuant to Section 12 of the Exchange Act.

**Item 10. Submission of Matters to a Vote of Security Holders.**

There have not been any material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors, since those procedures were last disclosed in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A or this Item.

**Item 11. Controls and Procedures.**

- (a) The registrant's principal executive officer and principal financial officers, based on their evaluation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing of this report, have concluded that such controls and procedures are adequately designed to ensure that information required to be disclosed by the registrant in Form N-CSR is accumulated and communicated to the registrant's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

- (b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 12. Exhibits.**

(a)(1) The registrant's Code of Ethics for Principal Executive and Senior Financial Officers that applies to the registrant's principal executive officer and principal financial officer and as described in Item 2 hereof is incorporated by reference to Exhibit-99-12(a)(1) to the registrant's Form N-CSR for its fiscal year ended December 31, 2007, filed electronically with the Securities and Exchange Commission on March 7, 2008.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) attached hereto as Exhibit 99.CERT.

(a)(3) Not applicable.

(b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(b)) attached hereto as Exhibit 99.906CERT.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY ALL-STAR GROWTH FUND, INC.

By: /s/ William R. Parmentier, Jr.  
William R. Parmentier, Jr. (Principal Executive Officer)  
President

Date: February 28, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY ALL-STAR GROWTH FUND, INC.

By: /s/William R. Parmentier, Jr.  
William R. Parmentier, Jr. (Principal Executive Officer)  
President

Date: February 28, 2014

By: /s/ Kimberly R. Storms  
Kimberly R. Storms (Principal Financial Officer)  
Treasurer

Date: February 28, 2014