

LIBERTY ALL STAR GROWTH FUND INC.  
Form N-CSR  
March 05, 2018

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)

Sareena Khwaja-Dixon, Esq.

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: December 31, 2017

**Item 1. Reports to Stockholders.**

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**A SINGLE INVESTMENT...**

**A DIVERSIFIED GROWTH PORTFOLIO**

A single fund that offers:

A diversified, multi-managed portfolio of small-, mid- and large-cap growth stocks  
Exposure to many of the industries that make the U.S. economy one of the world's most dynamic  
Access to institutional quality investment managers  
Objective and ongoing manager evaluation  
Active portfolio rebalancing  
A quarterly fixed distribution policy  
Actively managed, exchange-traded, closed-end fund listed on the New York Stock Exchange (ticker symbol: ASG)

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

The views expressed in the President's Letter, Unique Fund Attributes and Manager Roundtable reflect the current views of the respective parties. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict, so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions, and the respective parties disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for the Fund are based on numerous factors, may not be relied on as an indication of trading intent. References to specific company securities should not be construed as a recommendation or investment advice.

Liberty All-Star® Growth Fund President's Letter

*(Unaudited)*

Fellow Shareholders: *January 2018*

The U.S. equity market produced its best yearly gains since 2013 as leading benchmarks repeatedly ascended to new heights in 2017. For the year, the S&P 500® Index returned 21.83 percent, as nine of the index's 11 sectors generated double-digit returns. The widely-followed Dow Jones Industrial Average (DJIA) posted a record 71 new highs en route to a 28.11 percent return, while the NASDAQ Composite Index delivered the highest return of all, 29.64 percent.

Growth style stocks continued to strongly outperform their value counterparts across all capitalization ranges for both the fourth quarter and full year. Among key growth benchmarks for the year, the broad market Russell 3000® Growth Index returned 29.59 percent; for comparison, its value counterpart returned 13.19 percent. Among growth style market capitalization indices for the year, the Russell 1000® Growth Index (large cap) returned 30.21 percent while the Russell Midcap® Growth Index returned 25.27 percent. Small cap stocks, as represented by the Russell 2000® Growth Index, returned 22.17 percent.

Stocks jumped from the very start of the year and rarely looked back, maintaining momentum built up in the wake of Donald Trump's election the preceding November. Volatility was all but absent, as the CBOE Volatility Index, the VIX, posted nine of its 10 lowest readings ever in 2017 and never once closed above its long-term average, according to *The Wall Street Journal*.

A confluence of factors propelled the market forward in 2017: expectations of tax reform, relaxed government regulation and increased infrastructure spending from the new administration; solid economic data throughout the year; and a benign interest rate/inflation environment. Although the Federal Reserve raised short-term interest rates three times, meeting notes and comments from Fed governors gave no indication of an aggressive stance regarding future increases. The so-called "Brexit" referendum in May—in which voters in the U.K. opted to leave the European Union—surprised investors, but the setback was short-lived. The geopolitical situation—North Korea and the Middle East, in particular—did not help, but no serious crisis erupted to derail the market's momentum. Macro conditions abroad turned more conducive for investors, as well, as stocks in Europe, Japan and emerging markets reflected improved corporate performance globally.

Despite the positive environment, the 2017 market could be characterized as unloved. Some pundits pointed out that the bull market—dating to 2009—was long in the tooth and ripe for a pullback. Others cited stock market valuations that were inching toward the high end of their historic levels and the prospect of rising interest rates. All things considered, however, those very same doubts appeared to keep outright euphoria at bay, and the repeated doses of good economic

news gave the market's advance a foundation rooted in favorable data.

Fourth quarter news and reports only reinforced those sound underpinnings. The Commerce Department reported that third quarter GDP grew at a 3.2 percent annualized rate. Following a 3.1 percent gain in second quarter GDP, it marked the best back-to-back quarters since 2014. The Labor Department reported a modest gain of 38,000 jobs in September, as hiring was curtailed by hurricanes Harvey and Irma. The month's data were viewed as temporary and not structural, however, and, indeed, employers added 211,000 jobs in October and another 239,000 in November. In December, President Trump nominated Jerome Powell to succeed Janet Yellen as head of the Federal Reserve, effective in February 2018. Benchmark Brent crude oil closed at \$66.87 per barrel, the highest since December 2014 and up 18 percent for the year. Manufacturing expansion gained speed, as December data boosted the Institute for Supply Management's measure of factory activity in 2017 to a 13-year high. The Tax Cuts and Jobs Act, passed by Congress and signed into law by President Trump, served to strengthen the prospect for continued good corporate earnings, as the top corporate tax rate was cut to 21 percent from the previous 35 percent, among other changes.

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Liberty All-Star® Growth Fund President's Letter

*(Unaudited)*

**Liberty All-Star® Growth Fund**

The stock market posted strong returns in 2017, but Liberty All-Star Growth Fund outperformed nonetheless. For the full year, the Fund returned 28.58 percent with shares valued at net asset value (NAV) with dividends reinvested and 44.26 percent with shares valued at market price with dividends reinvested. (Fund returns are net of expenses.) The return on Fund shares for the year valued at NAV and valued by market price both topped the Fund's primary and secondary benchmarks, the Lipper Multi-Cap Growth Mutual Fund Average, which returned 28.04 percent and the Russell Growth Benchmark, which returned 26.45 percent. As noted, returns for the S&P 500®, the DJIA, and the NASDAQ Composite were 21.83 percent, 28.11 percent, and 29.64 percent, respectively.

For the fourth quarter, the Fund returned 5.59 percent with shares valued at NAV with dividends reinvested and 8.10 percent with shares valued at market price with dividends reinvested. For the same period, the Lipper benchmark returned 6.15 percent. The Fund's market price return outperformed the Lipper benchmark for each quarter of the year, and the Fund's NAV performance ranked it in the top half of all funds in the benchmark for 2017. In addition, the discount at which Fund shares trade relative to their underlying NAV narrowed considerably for the quarter and the full year, including trading at a premium to NAV. During the fourth quarter, Fund shares traded in a range of a +0.7 percent premium to a discount of -6.8 percent. For the full year, the range was a +0.7 percent premium to a discount of -13.3 percent.

In accordance with the Fund's distribution policy, the Fund paid a distribution of \$0.11 per share in the fourth quarter, bringing the total distributed to shareholders since 1997, when the distribution policy commenced, to \$13.43 per share. The Fund's distribution policy is a major component of the Fund's total return, and we continue to 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, we are once again offering insights into the managers' thinking through our annual roundtable question-and-answer exchange, and invite shareholders to read the managers' comments.

The market continued to rally in the early days of 2018 after the enactment of the tax reform bill and continued strong economic reports for the fourth quarter. There are no guarantees, but both may be viewed as positive indicators. Indeed, it took the DJIA only five weeks to move from 24,000 through the 25,000 level (reached on January 4). Stocks surged over the past year, and have come a long way since March 2009, when the current bull market began.



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

Liberty All-Star® Growth Fund President's Letter

*(Unaudited)*

In our Manager Roundtable, the Fund's three growth style investment managers express their thoughts about 2018 and how they will proceed through the coming year. For our part, we at ALPS Advisors will continue to offer shareholders a consistent focus and a steady adherence to the principles that make the Fund a high-quality, multi-cap growth holding for long-term investors.

Sincerely,

William R. Parmentier, Jr.

President and Chief Executive Officer

Liberty All-Star® Growth Fund, Inc.

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Liberty All-Star® Growth Fund President's Letter

*(Unaudited)*

**FUND STATISTICS AND SHORT-TERM PERFORMANCE**

**PERIODS ENDED DECEMBER 31, 2017**

**FUND STATISTICS:**

Net Asset Value (NAV)	\$5.67
Market Price	\$5.54
Discount	-2.3%

	<b>Quarter</b>	<b>2017</b>
Distributions*	\$0.11	\$0.42
Market Price Trading Range	\$5.02 to \$5.67	\$4.17 to \$5.67
Premium/(Discount) Range	0.7% to -6.8%	0.7% to -13.3%

**PERFORMANCE:**

Shares Valued at NAV with Dividends Reinvested	5.59%	28.58%
Shares Valued at Market Price with Dividends Reinvested	8.10%	44.26%
Dow Jones Industrial Average	10.96%	28.11%
Lipper Multi-Cap Growth Mutual Fund Average	6.15%	28.04%
NASDAQ Composite Index	6.55%	29.64%
Russell Growth Benchmark	6.54%	26.45%
S&P 500® Index	6.64%	21.83%

\* All 2017 distributions consist of ordinary dividends and long-term capital gains. A breakdown of each 2017 distribution for federal income tax purposes can be found in the table on page 42.



## Liberty All-Star® Growth Fund President's Letter

*(Unaudited)*

LONG-TERM PERFORMANCE SUMMARY AND DISTRIBUTIONS PERIODS ENDED DECEMBER 31, 2017	ANNUALIZED RATES OF RETURN		
	3 YEARS	5 YEARS	10 YEARS
<b>LIBERTY ALL-STAR® GROWTH FUND, INC.</b>			
Distributions	\$1.55	\$2.19	\$3.69
Shares Valued at NAV with Dividends Reinvested	11.85%	14.78%	8.28%
Shares Valued at Market Price with Dividends Reinvested	14.67%	16.83%	8.15%
Dow Jones Industrial Average	14.36%	16.37%	9.28%
Lipper Multi-Cap Growth Mutual Fund Average	10.42%	14.82%	8.13%
NASDAQ Composite Index	14.72%	19.40%	11.26%
Russell Growth Benchmark	11.90%	16.21%	9.56%
S&P 500® Index	11.41%	15.79%	8.50%

Performance returns for the Fund are total returns, which include dividends. Returns are net of management fees and other Fund expenses.

The returns shown for the Lipper Multi-Cap Growth Mutual Fund Average are based on open-end mutual funds' total returns, which include dividends, and are net of fund expenses. Returns for the unmanaged Dow Jones Industrial Average, NASDAQ Composite Index, the Russell Growth Benchmark 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 55.

**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.

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Liberty All-Star® Growth Fund 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.

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

Liberty All-Star® Growth Fund 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 8 percent of the Fund's net asset value (paid quarterly at 2 percent per quarter), providing a systematic mechanism for distributing funds to shareholders.

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## 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:**

ALPS Advisors, Inc., the investment advisor to the Fund, has the ultimate authority (subject to oversight by the Board of Directors) to oversee the investment managers and recommend their hiring, termination and replacement.

**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 55 for a description of these indices.

PORTFOLIO CHARACTERISTICS	MARKET CAPITALIZATION SPECTRUM						
	RUSSELL GROWTH:			SMALL	LARGE		
AS OF DECEMBER 31, 2017	Smallcap Index	Midcap Index	Largecap Index	Weatherbie	Congress	Sustainable	Total Fund
Number of Holdings	1,175	421	551	50	39	30	118*
Weighted Average Market Capitalization (billions)	\$2.6	\$15.4	\$221.4	\$3.5	\$9.3	\$123.7	\$44.4
Average Five-Year Earnings Per Share Growth	14%	14%	21%	15%	13%	20%	16%

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Average Five-Year Sales Per Share Growth	10%	9%	10%	15%	9%	11%	11%
Price/Earnings Ratio**	28x	28x	27x	36x	28x	33x	32x
Price/Book Value Ratio	4.2x	5.6x	6.4x	5.6x	4.7x	6.8x	5.6x

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

*\*\*Excludes negative earnings.*

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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, 2017. 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 distribution policy in 1997.

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 \$20,508 (including the December 31, 2017 value of the original investment of \$5,989, plus distributions during the period of \$14,519).

The additional value realized through reinvestment of all distributions. The value of the investment under this scenario grew to \$46,240.

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 \$59,367 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 Table of Distributions and Rights Offerings

*(Unaudited)*

YEAR	PER SHARE DISTRIBUTIONS	RIGHTS OFFERINGS		
		MONTH COMPLETED	SHARES NEEDED TO PURCHASE ONE ADDITIONAL SHARE	SUBSCRIPTION 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 <sup>1</sup>	5.72
2004	0.63			
2005	0.58			
2006	0.59			
2007	0.61			
2008	0.47			
2009 <sup>2</sup>	0.24			
2010	0.25			
2011	0.27			
2012	0.27			
2013	0.31			
2014	0.33			
2015 <sup>3</sup>	0.77			
2016	0.36			
2017	0.42			
Total	\$13.43			

<sup>1</sup>The number of shares offered was increased by an additional 25 percent to cover a portion of the over-subscription requests.

<sup>2</sup>Effective with the second quarter distribution, the annual distribution rate was changed from 10 percent to 6 percent.

<sup>3</sup>Effective with the second quarter distribution, the annual distribution rate was changed from 6 percent to 8 percent.

**DISTRIBUTION POLICY**

The current policy is to pay distributions on its shares totaling approximately 8 percent of its net asset value per year, payable in four quarterly installments of 2 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. Sources of distributions to shareholders may include ordinary dividends, long-term capital gains and return of capital. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during its fiscal year and may be subject to changes based on tax regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. 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 capital gains and pay income tax thereon to the extent of such excess.

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

## Liberty All-Star® Growth Fund Top 20 Holdings and Economic Sectors

*December 31, 2017 (Unaudited)***TOP 20 HOLDINGS\*                      PERCENT OF NET ASSETS**

J.B. Hunt Transport Services, Inc.	1.90%
Wayfair, Inc., Class A	1.89
XPO Logistics, Inc.	1.74
FirstService Corp.	1.64
Insulet Corp.	1.52
Ebix, Inc.	1.46
Stamps.com, Inc.	1.45
Chegg, Inc.	1.44
The Middleby Corp.	1.39
FleetCor Technologies, Inc.	1.32
Visa, Inc., Class A	1.31
Facebook, Inc., Class A	1.31
Salesforce.com, Inc.	1.31
NIKE, Inc., Class B	1.28
Ecolab, Inc.	1.25
Paylocity Holding Corp.	1.21
Novo Nordisk AS	1.21
UnitedHealth Group, Inc.	1.21
Alphabet, Inc., Class C	1.18
GTT Communications, Inc.	1.16
	28.18%

**ECONOMIC SECTORS\*      PERCENT OF NET ASSETS**

Information Technology	28.75%
Consumer Discretionary	22.29
Health Care	15.84
Industrials	14.66
Financials	5.28
Real Estate	3.55
Materials	3.14

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Consumer Staples	2.47
Energy	1.73
Other Net Assets	2.29
	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.

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## Liberty All-Star® Growth Fund Major Stock Changes in the Quarter

*December 31, 2017 (Unaudited)*

The following are the major (\$600,000) stock changes - both purchases and sales - that were made in the Fund's portfolio during the fourth quarter of 2017.

SECURITY NAME	SHARES	
	PURCHASE (SALES)	HELD AS OF 12/31/17
<b>PURCHASES</b>		
Burlington Stores, Inc.	12,000	12,000
Copart, Inc.	30,000	30,000
First Republic Bank	10,000	10,000
Independent Bank Group, Inc.	13,652	22,536
LCI Industries	10,000	10,000
The Walt Disney Co.	9,189	9,189
Yum! Brands, Inc.	18,311	18,311
<b>SALES</b>		
Acuity Brands, Inc.	(4,000)	0
Dorman Products, Inc.	(18,000)	0
F5 Networks, Inc.	(9,000)	0
IPG Photonics Corp.	(8,528)	6,000
Signature Bank	(9,018)	7,295
State Street Corp.	(17,066)	0

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Liberty All-Star® Growth Fund Manager Roundtable

*(Unaudited)*

## **MANAGER ROUNDTABLE**

**Growth stocks led the way again in 2017—a year that offered an ideal combination of rising stock prices and low volatility. What are the Fund’s investment managers considering as they look ahead—and can the growth style maintain its edge in 2018?**

Liberty All-Star Growth Fund’s investment managers have long experience, in-depth 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 timely 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:

### **CONGRESS ASSET MANAGEMENT COMPANY, LLP**

*Portfolio Manager/ Todd Solomon, CFA*

Senior Vice President/Portfolio Manager

*Capitalization Focus/Mid-Cap Growth*—Congress Asset Management’s mid-cap growth strategy focuses on established, high-quality companies that are growing earnings and generating attractive levels of free cash flow. The firm also strives to construct portfolios with relatively low levels of volatility.

### **SUSTAINABLE GROWTH ADVISERS, LP**

*Portfolio Manager/George Fraise*

Founding Principal

*Capitalization Focus/Large-Cap Growth*—Sustainable Growth Advisers (SGA) focuses on companies that have unique characteristics that lead to a high degree of predictability, strong profitability and above-average earnings and cash flow growth over the long term.

**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.

**Volatility was extremely low throughout 2017. But there was plenty of volatility among individual stocks. And there was rotation among sectors as some gained favor (e.g., technology, healthcare) while investors avoided others (e.g., telecom, energy). If it holds, this environment would seem to favor active managers. Looking ahead, where do you see the most attractive opportunities? Matt Weatherbie, get us started, please.**

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Liberty All-Star® Growth Fund Manager Roundtable

*(Unaudited)*

**Weatherbie (Weatherbie – Small-Cap Growth):** We monitor Global Industry Classification (GIC) sector weights, but find that many smaller-cap growth companies can be classified into sectors that may not fully align with their business models. Our firm believes it is more appropriate to view the investable index across six growth areas: consumer, health care, information services, media and communications, technology, and diversified business services. For risk management purposes, no one of these can typically be larger than 35 percent of portfolio assets. At year-end 2017, diversified business services accounted for 27.9 percent. Business services is an area where we continue to see many attractive opportunities— exciting, new, smaller companies with solid growth metrics and attractive valuations.

**“Business services is an area where we continue to see many attractive opportunities—exciting, new, smaller companies with solid growth metrics and attractive valuations.”**

—Matt Weatherbie

(Weatherbie – Small-Cap Growth)

**Thanks. Now let’s hear from Sustainable and Congress.**

**Fraise (Sustainable – Large-Cap Growth):** Our process is bottom-up, focused on opportunities in individual businesses that exhibit the quality and secular growth characteristics we seek, and that offer attractive valuation using our cash flow-based metrics. Our research indicates that attractive investment opportunities exist today in a variety of sectors, and across geographic borders. We expect volatility to increase in 2018 as central banks in the U.S. and other countries gradually remove unprecedented levels of monetary accommodation. Increases in stock volatility have traditionally benefited SGA’s very selective process and we are excited by the opportunity we see looking forward.

**Solomon (Congress – Mid-Cap Growth):** Given our belief that in order to be continuously successful over a long period an investor must have a strong anchor and powerful conviction, we continue to look for companies that will generate consistent earnings growth and free cash flow in the current macro environment. With this backdrop, we view consumer discretionary names more favorably, as employment continues to expand and the tax cut takes effect this year. We also view companies with international exposure more favorably than we have in recent years, given the global expansion that is taking place.

**The long bull market, higher valuations and rising interest rates have been advanced as potential causes of a downturn in the stock market. In light of factors such as these, what, if any, adjustments do you make to portfolio decisions, i.e., do you alter/adapt your basic style and strategy, even if modestly?**

**Fraise (Sustainable – Large-Cap Growth):** While Index valuations may appear high by historical measures, the advance seen in the Russell 1000 Growth Index has been concentrated largely in technology, e-commerce and related areas. A key part of SGA's investment process is focused on identifying attractively valued, high-quality growth opportunities, and managing our exposure to such long-term secular growers over time. Accordingly, we actively reallocated capital throughout 2017 from strong performers, which may appear to be less attractive in the short term from a valuation standpoint, to growth businesses that have not participated as fully in the market advance for various reasons, but which our research indicates to be short term in nature. At this time, approximately 15 percent of SGA's U.S. portfolio is invested in stocks that are at least 20 percent off their highs.

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Liberty All-Star® Growth Fund Manager Roundtable

*(Unaudited)*

**Solomon (Congress – Mid-Cap Growth):** It is important to point out that much has been made about the length of the current economic expansion, one of the longest on record, as if time should dictate when it should end. The magnitude of the expansion does not match its longevity, however. A robust expansion typically puts inordinate demands on productive resources, causing inflation or excess speculation. Yet, there is little evidence that either is occurring.

**“Much has been made about the length of the current economic expansion, one of the longest on record, as if time should dictate when it should end. The magnitude of the expansion does not match its longevity, however.”**

—Todd Solomon

(Congress – Mid-Cap Growth)

We understand that investors constantly have fears and that there will always be worries. The market is, after all, an imperfect measurement of value, especially in the short term. Understanding this, our decision-making process will remain the same, regardless of where we are in an economic cycle. We will maintain a high-conviction portfolio based on our high quality, growth philosophy.

**Weatherbie (Weatherbie – Small-Cap Growth):** Our core investment philosophy has remained unchanged since our founding in 1995: investing in “Foundation” and “Opportunity” stocks. We define Foundation stocks as smaller growth companies with proven track records and enduring competitive advantages. Opportunity stocks include both younger, promising companies and established firms temporarily depressed but poised for growth. For risk management purposes, no more than one-third of assets may be invested in Opportunity growth companies. Valuations in the portfolio were, at the end of the fourth quarter of 2017, slightly higher than the Russell 2000 Growth benchmark, with a price-to-earnings ratio of 28.7 times and 22.3 times, respectively (source: FactSet). While slightly higher than the benchmark, we feel this valuation is reasonable and in line with the portfolio’s historic average. Weatherbie has no plans to alter or adapt its investment process.

**Growth has outperformed value through most of the post-financial crisis recovery. Some feel it’s time for a rotation. Make the case for growth stocks in 2018, please.**

**Solomon (Congress – Mid-Cap Growth):** We believe that we ended the year with nearly idyllic investment conditions: negligible inflation, low interest rates, record employment and strong corporate earnings. As we start the first quarter, we add in the recently-enacted tax cut along with employment rising, consumer net worth increasing, holiday sales strong and GDP growth accelerating. We continue to believe that the economic backdrop favors growth stocks versus value for 2018.

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Liberty All-Star® Growth Fund Manager Roundtable

*(Unaudited)*

**Fraise (Sustainable – Large-Cap Growth):** We focus our attention on identifying secular growth businesses that have quality attributes that will allow this growth to extend over the long term. After nine years of a recovery, with structural headwinds continuing to be present, particularly in many non-U.S. markets, we expect moderate global economic growth—not quickly accelerating growth—which we believe would be necessary for a major transition in market leadership. While we expect the newly-enacted tax overhaul to contribute positively to U.S. earnings growth in 2018, we expect it to extend the aging cycle as opposed to creating a new cycle.

**“While we expect the newly-enacted tax overhaul to contribute positively to U.S. earnings growth in 2018, we expect it to extend the aging cycle as opposed to creating a new cycle.”**

—George Fraise

(Sustainable – Large-Cap Growth)

**Weatherbie (Weatherbie – Small-Cap Growth):** Across our 21-year history, Weatherbie Capital has chosen to focus on only one part of the investment universe: small-cap growth stocks. Across the last two decades and looking ahead to 2018, our rationale for this is unchanged: The United States remains the most innovative economy in the world. Its higher education system is unparalleled and attracts the best and the brightest from around the globe. These entrepreneurs launch new, small, exciting companies that are transformative, even disruptive, and the early “sweet spot” of their growth cycle often sees significant upside. Looking specifically at 2018, virtually all of the 50 holdings in the Weatherbie portfolio—what we refer to as “The Weatherbie 50”—recognize revenue in U.S. dollars. As a result, the corporate tax reform recently passed in Washington could have a beneficial macro effect for our portfolio in the year ahead.

**Please tell us about a longtime holding in the portion of the Liberty All-Star Growth Fund portfolio that you manage and why it is representative of your approach to investing. Please do the same for a recent addition. Let’s start with our small-cap manager and work up the capitalization range.**

**Weatherbie (Weatherbie – Small-Cap Growth):** FirstService Corporation is a longtime, top 10 holding in the portfolio. It provides services to high-rise condo and gated communities across the U.S. At first glance, this may appear mundane—but FirstService executes faster, cheaper, smarter and better than any competitor. With little debt on the balance sheet and generating significant free cash flow, FirstService is providing services to a rapidly expanding market in which it has the largest share. FirstService is a textbook example of a “Weatherbie growth stock” in the

diversified business services area.

Speaking of textbooks, Chegg Incorporated is a portfolio holding that was added in early 2017. In talking about FirstService, we mentioned seeking small, exciting companies that are transformative, even disruptive, and Chegg is a good example. For years, its business model was renting textbooks to college students. In recent years, Chegg transformed itself into the leading online provider of tutoring services. Prior to the launch of “Chegg Study” there was no organized company providing this service. Through innovative platforms like Skype, students are quickly connected to topic experts for real-time, interactive tutoring. Expanding rapidly in a large addressable market, Chegg, we believe, is poised for significant future growth.

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Liberty All-Star® Growth Fund Manager Roundtable

*(Unaudited)*

**Solomon (Congress – Mid-Cap Growth):** IPG Photonics manufactures high-performance fiber lasers and amplifiers for use in a wide range of markets, such as materials processing, advanced technologies, telecommunications and health care. IPG Photonics has seen continued strength in high-power lasers, driven by a secular shift in demand across the company's largest applications and geographies as customers trade up to higher power solutions. Further, IPG's vertically-integrated business model enables rapid scale production, reduced costs, continued innovation and new product launches. IPG has all the elements we look for in a growth company, including a group of products enabling the company to take market share, excellent financial metrics and a tenured management team.

As for a newer holding, Copart provides vehicle suppliers with various services to process and sell salvage vehicles through auctions. Copart offers a high level of service in the auction and vehicle remarketing industry and has established its leading market position by providing coverage that facilitates seller access to buyers around the world, reducing towing and third-party storage expenses. The company's strategy is to increase revenues and profitability by acquiring and developing new facilities in key markets including foreign markets, pursuing national and regional vehicle supply agreements, expanding its online auctions, and offering vehicle remarketing services to sellers and members. The company has excellent financials, is a market leader and operates in a market that is conducive to growth.

**Fraise (Sustainable – Large-Cap Growth):** Ecolab is the global leader in water, cleaning, sanitation and energy technologies and services, and the only company in its industry to follow its multinational customers around the world, offering them consistency in service and quality at lower cost. Ecolab's scale provides it with attractive margins and strong pricing power, and its products must be replaced regularly, providing predictable repeat revenues. Ecolab has less than a 15 percent share of the \$110 billion-plus market for its solutions, and derives about 42 percent of its sales from outside North America. This offers it long runways of growth given global trends in water conservancy, energy efficiency, sanitation and food safety.

Turning to a newer addition to the portfolio, we added Autodesk in 2017. The company is a leading provider of computer-assisted design software catering to architecture and construction firms. The company is transitioning from its conventional license-based revenue model to a software-as-a-service model (SAAS), which will significantly increase the repeatability of its revenues and, thereby, the quality of the company's earnings. Autodesk offers attractive pricing power due to customers' attraction to its products' functionality and ease. The need for users to climb a steep learning curve further limits the extent of product switching. We see a global market 10 times its current revenues and believe the trend toward increased automation will further drive Autodesk's business growth.

**Many thanks to each of you. There are many factors at play as 2018 unfolds ... and no lack of possible scenarios to hold investors' attention. Adhering to one's investment objectives and strategy is sound thinking no matter what the environment.**

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Liberty All-Star® Growth Fund      Schedule of  
Investments

December 31, 2017

	SHARES	MARKET VALUE
COMMON STOCKS (97.71%)		
CONSUMER DISCRETIONARY (22.29%)		
Auto Components (0.85%)		
LCI Industries	10,000	\$1,300,000
Distributors (0.84%)		
Pool Corp.	10,000	1,296,500
Diversified Consumer Services (1.44%)		
Chegg, Inc. <sup>(a)</sup>	135,681	2,214,314
Hotels, Restaurants & Leisure (4.60%)		
Chipotle Mexican Grill, Inc. <sup>(a)</sup>	5,378	1,554,403
Chuy's Holdings, Inc. <sup>(a)</sup>	4,207	118,006
Planet Fitness, Inc., Class A <sup>(a)</sup>	36,243	1,255,095
Starbucks Corp.	27,866	1,600,345
Texas Roadhouse, Inc.	20,000	1,053,600
Yum! Brands, Inc.	18,311	1,494,361
		7,075,810
Household Durables (0.21%)		
GoPro, Inc., Class A <sup>(a)(b)</sup>	43,243	327,350
Internet & Direct Marketing Retail (3.92%)		
Amazon.com, Inc. <sup>(a)</sup>	1,497	1,750,696
The Priceline Group, Inc. <sup>(a)</sup>	786	1,365,864
Wayfair, Inc., Class A <sup>(a)(b)</sup>	36,182	2,904,329
		6,020,889
Leisure Products (0.65%)		
Hasbro, Inc.	11,000	999,790
Media (0.64%)		
The Walt Disney Co.	9,189	987,909
Multiline Retail (0.76%)		
Ollie's Bargain Outlet Holdings, Inc. <sup>(a)</sup>	21,809	1,161,329
Specialty Retail (4.07%)		
Burlington Stores, Inc. <sup>(a)</sup>	12,000	1,476,360
Francesca's Holdings Corp. <sup>(a)</sup>	28,321	207,026
Lowe's Companies, Inc.	16,429	1,526,911

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The TJX Companies, Inc.	20,247	1,548,086
Ulta Beauty, Inc. <sup>(a)</sup>	6,706	1,499,864
		6,258,247

*See Notes to Schedule of Investments and Financial Statements.*

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Liberty All-Star® Growth Fund      Schedule of  
Investments

December 31, 2017

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Textiles, Apparel & Luxury Goods (4.31%)		
Canada Goose Holdings, Inc. <sup>(a)(b)</sup>	55,058	\$ 1,737,631
Carter's, Inc.	12,000	1,409,880
NIKE, Inc., Class B	31,477	1,968,886
PVH Corp.	11,000	1,509,310
		6,625,707
CONSUMER STAPLES (2.47%)		
Food Products (1.82%)		
McCormick & Co., Inc.	12,500	1,273,875
Mondelez International, Inc., Class A	35,346	1,512,809
		2,786,684
Household Products (0.65%)		
Church & Dwight Co., Inc.	20,000	1,003,400
ENERGY (1.73%)		
Energy Equipment & Services (1.73%)		
Core Laboratories NV <sup>(b)</sup>	9,249	1,013,228
Schlumberger Ltd.	23,358	1,574,095
Solaris Oilfield Infrastructure, Inc., Class A <sup>(a)</sup>	3,590	76,862
		2,664,185
FINANCIALS (5.28%)		
Banks (2.20%)		
First Republic Bank	10,000	866,400
Independent Bank Group, Inc.	22,536	1,523,433
Signature Bank <sup>(a)</sup>	7,295	1,001,312
		3,391,145
Capital Markets (2.14%)		
FactSet Research Systems, Inc.	6,500	1,252,940
Financial Engines, Inc.	1,925	58,327
Raymond James Financial, Inc.	18,500	1,652,050
Virtus Investment Partners, Inc.	2,813	323,636
		3,286,953
Thriffs & Mortgage Finance (0.94%)		
BofI Holding, Inc. <sup>(a)(b)</sup>	48,263	1,443,064
HEALTH CARE (15.84%)		
Biotechnology (3.95%)		
ACADIA Pharmaceuticals, Inc. <sup>(a)</sup>	37,367	1,125,120

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Portola Pharmaceuticals, Inc. <sup>(a)</sup>	34,065	1,658,284
Puma Biotechnology, Inc. <sup>(a)(b)</sup>	8,723	862,269
Regeneron Pharmaceuticals, Inc. <sup>(a)</sup>	4,470	1,680,541

*See Notes to Schedule of Investments and Financial Statements.*

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Liberty All-Star® Growth Fund      Schedule of  
Investments

December 31, 2017

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Biotechnology (continued)		
Ultragenyx Pharmaceutical, Inc. <sup>(a)</sup>	16,002	\$742,173
		6,068,387
Health Care Equipment & Supplies (4.01%)		
The Cooper Cos., Inc.	6,000	1,307,280
Insulet Corp. <sup>(a)</sup>	33,800	2,332,200
ResMed, Inc.	17,000	1,439,730
STERIS PLC	12,500	1,093,375
		6,172,585
Health Care Providers & Services (2.82%)		
Diplomat Pharmacy, Inc. <sup>(a)</sup>	29,691	595,899
Henry Schein, Inc. <sup>(a)</sup>	13,000	908,440
PetIQ, Inc. <sup>(a)(b)</sup>	5,254	114,747
UnitedHealth Group, Inc.	8,420	1,856,273
US Physical Therapy, Inc.	11,891	858,530
		4,333,889
Health Care Technology (1.37%)		
Cerner Corp. <sup>(a)</sup>	18,406	1,240,380
Cotiviti Holdings, Inc. <sup>(a)</sup>	27,079	872,215
		2,112,595
Life Sciences Tools & Services (2.25%)		
Cambrex Corp. <sup>(a)</sup>	20,000	960,000
Charles River Laboratories International, Inc. <sup>(a)</sup>	11,500	1,258,675
Mettler-Toledo International, Inc. <sup>(a)</sup>	2,000	1,239,040
		3,457,715
Pharmaceuticals (1.44%)		
Aerie Pharmaceuticals, Inc. <sup>(a)</sup>	5,838	348,821
Novo Nordisk AS <sup>(c)</sup>	34,682	1,861,383
		2,210,204
INDUSTRIALS (14.66%)		
Aerospace & Defense (0.98%)		
HEICO Corp.	16,016	1,511,110
Air Freight & Logistics (1.74%)		
XPO Logistics, Inc. <sup>(a)</sup>	29,158	2,670,581
Building Products (2.00%)		
Allegion PLC	3,212	255,547

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Lennox International, Inc.	7,000	1,457,820
Masco Corp.	31,000	1,362,140
		3,075,507

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Liberty All-Star® Growth Fund      Schedule of  
Investments

December 31, 2017

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Commercial Services & Supplies (1.81%)		
Cintas Corp.	9,500	\$ 1,480,385
Copart, Inc. <sup>(a)</sup>	30,000	1,295,700
		2,776,085
Machinery (3.95%)		
Barnes Group, Inc.	18,998	1,202,003
The Middleby Corp. <sup>(a)</sup>	15,843	2,138,013
Proto Labs, Inc. <sup>(a)</sup>	2,253	232,059
Snap-on, Inc.	6,500	1,132,950
WABCO Holdings, Inc. <sup>(a)</sup>	9,500	1,363,250
		6,068,275
Professional Services (1.06%)		
WageWorks, Inc. <sup>(a)</sup>	26,295	1,630,290
Road & Rail (1.90%)		
J.B. Hunt Transport Services, Inc.	25,422	2,923,022
Trading Companies & Distributors (1.22%)		
H&E Equipment Services, Inc.	15,882	645,603
SiteOne Landscape Supply, Inc. <sup>(a)</sup>	16,097	1,234,640
		1,880,243
INFORMATION TECHNOLOGY (28.75%)		
Electronic Equipment, Instruments & Components (2.15%)		
Cognex Corp.	20,000	1,223,200
Fabrinet <sup>(a)</sup>	27,500	789,250
IPG Photonics Corp. <sup>(a)</sup>	6,000	1,284,780
		3,297,230
Internet Software & Services (6.05%)		
2U, Inc. <sup>(a)</sup>	9,547	615,877
Alphabet, Inc., Class C <sup>(a)</sup>	1,734	1,814,458
Facebook, Inc., Class A <sup>(a)</sup>	11,399	2,011,468
GTT Communications, Inc. <sup>(a)</sup>	38,136	1,790,485
SPS Commerce, Inc. <sup>(a)</sup>	1,602	77,841
Stamps.com, Inc. <sup>(a)</sup>	11,860	2,229,680
The Trade Desk, Inc., Class A <sup>(a)(b)</sup>	16,703	763,828
		9,303,637
IT Services (7.08%)		
Alliance Data Systems Corp.	6,184	1,567,520

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Automatic Data Processing, Inc.	10,109	1,184,674
EPAM Systems, Inc. <sup>(a)</sup>	12,258	1,316,877
FleetCor Technologies, Inc. <sup>(a)</sup>	10,540	2,028,212
Genpact Ltd.	45,000	1,428,300

*See Notes to Schedule of Investments and Financial Statements.*

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Liberty All-Star® Growth Fund      Schedule of  
Investments

December 31, 2017

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
IT Services (continued)		
Jack Henry & Associates, Inc.	11,500	\$1,345,040
Visa, Inc., Class A	17,696	2,017,698
		10,888,321
Semiconductors & Semiconductor Equipment (1.14%)		
Impinj, Inc. <sup>(a)(b)</sup>	4,490	101,160
MACOM Technology Solutions Holdings, Inc. <sup>(a)(b)</sup>	5,580	181,573
Monolithic Power Systems, Inc.	13,000	1,460,680
		1,743,413
Software (12.00%)		
Autodesk, Inc. <sup>(a)</sup>	16,399	1,719,107
Ebix, Inc. <sup>(b)</sup>	28,230	2,237,227
Everbridge, Inc. <sup>(a)</sup>	50,568	1,502,881
Globant SA <sup>(a)(b)</sup>	21,196	984,766
HubSpot, Inc. <sup>(a)</sup>	10,990	971,516
Paylocity Holding Corp. <sup>(a)</sup>	39,559	1,865,602
RealPage, Inc. <sup>(a)</sup>	4,835	214,191
Red Hat, Inc. <sup>(a)</sup>	14,688	1,764,029
Salesforce.com, Inc. <sup>(a)</sup>	19,656	2,009,433
SAP SE <sup>(c)</sup>	13,558	1,523,377
SS&C Technologies Holdings, Inc.	30,000	1,214,400
Synopsys, Inc. <sup>(a)</sup>	15,000	1,278,600
The Ultimate Software Group, Inc. <sup>(a)</sup>	5,321	1,161,202
		18,446,331
Technology Hardware, Storage & Peripherals (0.33%)		
Electronics For Imaging, Inc. <sup>(a)</sup>	17,088	504,608
Stratasys Ltd. <sup>(a)(b)</sup>	350	6,986
		511,594
MATERIALS (3.14%)		
Chemicals (2.09%)		
Ecolab, Inc.	14,290	1,917,432
International Flavors & Fragrances, Inc.	8,500	1,297,185
		3,214,617
Containers & Packaging (1.05%)		
Avery Dennison Corp.	14,000	1,608,040
REAL ESTATE (3.55%)		
Equity Real Estate Investment Trusts (1.78%)		

Camden Property Trust	12,000	1,104,720
Equinix, Inc.	3,595	1,629,326
		2,734,046

*See Notes to Schedule of Investments and Financial Statements.*

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Liberty All-Star® Growth Fund      Schedule of  
Investments

December 31, 2017

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Real Estate Management & Development (1.77%)		
FirstService Corp.	36,079	\$2,522,644
Redfin Corp. <sup>(a)(b)</sup>	6,425	201,231
		2,723,875
TOTAL COMMON STOCKS (COST OF \$102,227,697)		150,204,868
SHORT TERM INVESTMENTS (6.65%)		
MONEY MARKET FUND (2.44%)		
State Street Institutional U.S. Government Money Market Fund, 1.209% <sup>(d)</sup> (COST OF \$3,747,048)	3,747,048	3,747,048
INVESTMENTS PURCHASED WITH COLLATERAL FROM SECURITIES LOANED (4.21%)		
State Street Navigator Securities Lending Government Money Market Portfolio, 1.32% (COST OF \$6,463,714)	6,463,714	6,463,714
TOTAL SHORT TERM INVESTMENTS (COST OF \$10,210,762)		10,210,762
TOTAL INVESTMENTS (104.36%) (COST OF \$112,438,459) <sup>(e)</sup>		160,415,630
LIABILITIES IN EXCESS OF OTHER ASSETS (-4.36%)		(6,698,386 )
NET ASSETS (100.00%)		\$ 153,717,244
NET ASSET VALUE PER SHARE (27,098,945 SHARES OUTSTANDING)		\$5.67

See Notes to Schedule of Investments and Financial Statements.

Liberty All-Star® Growth Fund

Schedule of  
Investments

*December 31, 2017*

Notes to Schedule of Investments:

(a) Non-income producing security.

(b) Security, or a portion of the security position, is currently on loan. The total market value of securities on loan is \$7,695,901.

(c) American Depositary Receipt.

(d) Rate reflects seven-day effective yield on December 31, 2017.

(e) Cost of investments for federal income tax purposes is \$113,030,067.

Gross unrealized appreciation and depreciation at December 31, 2017 based on cost of investments for federal income tax purposes is as follows:

Gross unrealized appreciation	\$49,786,940
Gross unrealized depreciation	(2,401,377 )
Net unrealized appreciation	\$47,385,563

*See Notes to Financial Statements.*

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## Liberty All-Star® Growth Fund Statement of Assets and Liabilities

*December 31, 2017*

## ASSETS:

Investments at market value (Cost \$112,438,459)	\$ 160,415,630
Cash	1,009,043
Receivable for investment securities sold	1,281,689
Dividends and interest receivable	72,036
Tax reclaim receivable	7,407
Prepaid and other assets	227
<b>TOTAL ASSETS</b>	<b>162,786,032</b>

## LIABILITIES:

Payable for investments purchased	448,847
Distributions payable to shareholders	1,946,781
Investment advisory fee payable	102,723
Payable for administration, pricing and bookkeeping fees	37,661
Payable for collateral upon return of securities loaned	6,463,714
Accrued expenses	69,062
<b>TOTAL LIABILITIES</b>	<b>9,068,788</b>
<b>NET ASSETS</b>	<b>\$ 153,717,244</b>

## NET ASSETS REPRESENTED BY:

Paid-in capital	\$99,777,182
Undistributed net investment income	2,600
Accumulated net realized gain on investments	5,960,291
Net unrealized appreciation on investments	47,977,171
<b>NET ASSETS</b>	<b>\$ 153,717,244</b>

Shares of common stock outstanding (authorized 60,000,000 shares at \$0.10 Par)	27,098,945
<b>NET ASSET VALUE PER SHARE</b>	<b>\$5.67</b>

*See Notes to Financial Statements.*

## Liberty All-Star® Growth Fund Statement of Operations

*For the Year Ended December 31, 2017*

INVESTMENT INCOME:	
Dividends (Net of foreign taxes withheld at source which amounted to \$15,034)	\$905,161
Securities lending income	200,179
Interest	26,152
<b>TOTAL INVESTMENT INCOME</b>	<b>1,131,492</b>
EXPENSES:	
Investment advisory fee	1,127,974
Administration fee	282,056
Pricing and bookkeeping fees	80,535
Audit fee	31,652
Custodian fee	2,423
Directors' fees and expenses	64,280
Insurance expense	6,066
Legal fees	36,361
NYSE fee	25,467
Shareholder communication expenses	28,781
Transfer agent fees	63,408
Miscellaneous expenses	26,511
<b>TOTAL EXPENSES</b>	<b>1,775,514</b>
<b>NET INVESTMENT LOSS</b>	<b>(644,022 )</b>
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:	
Net realized gain on investments	10,533,123
Net change in unrealized appreciation on investments	24,798,210
<b>NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>	<b>35,331,333</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$34,687,311</b>

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## Liberty All-Star® Growth Fund Statements of Changes in Net Assets

	For the	For the
	Year Ended	Year Ended
	December 31,	December 31,
	2017	2016
<b>FROM OPERATIONS:</b>		
Net investment loss	\$(644,022 )	\$(406,176 )
Net realized gain on investments	10,533,123	11,357,943
Net change in unrealized appreciation/(depreciation) on investments	24,798,210	(5,126,386 )
Net Increase in Net Assets From Operations	34,687,311	5,825,381
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
From net realized gains on investments	(11,182,907 )	(9,317,746 )
Total Distributions	(11,182,907 )	(9,317,746 )
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Dividend reinvestments	3,746,109	5,691,962
Net Increase in Net Assets	27,250,513	2,199,597
<b>NET ASSETS:</b>		
Beginning of period	126,466,731	124,267,134
End of period (Includes undistributed net investment income of \$2,600 and \$0, respectively)	\$ 153,717,244	\$ 126,466,731

*See Notes to Financial Statements.*

Liberty All-Star® Growth Fund

Financial Highlights

**PER SHARE OPERATING PERFORMANCE:**

Net asset value at beginning of period

**INCOME FROM INVESTMENT OPERATIONS:**

Net investment loss<sup>(a)</sup>

Net realized and unrealized gain on investments

Total from Investment Operations

**LESS DISTRIBUTIONS TO SHAREHOLDERS:**

Net realized gain on investments

Total Distributions

Net asset value at end of period

Market price at end of period

**TOTAL INVESTMENT RETURN FOR SHAREHOLDERS:<sup>(b)</sup>**

Based on net asset value

Based on market price

**RATIOS AND SUPPLEMENTAL DATA:**

Net assets at end of period (millions)

Ratio of expenses to average net assets

Ratio of net investment loss to average net assets

Portfolio turnover rate

<sup>(a)</sup>Calculated using average shares outstanding during the period.

Calculated assuming all distributions are reinvested at actual reinvestment prices. The net asset value and market

<sup>(b)</sup>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.*

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Financial Highlights

For the Year Ended December 31,

2017	2016	2015	2014	2013
\$4.80	\$4.99	\$5.69	\$5.91	\$4.54
(0.02)	(0.02)	(0.03)	(0.04)	(0.04)
1.31	0.19	0.10	0.15	1.72
1.29	0.17	0.07	0.11	1.68
(0.42)	(0.36)	(0.77)	(0.33)	(0.31)
(0.42)	(0.36)	(0.77)	(0.33)	(0.31)
\$5.67	\$4.80	\$4.99	\$5.69	\$5.91
\$5.54	\$4.18	\$4.58	\$5.16	\$5.62
28.6 %	4.8 %	3.9 %	2.4 %	39.0 %
44.3 %	(0.6 %)	5.1 %	(2.3 %)	47.8 %
\$154	\$126	\$124	\$138	\$140
1.26 %	1.35 %	1.30 %	1.34 %	1.34 %
(0.46%)	(0.34%)	(0.45%)	(0.77%)	(0.73%)
40 %	100 %	58 %	63 %	45 %

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Liberty All-Star® Growth Fund Notes to Financial Statements

December 31, 2017

## **NOTE 1. ORGANIZATION**

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

### **Investment Goal**

The Fund seeks long-term capital appreciation through investments primarily in a diversified portfolio of equity securities.

### **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. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board *Accounting Standards Codification* Topic 946.

### **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 are valued at the last sale price at the close of the principal exchange on which they trade, except for securities listed on the NASDAQ Stock Market LLC ("NASDAQ"), 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.

Cash collateral from securities lending activity is reinvested in the State Street Navigator Securities Lending Government Money Market Portfolio, a registered investment company under the 1940 Act, which operates as a money market fund in compliance with Rule 2a-7 under the 1940 Act. Shares of registered investment companies are valued daily at that investment company's net asset value per share.

The Fund's investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Fund's Board of Directors (the "Board"). When market quotations are not readily available, or in management's judgment they do not accurately reflect fair value of a security, or an event occurs after the market close but before the Fund is priced that materially affects the value of a security, the securities will be valued by the Fund's Fair Valuation Committee, using fair valuation procedures established by the Board. Examples of potentially significant events that could materially impact the value of a security include, but are not limited to: single issuer events such as corporate actions, reorganizations, mergers, spin-offs, liquidations, acquisitions and buyouts; corporate announcements on earnings or product offerings; regulatory news; and litigation and multiple issuer events such as governmental actions; natural disasters or armed conflicts that affect a country or a region; or significant market fluctuations. Potential significant events are monitored by the Advisor, ALPS Advisors, Inc. (the "Advisor"), Sub-Advisers and/or the Valuation Committee through independent reviews of market indicators, general news sources and communications from the Fund's custodian. As of December 31, 2017, the Fund held no securities that were fair valued.

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Liberty All-Star® Growth Fund Notes to Financial Statements

*December 31, 2017*

### **Security Transactions**

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.

### **Income Recognition**

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

The Fund estimates components of distributions from real estate investment trusts (“REITs”). Distributions received in excess of income are recorded as a reduction of the cost of the related investments. Once the REIT reports annually the tax character of its distributions, the Fund revises its estimates. If the Fund no longer owns the applicable securities, any distributions received in excess of income are recorded as realized gains.

### **Lending of Portfolio Securities**

The Fund may lend its portfolio securities only to borrowers that are approved by the Fund’s securities lending agent, State Street Bank & Trust Co. (“SSB”). The Fund will limit such lending to not more than 20% of the value of its total assets. The borrower pledges and maintains with the Fund collateral consisting of cash (U.S. Dollar only), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, or by irrevocable bank letters of credit issued by a person other than the Borrower or an affiliate of the Borrower. The initial collateral received by the Fund is required to have a value of no less than 102% of the market value of the loaned securities for securities traded on U.S. exchanges and a value of no less than 105% of the market value for all other securities. The collateral is maintained thereafter, at a market value equal to no less than 100% of the current value of the securities on loan. The market value of the loaned securities is determined at the close of each business day and any additional required collateral is delivered to the Fund on the next business day. During the term of the loan, the Fund is entitled to all distributions made on or in respect of the loaned securities. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

Any cash collateral received is reinvested in a money market fund managed by SSB as disclosed in the Fund’s Schedule of Investments and is reflected in the Statement of Assets and Liabilities as a payable for collateral upon return of securities loaned. Non-cash collateral, in the form of securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, is not disclosed in the Fund’s Statements of Assets and Liabilities as it is held by

the lending agent on behalf of the Fund and the Fund does not have the ability to re-hypothecate these securities. Income earned by the Fund from securities lending activity is disclosed in the Statement of Operations.

Liberty All-Star® Growth Fund Notes to Financial Statements

December 31, 2017

The following is a summary of the Fund's securities lending positions and related cash and non-cash collateral received as of December 31, 2017:

Market Value of	Cash	Non-Cash	Total
Securities on Loan	Collateral Received	Collateral Received	Collateral Received
\$7,695,901	\$6,463,714	\$1,411,999	\$7,875,713

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Fund benefits from a borrower default indemnity provided by SSB. SSB's indemnity allows for full replacement of securities lent wherein SSB will purchase the unreturned loaned securities on the open market by applying the proceeds of the collateral or to the extent such proceeds are insufficient or the collateral is unavailable, SSB will purchase the unreturned loan securities at SSB's expense. However, the Fund could suffer a loss if the value of the investments purchased with cash collateral falls below the value of the cash collateral received.

The following table reflects a breakdown of transactions accounted for as secured borrowings, the gross obligation by the type of collateral pledged or securities loaned, and the remaining contractual maturity of those transactions as of December 31, 2017:

**Remaining contractual maturity of the agreements**

Securities Lending Transactions	Overnight & Continuous	Up to 30 days	30-90 days	Greater than 90 days	Total
Common Stocks	\$6,463,714	\$ -	\$ -	\$ -	\$6,463,714
Total Borrowings					6,463,714
Gross amount of recognized liabilities for securities lending (collateral received)					\$6,463,714



## **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 that are valued based on unadjusted quoted prices in active markets 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. Investments in open-end mutual funds are valued at their closing NAV each business day and are categorized as Level 1 in the hierarchy.

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## Liberty All-Star® Growth Fund Notes to Financial Statements

December 31, 2017

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

**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, 2017:

	Valuation Inputs			Total
	Level 1	Level 2	Level 3	
Investments in Securities at Value*				
Common Stocks	\$150,204,868	\$ –	\$ –	\$150,204,868
Money Market Fund	3,747,048	–	–	3,747,048
Investments Purchased with Collateral from Securities Loaned	6,463,714	–	–	6,463,714
Total	\$160,415,630	\$ –	\$ –	\$160,415,630

\*See Schedule of Investments for industry classifications.

The Fund recognizes transfers between the levels as of the end of the period. For the year ended December 31, 2017, the Fund did not have any transfers between Level 1 and Level 2 securities. The Fund did not have any securities that used significant unobservable inputs (Level 3) in determining fair value during the period.

### **Distributions to Shareholders**

The Fund currently has a policy of paying distributions on its common shares totaling approximately 8% of its net asset value per year. The distributions are payable in four quarterly distributions of 2% 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.

Liberty All-Star® Growth Fund Notes to Financial Statements

December 31, 2017

**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 nontaxable 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.

**Classification of Distributions to Shareholders**

Net investment income 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. 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 amounts and characteristics of tax basis distributions and composition of distributable earnings/(accumulated losses) are determined at the time in which distributions are paid, which may occur after the fiscal year end. Accordingly, tax basis balances have not been determined as of December 31, 2017.

For the year ended December 31, 2017, permanent book and tax basis differences resulting primarily from excess distributions were identified and reclassified among the components of the Fund’s net assets as follows:

Accumulated Net Investment Income	Accumulated Net Realized Loss	Paid-In Capital
\$ 646,622	\$ (648,236 )	\$ 1,614

The tax character of distributions paid during the year ended December 31, 2017, were as follows:

Distributions Paid From:	12/31/2017	12/31/2016
Ordinary Income	\$2,690,649	\$-
Long term capital gains	8,492,258	9,317,746
Total	\$11,182,907	\$9,317,746

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.

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Liberty All-Star® Growth Fund Notes to Financial Statements

December 31, 2017

As of December 31, 2017, the components of distributable earnings on a tax basis were as follows:

<b>Undistributed</b>	<b>Accumulated</b>	<b>Net</b>	<b>Other</b>	
<b>Ordinary</b>	<b>Capital</b>	<b>Unrealized</b>	<b>Effect of</b>	<b>Total</b>
<b>Income</b>	<b>Gains</b>	<b>Appreciation</b>	<b>Timing</b>	
			<b>Differences</b>	
\$ 999,321	\$ 5,552,578	\$47,385,563	\$ 2,600	\$53,940,062

As of December 31, 2017, the cost of investments for federal income tax purposes and accumulated net unrealized appreciation/(depreciation) on investments was as follows:

	Gross unrealized	Gross unrealized	Net
Cost of Investments	Appreciation (excess of value over tax cost)	Depreciation (excess of tax cost over value)	Unrealized Appreciation
\$113,030,067	\$49,786,940	\$(2,401,377)	\$47,385,563

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.

**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, 2017, the Fund did not have a liability for any unrecognized tax benefits. The Fund files U.S. federal, state, and local tax returns 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:

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

Investment Advisory Fees for the year ended December 31, 2017 are reported on the Statement of Operations.

Liberty All-Star® Growth Fund Notes to Financial Statements

*December 31, 2017*

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:

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

**Administration, Bookkeeping and Pricing Services**

ALPS Fund Services, Inc. ("ALPS") serves as the administrator to the Fund and the Fund has agreed to pay expenses incurred in connection with this service. Pursuant to an Administrative, Bookkeeping and Pricing Services Agreement, ALPS provides operational services to the Fund including, but not limited to, fund accounting and fund administration and generally assists in the Fund's operations. Officers of the Trust are employees of ALPS. The Fund's administration fee is accrued on a daily basis and paid monthly. Administration, Pricing and Bookkeeping fees paid by the Fund for the year ended December 31, 2017 are disclosed in the Statement of Operations.

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.

**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, 2017, the cost of purchases and proceeds from sales of securities, excluding short-term obligations, were \$55,419,214 and \$64,198,095, respectively.

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

During the year ended December 31, 2017 and year ended December 31, 2016, distributions in the amounts of \$3,746,109 and \$5,691,962, 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 762,439 and 1,411,801 shares, respectively.

#### **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.

Liberty All-Star® Growth Fund Notes to Financial Statements

December 31, 2017

**NOTE 8. DIRECTORS FEES**

As of December 31, 2017, there were six Directors, five of whom are not “interested persons” of the Fund within the meaning of that term under the 1940 Act (each, an “Independent Director”). The Independent Chairman of the Board receives a quarterly retainer of \$8,250; the Independent Audit Committee Chairman receives a quarterly retainer of \$5,750; the Nominating and Governance Committee (“Nominating Committee”) Chairman receives a quarterly retainer of \$5,000; and all other Independent Directors receive a quarterly retainer of \$4,500. Each Independent Director also receives a meeting fee of \$4,500 for attendance in person at a regular scheduled meeting or a special meeting; \$4,500 for attendance by telephone at a regular meeting; and \$1,000 for attendance by telephone for a special meeting. Each Audit Committee member receives \$4,500 for attendance at an in person Audit Committee meeting and \$1,000 for attendance at a telephonic Audit Committee meeting. Each Nominating Committee member receives \$1,000 for attendance at an in person or telephonic Nominating Committee meeting. If an Audit Committee or Nominating Committee meeting is held in conjunction with a regular or special board meeting, the Directors are only compensated for the regular or special board meeting. Independent Directors are also reimbursed for all reasonable out-of-pocket expenses relating to attendance at meetings. Directors’ fees are allocated between the Fund and the Liberty All-Star® Equity Fund. One-third of the Directors’ fees are equally shared and the remaining two-thirds are allocated based on each Fund’s proportionate share of total net assets. Directors’ fees and expenses accrued by the Fund for the year ended December 31, 2017 are reported on the Statement of Operations.

**NOTE 9. 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.

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Liberty All-Star® Growth Fund Notes to Financial Statements

*December 31, 2017*

**NOTE 10. SUBSEQUENT EVENT**

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ALPS Advisors, Inc., the Fund's investment advisor, is a wholly-owned subsidiary of ALPS Holdings, Inc., which is a wholly-owned subsidiary of DST Systems, Inc. ("DST"). On January 11, 2018, DST announced that it has entered into a definitive agreement under which SS&C Technologies Holdings, Inc. will acquire all of the outstanding common stock of DST (the "DST Transaction"). The DST Transaction is expected to close by the third quarter of 2018. The DST transaction is subject to DST's stockholder approval, clearances by the relevant regulatory authorities and other customary closing conditions.

Additionally, on February 2, 2018, Sustainable Growth Advisers, a sub-advisor to the Fund, announced that it has agreed to enter into a partnership with Virtus Investment Partners (the "Sustainable Transaction"). It is anticipated that the Sustainable Transaction will close in mid-2018.

As of the date of this report, there is no contractual change to the services provided to the Fund and no changes to the Fund's fees as a result of the DST Transaction or Sustainable Transaction.

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Liberty All-Star® Growth Fund Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Liberty All-Star® Growth Fund, Inc.:

### **Opinion on the Financial Statements and Financial Highlights**

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, 2017, 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, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, and 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.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. 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, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

DELOITTE & TOUCHE LLP

Denver, Colorado

February 15, 2018

We have served as the auditor of one or more investment companies advised by ALPS Advisors, Inc. since 2007.

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Liberty All-Star® Growth Fund 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.

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Liberty All-Star® Growth Fund Automatic Dividend Reinvestment and  
Direct Purchase Plan

*(Unaudited)*

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).

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Liberty All-Star® Growth Fund      Additional  
Information

*(Unaudited)*

## TAX INFORMATION

All 2017 distributions whether received in cash or shares of the Fund consist of the following:

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

The table below details the breakdown of each 2017 distribution for federal income tax purposes.

Record Date	Payable Date	Amount per Share	Total Ordinary Dividends		Long-Term Capital Gains
			Qualified	Non-Qualified	
01/27/17	03/13/17	\$0.10	6.79%	17.27%	75.94%
04/28/17	06/12/17	\$0.10	6.79%	17.27%	75.94%
07/28/17	09/11/17	\$0.11	6.79%	17.27%	75.94%
11/17/17	01/02/18	\$0.11	6.79%	17.27%	75.94%

### Tax Designations

The Fund designates the following as a percentage of taxable ordinary income distributions for the calendar year ended December 31, 2017:

Qualified Dividend Income	28.22%
Dividend Received Deduction	24.87%

Pursuant to Section 852(b)(3) of the Internal Revenue Code, Liberty All-Star Growth Fund designated \$8,492,258 as long-term capital gain dividends.

## SHAREHOLDER MEETING RESULTS

On August 24, 2017, the Annual Meeting of Shareholders of the Fund was held to elect two Directors. On June 12, 2017, the record date for the meeting, the Fund had outstanding 26,701,198 shares of common stock. The votes cast at the meeting were as follows:

### Proposal 2 – To elect two Directors:

<b>Nominee</b>	<b>For</b>	<b>Against/Withheld</b>
John A. Benning	23,806,156.896	825,554.319
Richard C. Rantzow	23,814,772.585	816,938.630

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## Liberty All-Star® Growth Fund Directors and Officers

*(Unaudited)*

The Fund's Statement of Additional Information includes additional information about the Fund's Directors and is available, without charge, by contacting the Fund at 1-800-542-3863.

**INDEPENDENT DIRECTORS**

Name (Year of Birth)  and Address*	Position with Growth Fund,  Term of Office  and Length  of Service	Principal Occupation(s)  During Past  Five Years	Number of	Other Directorships
			Portfolios in Fund Complex  Overseen  By Director**	Held
John A. Benning  Year of Birth: 1934	Director since 2002; Term expires 2020	Retired since December, 1999	2	Trustee, Liberty All- Star Equity Fund (since 2002)
Thomas W. Brock  Year of Birth: 1947	Director since 2005; Chairman since 2015; Term expires 2018	Chief Executive Officer, Silver Bay Realty (June 2016 – May 2017); Acting Chief Executive Officer, Silver Bay Realty (January 2016 – June 2016); Director, Silver Bay Realty (December 2012 – May 2017); Former Chief Executive Officer, Stone Harbor Investment Partners LP (April 2006- 2012); Adjunct Professor, Columbia University Graduate School of Business (since 1998)	2	Trustee, Liberty All- Star Equity Fund (since 2005), Trustee, Equitable AXA Annuity Trust (since January 2016) and 1290 Funds (since January 2016)
George R. Gaspari	Director since 2006; Term expires 2019	Financial Services Consultant (1996-2012)	2	Trustee, Liberty All- Star Equity Fund (since 2006), Trustee (since 1999) and

Year of  
Birth: 1940

Chairman – Audit  
Committee (since January  
2015), The Select Sector  
SPDR Trust

*\*The address for all Directors is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.  
The Fund Complex for the Funds includes any registered investment company advised by ALPS Advisors, Inc. or  
\*\* any registered investment company sub-advised by Congress Asset Management Company, LLP, Pzena Investment  
Management LLC, Macquarie Investment Management, Weatherbie Capital LLC, TCW Investment Management  
Company, Sustainable Growth Advisers, LP, and Aristotle Capital Management, LLC.*

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## Liberty All-Star® Growth Fund Directors and Officers

*(Unaudited)***INDEPENDENT DIRECTORS (continued)**

Name (Year of Birth) and Address*	Position with Growth 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
John J. Neuhauser Year of Birth: 1943	Director since 1998; Term expires 2018	President, St. Michael's College (since August, 2007); University Professor December 2005-2007, Boston College (formerly Academic Vice President and Dean of Faculties, 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. Rantzow Year of Birth: 1938	Director since 2006; Term expires 2020	Retired, Ernst & Young Partner (1993); Chief Financial Officer, Miller Sports (1993-1998)	2	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.

The Fund Complex for the Funds includes any registered investment company advised by ALPS Advisors, Inc. or any registered investment company sub-advised by Congress Asset Management Company, LLP, Pzena Investment Management LLC, Macquarie Investment Management, Weatherbie Capital LLC, TCW Investment Management Company, Sustainable Growth Advisers, LP, and Aristotle Capital Management, LLC.

Liberty All-Star® Growth Fund Directors and Officers

(Unaudited)

**INTERESTED DIRECTOR**

Name (Year of Birth)  and Address*	Position with  Growth 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 2018	Chief Executive Officer and President of ALPS Holdings, Inc., a DST Company (since November 2011); CEO and a Director of ALPS Holdings, Inc. (since 2005); President and Director of ALPS Advisors, Inc. (since 2001), and Director of ALPS Distributors, Inc. (since 2000), ALPS Fund Services, Inc., (since 2000) and ALPS Portfolio Solutions Distributor, Inc. (since 2013). Mr. Burke is also a Director of Boston Financial Data Services (since 2013).	34	Trustee, Liberty All-Star Equity Fund (since 2006), Trustee (since 2004) and President (since 2006), Clough Global Dividend and Income Fund, Trustee (since 2006) and President (since 2005), Clough Global Equity Fund, Trustee and President (since 2006), Clough Global Opportunities Fund, Trustee and President (since 2016) of Clough Funds Trust, Trustee and President (since 2002) of Financial Investors Trust, and Trustee and President (since 2017) of ALPS ETF Trust. Mr. Burke is deemed an affiliate of the Funds as defined under the 1940 Act.

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

The Fund Complex for the Funds includes any registered investment company advised by ALPS Advisors, Inc. or any registered investment company sub-advised by Congress Asset Management Company, LLP, Pzena Investment Management LLC, Macquarie Investment Management, Weatherbie Capital LLC, TCW Investment Management Company, Sustainable Growth Advisers, LP, and Aristotle Capital Management, LLC.

\*\*\*Mr. Burke is an "interested person" of the Fund, as defined in the 1940 Act, because of his affiliation with ALPS.





## Liberty All-Star® Growth Fund Directors and Officers

*(Unaudited)***OFFICERS**

Name (Year of Birth) and Address*	Position with Fund**	Year First		Principal Occupation(s) During Past Five Years
		Elected or Appointed to Office		
William R. Parmentier, Jr. Year of Birth: 1952	President	1999		Chief Investment Officer, ALPS Advisors, Inc. (since 2006); President of the Liberty All-Star Funds (since April 1999); Senior Vice President, Banc of America Investment Advisors, Inc. (2005-2006). Mr. Parmentier is deemed an affiliate of the Funds 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 Funds (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 Funds as defined under the 1940 Act.
Edmund J. Burke Year of Birth: 1961	Vice President	2006		Vice President of the Liberty All-Star Funds (since 2006), Chief Executive Officer and President of ALPS Holdings, Inc., a DST Company (since November 2011); CEO and a Director of: ALPS Holdings, Inc. (since 2005); President and Director of ALPS Advisors, Inc. (since 2001); Director of ALPS Distributors, Inc. (since 2000), ALPS Fund Services, Inc. (since 2000) and ALPS Portfolio Solutions Distributor, Inc. (since 2013). Mr. Burke is also a Director of Boston Financial Data Services (since 2013). Mr. Burke is deemed an affiliate of the Funds as defined under the 1940 Act.
Kimberly R. Storms Year of Birth: 1972	Treasurer	2013		Director of Fund Administration and Senior Vice President of ALPS Fund Services, Inc. Ms. Storms is currently Treasurer of Liberty All-Star Equity Fund, Financial Investors Trust, ALPS Series Trust, and Elevation ETF Trust. Ms. Storms is also on the Board of Directors of the Denver Center for Crime Victims. Ms. Storms is deemed an affiliate of the Funds as defined under the 1940 Act.

\*The address of each officer, other than Messrs. Parmentier and Haley is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100, Denver, CO 80203. The address of Messrs. Parmentier and Haley is c/o ALPS Advisors, Inc.,

*One Financial Center, 15th Floor, Boston, MA 02111.*

*\*\* Officers are elected annually and each officer will hold such office until a successor has been elected by the Board.*

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## Liberty All-Star® Growth Fund Directors and Officers

*(Unaudited)***OFFICERS (continued)**

Name (Year of Birth) and Address*	Position with Fund**	Year First	Principal Occupation(s) During Past Five Years
		Elected or Appointed to Office	
Erin D. Nelson Year of Birth: 1977	Chief Compliance Officer	2015	Ms. Nelson is Senior Vice President and Chief Compliance Officer of ALPS Advisors, Inc. Prior to 2015, Ms. Nelson was Vice-President and Assistant General Counsel of ALPS. Ms. Nelson is also Chief Compliance Officer of Liberty All- Star Equity Fund, ALPS ETF Trust, Principal Real Estate Income Fund, ALPS Variable Investment Trust and the RiverNorth Opportunities Fund, Inc. Ms. Nelson is deemed an affiliate of the Funds as defined under the 1940 Act.
Sareena Khwaja-Dixon Year of Birth: 1980	Secretary	2016	Ms. Khwaja-Dixon joined ALPS in August 2015 and is currently Senior Counsel and Vice President of ALPS Fund Services, Inc. Prior to joining ALPS, Ms. Khwaja-Dixon served as a Senior Paralegal/Paralegal for Russell Investments (2011 – 2015). Ms. Khwaja-Dixon is also Secretary of Liberty All-Star Equity Fund, and Assistant Secretary of Clough Dividend and Income Fund, Clough Global Opportunities Fund, Clough Global Equity Fund, Clough Funds Trust, Financial Investors Trust and ALPS Variable Investment Trust. Ms. Khwaja-Dixon is deemed an affiliate of the Fund as defined under the 1940 Act.
Jennifer A. Craig Year of Birth: 1973	Assistant Secretary	2017	Ms. Craig joined ALPS in 2007 and is currently Assistant Vice President and Paralegal Manager of ALPS. Prior to joining ALPS, Ms. Craig was Legal Manager at Janus Capital Management LLC and served as Assistant Secretary of Janus Investment Fund, Janus Adviser Series and Janus Aspen Series. Ms. Craig is also Assistant Secretary of Financial Investors Trust, ALPS Series Trust, Clough Dividend and Income Fund, Clough Global Opportunities Fund, Clough Global Equity Fund and Clough Funds Trust.

*The address of each officer, other than Messrs. Parmentier and Haley is: c/o ALPS Fund Services, Inc., 1290  
\*Broadway, Suite 1100, Denver, CO 80203. The address of Messrs. Parmentier and Haley is c/o ALPS Advisors, Inc.,  
One Financial Center, 15th Floor, Boston, MA 02111.*

*\*\*Officers are elected annually and each officer will hold such office until a successor has been elected by the Board.*

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Board Consideration of the Renewal of the Fund  
Liberty All-Star® Growth Fund  
Management & Portfolio Management Agreements

*(Unaudited)*

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 to renew them for an additional year. At its meeting on September 7, 2017, 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 separate Portfolio Management Agreements among the Fund, AAI and the following independent investment management firms: Congress Asset Management Company, LLP (Congress”) and Sustainable Growth Advisers, LP (“Sustainable”). Congress and Sustainable, collectively are referred to as “Portfolio Managers,” and each as a “Portfolio Manager.”

Prior to the Board’s 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 each Agreement and whether each Agreement was in the best interests 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 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 benefits of shareholders; (6) the “fall-out” benefits to AAI, each Portfolio Manager and the 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 Independent 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 were employed. The Fund allocates its portfolio assets among Portfolio Managers recommended by AAI and approved by the Board, currently three 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 Managers investment performance and portfolio composition and, from time to time recommends changes in the Portfolio Managers.

In connection with its deliberations, the Board considered information furnished throughout the year at regular 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 prepared by AAI and Broadridge Financial Solutions regarding review of the Lipper peer groups. 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.

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Liberty All-Star® Growth Fund  
Board Consideration of the Renewal of the Fund  
Management & Portfolio Management Agreements

*(Unaudited)*

As part of the process to consider the Agreements, legal counsel to the Independent Directors requested information on behalf of the Board from AAI and each Portfolio Manager. In response to these requests, the Board received reports from AAI and each Portfolio Manager that addressed specific factors designed to inform the Independent Directors' 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 their 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.

#### **Nature, Extent and Quality of the Services Provided**

The Board 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 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 considered 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 took into consideration that a Portfolio Manager change had occurred in 2016.

The Board also considered the demonstrated consistency in investment approach of each Portfolio Manager. The Board considered that Sustainable manages the large-cap growth portion of the Growth Fund's portfolio and Congress manages the mid-cap growth portion.

The Board considered the background and experience of the personnel at AAI responsible for Portfolio Manager selection, evaluation and monitoring for the Fund and the personnel at each Portfolio Manager responsible for managing the Fund's portfolio. The Board also considered the overall financial strength of AAI and each Portfolio Manager, the effect on the Fund of any turnover in personnel at each Portfolio Manager, the insurance maintained by AAI and 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 group. 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 considered the performance of the Fund's Portfolio Managers, including 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 Funds' overall strategy and performance.



Liberty All-Star® Growth Fund  
Board Consideration of the Renewal of the Fund  
Management & Portfolio Management Agreements

*(Unaudited)*

Among other information, the Board received information regarding the Fund's return on an absolute and a relative basis, based on NAV and market price, for various periods. With respect to the Fund, the Board received information which indicated that, based on NAV and for periods ending June 30, 2017, the Fund outperformed the Lipper Multi-Cap Growth Mutual Fund Average ("Lipper Average") for the one-, three-, five- and ten-year periods, underperformed the Lipper Average for the 15-year period, and was approximately the same as the Lipper Average since inception.

In addition to the performance of the Fund and each Portfolio Manager's sleeve of the Fund, the Board considered management's and the Portfolio Managers' explanations for the Fund's performance and the relevant benchmarks and Peer groups. The Board accepted the explanations and determined that the performance information and explanations supported the renewal of the Agreements. The Fund outperformed the Russell Equally Weighted Top 200 Growth, Midcap Growth and 2000 Growth Indices for the one- and three-year periods ended June 30, 2017; and it was near the return for the five- and ten-year periods.

#### **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 Independent Directors considered that the Fund's total expenses were higher than the median of a representative group of closed-end funds selected by AAI, but the management and administrative fees were lower than the median. In addition, the Independent Directors also considered that the Fund's management and administrative fees were higher than the median for the multi-manager open-end equity funds selected by AAI.

The Board 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 paid by the Fund 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 by and the differences in responsibility of 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 comparable closed-end funds and open-end equity funds.

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Liberty All-Star® Growth Fund  
Board Consideration of the Renewal of the Fund  
Management & Portfolio Management Agreements

*(Unaudited)*

**Profitability and Costs of Services to AAI**

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 recent overall profitability of the Fund to AAI, as well as overall profitability information relating to certain prior calendar years. 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. The Board considered 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 also has advised the Board that AAI generally is aware of the fees charged by the Portfolio Managers to other clients, and AAI believed that the fees agreed upon with the Portfolio Managers are reasonable in light of the quality of investment advisory service 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 understood that, as a business matter, AAI was entitled to earn reasonable profits for its service 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. The Board also 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.



Liberty All-Star® Growth Fund  
Board Consideration of the Renewal of the Fund  
Management & Portfolio Management Agreements

*(Unaudited)*

**Benefits to be Derived from the Relationship with the Fund**

The Board 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 Managers’ procedures for executing portfolio transactions for the allocated portion 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.

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Liberty All-Star® Growth Fund 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.

Liberty All-Star® Growth Fund Privacy Policy

*(Unaudited)*

*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.

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.*



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Liberty All-Star® Growth Fund 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 above-average characteristics 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 Top 200® Growth Index**

Measures the performance of those Russell Top 200® companies with higher price-to-book ratios and higher forecasted growth values. The Russell Top 200® Index measures the performance of the 200 largest companies in the Russell 3000® Index.

**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<sup>®</sup> Index.

### **Russell Midcap<sup>®</sup> Growth Index**

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

### **Russell 2000<sup>®</sup> Growth Index (Smallcap)**

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

### **Russell Growth Benchmark**

The average of the Russell Top 200<sup>®</sup>, Midcap<sup>®</sup> and 2000<sup>®</sup> Growth Indices.

### **S&P 500<sup>®</sup> Index**

A large cap U.S. equities index that includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

*An investor cannot invest directly in an index.*





**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 of Directors 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 such code of ethics since that date.

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

(a)(1)(i) The registrant's Board of Directors has determined that there is one audit committee financial expert serving on its audit committee.

(2) The registrant's Board of Directors has determined that Mr. Richard C. Rantzow is an "audit committee financial expert" and is "independent" as defined in paragraph (a)(2) of Item 3 of Form N-CSR.

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

(a) *Audit Fees.* The aggregate fees billed for each of the fiscal years ended December 31, 2017 and December 31, 2016 were approximately \$25,500 and \$27,000 respectively, for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the

accountant in connection with the statutory and regulatory filings or engagements for those fiscal years

(b) *Audit-Related Fees.* The aggregate fees billed in each of the fiscal years ended December 31, 2017 and December 31, 2016 were \$0 and \$0, respectively, 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 under paragraph (a) of this Item.

(c) *Tax Fees.* The aggregate fees billed in each of the fiscal years ended December 31, 2017 and December 31, 2016 were approximately \$3,940 and \$3,940, respectively. Tax Fees in both fiscal years 2017 and 2016 consist primarily of the review of annual tax returns and include amounts for professional services by the principal accountant for tax compliance, tax advice and tax planning.

(d) *All Other Fees.* The aggregate fees billed in each of the fiscal years ended December 31, 2017 and December 31, 2016 were \$0 and \$0, respectively, for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item.

**(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 adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) or any entity controlling, controlled by, or under common control with such investment adviser that provides ongoing services to the registrant ("Adviser 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 adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and Adviser 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 adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and Adviser 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 adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser) and Adviser 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 each of paragraphs (b) through (d) of this Item that were 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, 2017 and December 31, 2016 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 \$308,840 in 2017 and \$331,340 in 2016. These fees consisted of non-audit fees billed to (i) the Registrant of \$3,940 in 2017 and \$3,940 in 2016, respectively 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 \$304,900 in 2017 and \$327,400 in 2016, respectively. The non-audit fees billed to AFS related to SSAE 18 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 investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser 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, 2017, John A. Benning, Thomas W. Brock, George R. Gaspari, John J. Neuhauser, and Richard C. Rantzow are each independent directors and collectively constitute the entire Audit Committee.

**Item 6. Investments.**

(a) The registrant's "Schedule I – Investments in securities of unaffiliated issuers" (as set forth in 17 CFR 210.12-12) is included as part of the report of shareholders filed under 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.**

Attached, as Exhibit Item 7, is a copy of the registrant's policies and procedures.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

**As of March 2, 2018, unless otherwise noted.**

**Weatherbie Capital LLC ("Weatherbie")**

Matthew A. Weatherbie, CFA – CEO and Co-Chief Investment Officer

Matt is a co-manager responsible for managing the portion of the Fund allocated to Weatherbie. The firm was founded by Matt in December 1995. Mr. Weatherbie's prior experience as a portfolio manager was at Putnam Investments from

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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. Matt is a CFA charterholder.

George Dai, Ph.D.- Senior Managing Director and Co-Chief Investment Officer

George is the lead co-manager responsible for managing the portion of the Fund allocated to Weatherbie. George's prior experience as a portfolio manager began in 2006 as the co-lead manager of Weatherbie's Long/Short Fund. George received his MBA from the Wharton School, University of Pennsylvania, (Director's List), and his Ph.D. in chemistry from Johns Hopkins University. Previously, he earned a B.S. from the University of Science and Technology of China (Hefei, China) and then was a pharmaceutical research scientist at Procter & Gamble.

Joshua D. Bennett, CFA – Senior Managing Director, Director of Research

Josh is a co-manager responsible for managing the portion of the Fund allocated to Weatherbie. Josh's prior experience as a portfolio manager began in 2007 as a co-manager of Weatherbie's Long/Short Fund. Josh received his MBA from the Tuck School of Business at Dartmouth (Edward Tuck Scholar with Distinction). Previously, he earned a B.A. in economics (Summa Cum Laude) from Wheaton College (IL). Josh is a CFA charterholder.

OTHER ACCOUNTS. As of December 31, 2017, this team was responsible for the portfolio management of the following types of accounts in addition to the Fund:

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts	Assets Managed for
			Managed For which Advisory Fee is Performance Based	which Advisory Fee is Performance Based (in millions)
<b>Weatherbie Capital, LLC</b>				N/A
Registered Investment Companies	4	\$265	0	n/a
Other pooled investment vehicles	3	\$175	2	\$155
Other accounts	18	\$762	1	\$115
<b>Matthew A. Weatherbie</b>				
Registered Investment Companies	2	\$214	0	n/a
Other pooled investment vehicles	1	\$129	1	\$129
Other accounts*	13	\$761	1	\$115
<b>George Dai</b>				
Registered Investment Companies*	4	\$265	0	n/a
Other pooled investment vehicles*	2	\$46	1	\$26
Other accounts*	13	\$761	1	\$115
<b>Joshua D. Bennett</b>				
Registered Investment Companies*	4	\$265	0	n/a
Other pooled investment vehicles*	2	\$46	1	\$26
Other accounts*	13	\$761	1	\$115

\*Accounts are managed on a team basis.

#### COMPENSATION STRUCTURE.

**There are multiple components to the Weatherbie compensation plan, detailed as follows:**

a. Base salary: As determined by Matt Weatherbie, CFA, CEO of Weatherbie Capital, LLC with final approval by Alger CEO, Dan Chung, CFA

b. Bonus (Weatherbie Bonus Pool): An annual bonus pool equal to a specific percentage of the operating profits of Weatherbie Capital. Target amounts for employees for participation in the pool are established annually by Matt Weatherbie with final approval by Dan Chung. Weatherbie employees are eligible for inclusion in this pool based

upon:

- i. Their expected and actual contributions to the absolute and relative performance as analysts and portfolio managers.
- ii. Subjective criteria, such as contributions to the overall organization.

Bonus (Sub Advisory Pool): A bonus pool tied to the fees earned from the Alger mutual funds sub-advised by Weatherbie Capital. Target amounts for employees for participation in the pool are established annually by Matt Weatherbie with final approval by Dan Chung. Weatherbie employees are eligible for inclusion in this pool based upon:

- i. Their expected and actual contributions to the absolute and relative performance as analysts and portfolio managers.
- ii. Subjective criteria, such as contributions to the overall organization.

d. Bonus (Weatherbie Partners Pool) A bonus pool tied to allocation of a portion of the “earn-out” payments from Alger Associates, Inc. to Matt Weatherbie

- i. Initial allocations have been made to George Dai, Ph.D. and Josh Bennett, CFA
- ii. Future allocations and amounts determined by Matt Weatherbie in his sole discretion.

e. The Alger Profit Participation Plan:

The Plan gives key personnel the opportunity to have equity-like participation in the long-term growth and profitability of the Firm. The awards are invested in Alger mutual funds and have a four-year vesting schedule. The total award earned can increase or decrease with Alger's investment and Alger's earnings results over the four-year period.

Amounts determined by Matt Weatherbie, CFA with final approval by Dan Chung, CFA, CEO, and the Board of Directors of Alger Associates, Inc.

OWNERSHIP BY PORTFOLIO MANAGER: None

MATERIAL CONFLICTS OF INTEREST: None

#### **Congress Asset Management Company, LLP ("Congress")**

(a)(1) MANAGEMENT. The portion of the Fund allocated to Congress is managed by Todd Solomon, CFA, Senior Vice President and Daniel Lagan, CFA, Chief Executive Officer, Chief Investment Officer.

##### Todd Solomon, CFA, Senior Vice President, Portfolio Manager

Todd joined Congress Asset Management in 2001. He is a member of Congress Asset Management's Investment Oversight Committee and Chairs the Mid Cap Growth Committee, which was named the 2015 Small/Mid Cap SMA of the year by Investment Advisor Magazine and Envestnet. He has 22 years of investment experience, spanning both equity research and portfolio management. Previously, he has held positions at US Trust Company, Fidelity Management and Research Co, and the Pioneer Group, Inc. He is a CFA charterholder, and member of the Boston Security Analysts Society (BSAS.)

Education: MBA; New York University

BA; Georgetown University

##### Daniel Lagan, CFA, CEO, Chief Investment Officer

Mr. Lagan joined Congress Asset Management in 1989. He is the firm's Chief Investment Officer, a position he has held since 2005. He chairs both the firm's Investment Oversight Committee and Large Cap Growth Investment Committees. As CEO, he is responsible for all business aspects of the company, with the senior managers of operations, sales, and investments reporting to him. Prior to being named as CEO in 2013, he was the firm's President for 17 years. He is a CFA charterholder, and a member of the Boston Security Analysts Society (BSAS) and the CFA Institute.

Education: MBA; Boston College

BA; St. Michael's College

(a)(2) OTHER ACCOUNTS. The table below provides information regarding the other accounts managed by Todd Solomon and Daniel Lagan as of December 31, 2017:

<b>Type of Account</b>	<b>Number of Accounts Managed</b>	<b>Total Assets Managed (in millions)</b>	<b>Number of Accounts Managed for which Advisory Fee is Performance- Based</b>	<b>Assets Managed for which Advisory Fee is Performance- Based (in millions)</b>
<b>Todd Solomon, CFA</b>				
Registered Investment Companies	1	\$960,196,528	0	N/A
Other pooled investment vehicles	0	\$0	0	N/A
Other accounts	143	\$611,159,469	0	N/A

<b>Type of Account</b>	<b>Number of Accounts Managed</b>	<b>Total Assets Managed (in millions)</b>	<b>Number of Accounts Managed for which Advisory Fee is Performance- Based</b>	<b>Assets Managed for which Advisory Fee is Performance- Based (in millions)</b>
<b>Daniel Lagan, CFA</b>				
Registered Investment Companies	1	\$287,261,170	0	N/A
Other pooled investment vehicles	0	\$0	0	N/A
Other accounts	192	\$309,496,182	0	N/A

MATERIAL CONFLICTS OF INTEREST: None

(a)(3) COMPENSATION STRUCTURE:

Mr. Todd Solomon and Mr. Daniel Lagan's compensation consists of the following:

Congress Asset Management Company LLP has a core investment team in place and high employee retention due to a generous compensation structure, collaborative culture and career advancement opportunities.

Congress utilizes a team approach to the investment process. Because of this, the firm's compensation plan is intended to reward all employees equitably based on the firm's investment performance and financial profitability. Our compensation plan aims to accurately reflect our investment and financial success through three methods:

1. Competitive base salary: This is the basis on which all other incentives are calculated.
2. Bonus plan up to 50% of base salary based on the following criteria:
  - Investment performance for fixed income and equity products
    - Growth in firm assets under management
    - Growth in profitability
  - Management discretion based on individual performance

Equity Bonus Plan: Since 1990, Congress Asset Management Company has used an Equity Bonus Plan to allow all participating employees to directly benefit from the long term growth and profitability of the company. This deferred compensation plan is tied to the operating income of the company.

(a)(4) OWNERSHIP BY PORTFOLIO MANAGERS.

Portfolio Managers	Dollar Range of the Registrant's Securities Owned by the Portfolio Managers
Todd Solomon, CFA	None
Daniel Lagan, CFA	None



**Sustainable Growth Advisers, LP (“SGA”)**

MANAGEMENT.

**George P. Fraise** - Principal, co-founder, portfolio manager and a member of the Investment Committee. He is also a member of the Firm’s Advisory Board. Prior to founding Sustainable Growth Advisers, George was Executive Vice President, a member of the Board of Directors and a member of the Investment Policy Committee of Yeager, Wood & Marshall, Inc. George began his investment career in 1987 as an equity analyst at Drexel Burnham Lambert. In 1990 he joined Smith Barney as a senior analyst responsible for the coverage of electrical equipment companies. He also held a senior analyst position at Chancellor Capital Management, a private large cap growth money manager. In 1997 George joined Scudder Kemper Investments as a portfolio manager for two separate large cap growth funds.

**Education:**

Trinity College – BA in History - 1986

Stern School of Business at New York University – MBA in Finance and International Business – 1990

**Gordon M. Marchand, CFA, CIC, CPA** - Principal, co-founder, portfolio manager and a member of the Investment Committee. He is also a member of the Firm’s Advisory Board and serves as the firm’s Chief Financial Officer. Prior to founding Sustainable Growth Advisers, Gordon was an executive officer, a member of the Board of Directors and Investment Policy Committee of Yeager, Wood & Marshall, Inc. which he joined in 1984. He also served as the firm’s Chief Financial and Operating Officer. Gordon began his career as a CPA for Grant Thornton Int’l and a management consultant for Price Waterhouse.

**Education:**

Georgetown University – BS; University of Massachusetts/Amherst – MBA

Oxford University Management Center – Graduate Study

**Robert L. Rohn** – Principal, co-founder, portfolio manager and chairs the firm’s Investment Committee. He is also a member of the Firm’s Advisory Board. Prior to joining Sustainable Growth Advisers in November 2003, Rob managed over \$1 billion of large capitalization, high quality growth stock portfolios at W.P Stewart & Co. During Rob’s twelve-year tenure with W.P. Stewart, he was an analyst and portfolio Manager, held the positions of Chairman of the Board and Chief Executive Officer of W.P. Stewart Inc., the company’s core U.S. investment business, and served as Chairman of the firm’s Management Committee. From 1988 through 1991, he was with Yeager, Wood & Marshall, a growth-oriented investment counseling firm, where he served as Vice President and a member of the Investment Policy Committee with responsibilities in equity analysis and portfolio management. Rob began his career in 1983 at JP Morgan, where he was an officer of the bank in Corporate Finance.

**Education:**

Dartmouth College – BA (Cum Laude); Harvard Business School – MBA

OTHER ACCOUNTS. The table below provides information about the other accounts managed by Messrs. Fraise, Rohn and Marchand, as of December 31, 2017:

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>George P. Fraise</b>				
Registered Investment Companies	13	\$4,820	0	n/a
Other Pooled Investment Vehicles	18	\$3,110	0	n/a
Other Accounts	61	\$3,620	1	\$56
<b>Robert L. Rohn</b>				
Registered Investment Companies	13	\$4,820	0	n/a
Other Pooled Investment Vehicles	18	\$3,110	0	n/a

Other Accounts	61	\$3,620	1	\$56
<b>Gordon M. Marchand</b>				
Registered Investment Companies	13	\$4,820	0	n/a
Other Pooled Investment Vehicles	18	\$3,110	0	n/a
Other Accounts	61	\$3,620	1	\$56

### Compensation Structure

SGA has adopted a system of compensation for portfolio managers that seeks to align the financial interests of the investment professionals with those of SGA. The compensation of SGA's three principals/portfolio managers is based solely upon SGA's financial performance. SGA's compensation arrangements with its investment professionals are not determined on the basis of specific funds or accounts managed by the investment professional. All investment professionals receive customary benefits that are offered generally to all salaried employees of SGA.

**OWNERSHIP BY PORTFOLIO MANAGERS.** None of the individuals at the firm responsible for the day-to-day management of the Fund owns any shares of the Fund.

### 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.

The adviser has trade allocation and other policies and procedures that it believes are reasonably designed to address these and other potential conflicts of interest.

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

During the fiscal year ended December 31, 2017, 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.**

On December 7, 2017 a number of amendments to the Fund's By-laws were adopted primarily to: (1) require shareholders who make proposals or who nominate candidates for the Fund's Board provide important information on the proposals; (2) require Board nominees to provide full information on their qualifications and any potential conflicts of interest that might be an issue for the Fund and its shareholders; (3) adopt qualifications required for Directors; and, (4) address certain potential litigation issues. The changes include the following:

Certain actions must be approved by "Continuing Directors," which is defined to include any Director that has served for a certain period of time, or a successor to a Continuing Director, and is not affiliated with any parties that may seek to enter certain into special arrangements with the Fund; Directors may require that proxies be voted in-person or

by written proxy in the case of shareholder proposals or contested proxies; shareholders must hold at least 10% of the shares entitled to vote in order to require an Inspector of Election to be appointed; at least 10 business days' advance notice is required for any request for the minutes of the last shareholder meeting and shareholder list to be available for inspection; a person must be a shareholder at the time of making a proposal and at the time the annual meeting is held and a shareholder making a proposal must provide certain information to the Fund; the Chairman of the meeting may determine if a proposal is properly brought before a special meeting; a shareholder (or its duly authorized representative) must be present at the shareholder meeting in order for the shareholder's proposal to be acted upon at the meeting; a shareholder is required to comply with any applicable requirements of the Securities Exchange Act with respect to submitting a proposal; a majority of the Directors (rather than any two Directors) may call a meeting of the Board; and Directors can participate in a meeting by any election means that permits the Director to hear and be heard by the other participants; directors may require that a Director sign a non-disclosure agreement as a condition of the Director's service as a Director of the Fund; Directors may require that a Director sign an acknowledgement of the policies of the Corporation as a condition of the Director's service as a Director of the Fund; a candidate for Director must meet certain specific qualifications to serve as a Director (unless waived by resolution of a majority of the Board); requests to inspect the records of the Fund must give at least 10 days' notice; a shareholder requesting the records of the Fund must follow a procedure and permit the Board or officers of the Fund to impose reasonable restrictions on the use of the records; shareholders wishing to enter into litigation against or on behalf of the Fund must meet certain requirements, including that shareholders must make a demand upon the Directors before entering into any derivative lawsuits; shareholders are restricted from bringing direct lawsuits, such as those in the Northstar v. Schwab case, unless they have suffered a unique harm; shareholders wishing to engage in a derivative lawsuit must hold a minimum number of shares of the Fund and reimburse the Directors for any counsel or other advisers retained by the Directors to consider the merits of a shareholder's allegations; any derivative suit or action claiming breach of duty of a Director must be brought in the courts located in Boston, Massachusetts.

**Item 11. Controls and Procedures.**

(a) The Registrant's Principal Executive Officer and Principal Financial Officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There was no change in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940, as amended) during 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. Disclosure of Securities Lending Activities for Closed-End Management Investment Companies.**

(a) For the fiscal year ended December 31, 2017, the registrant had the following dollar amounts of income and fees/compensation related to its securities lending activities to report:

Gross Income from securities lending activity <sup>1</sup>	\$265,060
Fees and/or compensation for securities lending activities and related services	
Fees paid to securities lending agent from revenue split <sup>2</sup>	\$50,045
Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in revenue split <sup>3</sup>	\$2,568
Administrative fees not included in revenue split <sup>4</sup>	\$-
Indemnification fee not included in revenue split <sup>5</sup>	\$-
Rebate (paid to borrowers) <sup>6</sup>	\$12,268
Other fees not included in revenue split	\$-
Aggregate fees/comp for securities lending activities	\$64,881
Net income from securities lending activities	\$200,179

<sup>1</sup> Gross income from securities lending activities represents the total revenue generated from securities lending activities prior to the application of any fees (revenue split, management fee, or otherwise) and/or rebates on cash collateral negotiated with borrowers.

<sup>2</sup> Fees paid to securities lending agent from a revenue split is the agent lender's income from the lending activities exclusive of any fees or rebates.

<sup>3</sup> Fees paid for cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in the revenue split is calculated: Average monthly cash collateral balance for the reporting period multiplied by the most recently reported expense ratio.



Administrative fees not included in revenue split are fees for other administrative activities associated with client's participation in securities lending activities.

<sup>5</sup> Indemnification fee not included in revenue split is the fee for indemnifying the client for their participation in securities lending activities. There is currently no fee associated with indemnification.

<sup>6</sup> Rebate (paid to borrowers) is the fee paid by the lender to the borrower for loans collateralized with cash.

(b) The Fund only lends its portfolio securities to borrowers that are approved by the Fund's securities lending agent. The agent monitors loans for compliance with certain policies of the Fund, including: (1) securities lending may not exceed 30% of the value of the Fund's total assets; (2) the initial collateral received by the Fund must have a value of no less than 102% of the market value of the loaned securities for securities traded on U.S. exchanges and a value of no less than 105% of the market value of the loaned securities for all other securities; and, (3) thereafter the market value of the collateral must be no less than 100% of the current value of the securities on loan. The securities lending agent will obtain additional collateral in the event the market value of the collateral does not comply with these policies. The securities lending agent will recall securities on loan in the event it is determined that they need to be recalled for any reason, including for the Fund to cast a vote on a matter at a shareholders meeting. The securities lending agent collects distributions on loaned securities. The securities lending agent invests cash collateral received in a money market fund approved by the Fund's board.

**Item 13. 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 attached hereto as Exhibit 13.A.1.

(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.

(a)(4) Not applicable.

(b) Certifications 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: March 5, 2018

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: March 5, 2018

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

Date: March 5, 2018