

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.

Contents

1	President's Letter
6	Unique Fund Attributes
8	Investment Managers/Portfolio Characteristics
9	Investment Growth
10	Table of Distributions and Rights Offerings
11	Top 20 Holdings and Economic Sectors
12	Major Stock Changes in the Quarter
13	Manager Roundtable
18	Schedule of Investments
25	Statement of Assets and Liabilities
26	Statement of Operations
27	Statements of Changes in Net Assets
28	Financial Highlights
30	Notes to Financial Statements
39	Report of Independent Registered Public Accounting Firm
40	Automatic Dividend Reinvestment and Direct Purchase Plan
42	Additional Information
43	Directors and Officers
48	Board Consideration of the Renewal of the Fund Management & Portfolio Management Agreements
53	Privacy Policy
55	Description of Lipper Benchmark and Market Indices
	Inside Back Cover: Fund Information

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.

Annual Report | December 31, 2017 1

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

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.

Annual Report | December 31, 2017 3

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%

	Quarter	2017
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
LIBERTY ALL-STAR® GROWTH FUND, INC.			
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.

Annual Report | December 31, 2017 5

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

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.

Annual Report | December 31, 2017 7

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 ¹	5.72
2004	0.63			
2005	0.58			
2006	0.59			
2007	0.61			
2008	0.47			
2009 ²	0.24			
2010	0.25			
2011	0.27			
2012	0.27			
2013	0.31			
2014	0.33			
2015 ³	0.77			
2016	0.36			
2017	0.42			
Total	\$13.43			

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

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

³Effective 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

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.

Annual Report | December 31, 2017 11

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
PURCHASES		
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
SALES		
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

12 www.all-starfunds.com

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.

Annual Report | December 31, 2017 13

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.

14 www.all-starfunds.com

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.

Annual Report | December 31, 2017 15

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.

16 www.all-starfunds.com

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.

Annual Report | December 31, 2017 17

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. ^(a)	135,681	2,214,314
Hotels, Restaurants & Leisure (4.60%)		
Chipotle Mexican Grill, Inc. ^(a)	5,378	1,554,403
Chuy's Holdings, Inc. ^(a)	4,207	118,006
Planet Fitness, Inc., Class A ^(a)	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 ^{(a)(b)}	43,243	327,350
Internet & Direct Marketing Retail (3.92%)		
Amazon.com, Inc. ^(a)	1,497	1,750,696
The Priceline Group, Inc. ^(a)	786	1,365,864
Wayfair, Inc., Class A ^{(a)(b)}	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. ^(a)	21,809	1,161,329
Specialty Retail (4.07%)		
Burlington Stores, Inc. ^(a)	12,000	1,476,360
Francesca's Holdings Corp. ^(a)	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. ^(a)	6,706	1,499,864
		6,258,247

See Notes to Schedule of Investments and Financial Statements.

18 www.all-starfunds.com

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. ^{(a)(b)}	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 ^(b)	9,249	1,013,228
Schlumberger Ltd.	23,358	1,574,095
Solaris Oilfield Infrastructure, Inc., Class A ^(a)	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 ^(a)	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
Thrifts & Mortgage Finance (0.94%)		
BofI Holding, Inc. ^{(a)(b)}	48,263	1,443,064
HEALTH CARE (15.84%)		
Biotechnology (3.95%)		
ACADIA Pharmaceuticals, Inc. ^(a)	37,367	1,125,120

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Portola Pharmaceuticals, Inc. ^(a)	34,065	1,658,284
Puma Biotechnology, Inc. ^{(a)(b)}	8,723	862,269
Regeneron Pharmaceuticals, Inc. ^(a)	4,470	1,680,541

See Notes to Schedule of Investments and Financial Statements.

Annual Report | December 31, 2017 19

Liberty All-Star® Growth Fund Schedule of
Investments

December 31, 2017

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Biotechnology (continued)		
Ultragenyx Pharmaceutical, Inc. ^(a)	16,002	\$742,173 6,068,387
Health Care Equipment & Supplies (4.01%)		
The Cooper Cos., Inc.	6,000	1,307,280
Insulet Corp. ^(a)	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. ^(a)	29,691	595,899
Henry Schein, Inc. ^(a)	13,000	908,440
PetIQ, Inc. ^{(a)(b)}	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. ^(a)	18,406	1,240,380
Cotiviti Holdings, Inc. ^(a)	27,079	872,215 2,112,595
Life Sciences Tools & Services (2.25%)		
Cambrex Corp. ^(a)	20,000	960,000
Charles River Laboratories International, Inc. ^(a)	11,500	1,258,675
Mettler-Toledo International, Inc. ^(a)	2,000	1,239,040 3,457,715
Pharmaceuticals (1.44%)		
Aerie Pharmaceuticals, Inc. ^(a)	5,838	348,821
Novo Nordisk AS ^(c)	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. ^(a)	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

See Notes to Schedule of Investments and Financial Statements.

20 www.all-starfunds.com

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. ^(a)	30,000	1,295,700
		2,776,085
Machinery (3.95%)		
Barnes Group, Inc.	18,998	1,202,003
The Middleby Corp. ^(a)	15,843	2,138,013
Proto Labs, Inc. ^(a)	2,253	232,059
Snap-on, Inc.	6,500	1,132,950
WABCO Holdings, Inc. ^(a)	9,500	1,363,250
		6,068,275
Professional Services (1.06%)		
WageWorks, Inc. ^(a)	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. ^(a)	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 ^(a)	27,500	789,250
IPG Photonics Corp. ^(a)	6,000	1,284,780
		3,297,230
Internet Software & Services (6.05%)		
2U, Inc. ^(a)	9,547	615,877
Alphabet, Inc., Class C ^(a)	1,734	1,814,458
Facebook, Inc., Class A ^(a)	11,399	2,011,468
GTT Communications, Inc. ^(a)	38,136	1,790,485
SPS Commerce, Inc. ^(a)	1,602	77,841
Stamps.com, Inc. ^(a)	11,860	2,229,680
The Trade Desk, Inc., Class A ^{(a)(b)}	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. ^(a)	12,258	1,316,877
FleetCor Technologies, Inc. ^(a)	10,540	2,028,212
Genpact Ltd.	45,000	1,428,300

See Notes to Schedule of Investments and Financial Statements.

Annual Report | December 31, 2017 21

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. ^{(a)(b)}	4,490	101,160
MACOM Technology Solutions Holdings, Inc. ^{(a)(b)}	5,580	181,573
Monolithic Power Systems, Inc.	13,000	1,460,680
		1,743,413
Software (12.00%)		
Autodesk, Inc. ^(a)	16,399	1,719,107
Ebix, Inc. ^(b)	28,230	2,237,227
Everbridge, Inc. ^(a)	50,568	1,502,881
Globant SA ^{(a)(b)}	21,196	984,766
HubSpot, Inc. ^(a)	10,990	971,516
Paylocity Holding Corp. ^(a)	39,559	1,865,602
RealPage, Inc. ^(a)	4,835	214,191
Red Hat, Inc. ^(a)	14,688	1,764,029
Salesforce.com, Inc. ^(a)	19,656	2,009,433
SAP SE ^(c)	13,558	1,523,377
SS&C Technologies Holdings, Inc.	30,000	1,214,400
Synopsys, Inc. ^(a)	15,000	1,278,600
The Ultimate Software Group, Inc. ^(a)	5,321	1,161,202
		18,446,331
Technology Hardware, Storage & Peripherals (0.33%)		
Electronics For Imaging, Inc. ^(a)	17,088	504,608
Stratasys Ltd. ^{(a)(b)}	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.

22 www.all-starfunds.com

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. ^{(a)(b)}	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% ^(d) (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) ^(e)		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.

24 www.all-starfunds.com

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
TOTAL ASSETS	162,786,032

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
TOTAL LIABILITIES	9,068,788
NET ASSETS	\$ 153,717,244

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
NET ASSETS	\$ 153,717,244

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

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
TOTAL INVESTMENT INCOME	1,131,492
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
TOTAL EXPENSES	1,775,514
NET INVESTMENT LOSS	(644,022)
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
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	35,331,333
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$34,687,311

*See Notes to Financial Statements.*26 www.all-starfunds.com

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

	For the	For the
	Year Ended	Year Ended
	December	December
	31, 2017	31, 2016
FROM OPERATIONS:		
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)