

LIBERTY ALL STAR EQUITY FUND
Form DEF 14A
June 28, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No. __)

Filed by Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ []

Check the appropriate box:

- ☐ [] Preliminary Proxy Statement
- ☐ [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ [X] Definitive Proxy Statement
- ☐ [] Definitive Additional Materials
- ☐ [] Soliciting Material Pursuant to Sec. 240.14a-12

LIBERTY ALL-STAR EQUITY FUND

(name of Registrant as Specified in its Charter)

ALPS FUND SERVICES, INC.

Attn: Tane Tyler

1290 Broadway, Suite 1100

Denver, Colorado 80203

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ [X] No fee required

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- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11(set forth the amount on which the filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total fee paid:
- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - 1) Amount Previously Paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:

LIBERTY ALL-STAR EQUITY FUND (Equity Fund)

LIBERTY ALL-STAR GROWTH FUND, INC. (Growth Fund)

(collectively, the Funds)

1290 Broadway, Suite 1100

Denver, Colorado 80203

(303) 623-2577

NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS

August 29, 2013

To the Shareholders of the Funds:

NOTICE IS HEREBY GIVEN that the 2013 Annual Meetings of Shareholders of the Funds will be held at **One Financial Center, 15th Floor, Boston, Massachusetts**, on August 29, 2013 at 9:00 a.m. Eastern time (Equity Fund) and at 10:00 a.m. Eastern time (Growth Fund). The purpose of the 2013 Annual Meetings is to consider and act upon the following matters:

1. To elect three Trustees of the Equity Fund;
 2. To elect two Directors of the Growth Fund; and
 3. To transact such other business as may properly come before the 2013 Annual Meetings or any adjournments thereof.
- The Boards of Trustees/Directors have fixed the close of business on June 14, 2013 as the record date for the determination of the shareholders of the Funds entitled to notice of, and to vote at, the 2013 Annual Meetings and any adjournments thereof.

YOUR BOARD OF TRUSTEES/DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL(S).

By order of the Board of Trustees of the Equity Fund and the Board of Directors of the Growth Fund

William R. Parmentier, Jr.

President of the Funds

YOUR VOTE IS IMPORTANT - PLEASE SIGN, DATE AND RETURN YOUR PROXY CARD PROMPTLY.

You are cordially invited to attend the 2013 Annual Meetings. We urge you, whether or not you expect to attend the 2013 Annual Meetings in person, to vote your shares. Your vote is important no matter how many shares you own. Voting your shares early will avoid costly follow-up mail and telephone solicitation. After reviewing the enclosed materials, please complete, sign and date your proxy card and mail it promptly in the enclosed return envelope, or help save time and postage costs by calling the toll free number and following the instructions. You may also vote via the Internet by logging on to the website indicated on your proxy card and following the instructions that will appear. This will ensure that your vote is counted even if you cannot attend the meeting in person. If you have any questions about the proposals or the voting instructions, please call 1-800-241-1850.

Important Notice Regarding Availability of Proxy Materials for the 2013 Annual Meetings to be held on August 29, 2013: An electronic copy of this proxy statement and the annual reports are available at www.all-starfunds.com.

June 28, 2013

LIBERTY ALL-STAR EQUITY FUND (Equity Fund)

LIBERTY ALL-STAR GROWTH FUND, INC. (Growth Fund)

(collectively, the Funds)

PROXY STATEMENT

ANNUAL MEETINGS OF SHAREHOLDERS

August 29, 2013

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Boards of Trustees/Directors of the Funds (the Boards) to be used at the Annual Meetings of Shareholders of the Funds to be held at **One Financial Center, 15th Floor, Boston, Massachusetts**, at 9:00 a.m. Eastern time (Equity Fund) and at 10:00 a.m. Eastern time (Growth Fund) and at any adjournments thereof (such meetings and any adjournments being referred to collectively as the Meetings). Shareholders of record on June 14, 2013 are eligible to vote at the Meetings.

The solicitation of proxies for use at the Meetings are being made by the Funds by the mailing on or about June 28, 2013, of the Notice of Annual Meetings of Shareholders. Supplementary solicitations may be made by mail, telephone or personal interview by officers and Trustees/Directors of the Funds and officers, employees and agents of the Funds' investment advisor, ALPS Advisors, Inc. (AAI or the Fund Manager), and/or its affiliates. Authorization to execute proxies may be obtained from shareholders through instructions transmitted by telephone, facsimile or other electronic means. The expenses in connection with preparing this Proxy Statement and of the solicitation of proxies for the Meetings will be paid by the Funds. The Funds will reimburse brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of shares.

The Meetings are being held to vote on the matters described below:

Equity Fund: Elect Three Trustees to the Board to a three-year term

Growth Fund: Elect Two Directors to the Board to a three-year term

PROPOSALS 1 and 2. ELECTION OF TRUSTEES AND DIRECTORS

Introduction

Each Fund's Board provides broad supervision over the affairs of each Fund. AAI is responsible for the investment management of the Funds' assets and AAI's affiliate, ALPS Fund Services, Inc. ("AFS"), provides a variety of administrative services to each Fund. The officers of each Fund are responsible for its operations.

Each Fund's Board is divided into three classes, each of which serves for three years. The term of office of one of the classes expires at the final adjournment of the Annual Meetings of Shareholders (or special meeting in lieu thereof) each year or such later date as his successor shall have been elected and shall have qualified.

Shares of the Funds represented by duly executed proxies will be voted as instructed on the proxy. If no instructions are given when the enclosed proxy is executed and returned, the enclosed proxy will be voted for the election of the following persons to hold office until final adjournment of the Annual Meeting of Shareholders of the applicable Fund for the year set forth below (or special meeting in lieu thereof):

Equity Fund

Nominee	Title	Tenure
Richard W. Lowry	Trustee since 1986, Chairman since 2004	Tenure to end 2016
John J. Neuhauser	Trustee since 1998	Tenure to end 2016
Richard C. Rantzow	Trustee since 2006	Tenure to end 2016

Growth Fund

Nominee	Title	Tenure
George R. Gaspari	Director since 2006	Tenure to end 2016
Richard W. Lowry	Director since 1994, Chairman since 2004	Tenure to end 2016

If elected, each of the above-named Trustees and Directors has consented to serve as Trustee and/or Director following the Meetings and each is expected to be able to do so. If any of them are unable or unwilling to do so at the time of the Meetings, proxies will be voted for such substitute as the applicable Board may recommend (unless authority to vote for the election of Trustees or Directors, as the case may be, has been withheld).

The Boards of Funds

The Funds are governed by their respective Boards. The Boards are responsible for and oversee the overall management and operations of the Funds, which includes the general oversight and review of each of the Fund's investment activities, in accordance with federal law and the law of the Commonwealth of Massachusetts for the Equity Fund and the State of Maryland for the Growth Fund, as well as each Fund's stated investment objective and policies. The Boards oversee each of the Fund's officers and service providers, including AAI, which is responsible for the management of the Funds' day-to-day operations based on policies and agreements reviewed and approved by the Boards. In carrying out these responsibilities, the Boards regularly interact with and receive reports from senior

personnel of service providers, including AAI's investment personnel and the Funds' Chief Compliance Officer (CCO). The Boards also are assisted by the Funds' independent registered public accounting firm (Auditors) (who report directly to each Fund's Audit Committee), independent counsel and other experts as appropriate, all of whom are selected by the Boards.

The Board's Risk Oversight Responsibilities

Consistent with their responsibility for oversight of the Funds, the Boards oversee the management of risks relating to the administration and operation of the Funds. AAI, as part of its responsibilities for the day-to-day operations of the Funds, is responsible for day-to-day risk management for the Funds. The Boards, in the exercise of their reasonable business judgment, also separately consider potential risks that may impact the Funds. The Boards perform this risk management oversight directly and, as to certain matters, through the Audit Committee and through the board members who are not interested persons of the Funds (Independent Trustees/Directors) as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (1940 Act). The following provides an overview of the principal, but not all, aspects of the Boards' oversight of risk management for the Funds.

In general, the Funds' risks include, among others, investment performance and investment risk, credit risk, liquidity risk, valuation risk, compliance risk and operational risk. The Boards have adopted, and periodically review, policies and procedures designed to address these and other risks to the Funds. In addition, under the general oversight of the Boards, AAI and other service providers to the Funds have themselves adopted a variety of policies, procedures and controls designed to address particular risks to the Funds. Different processes, procedures and controls are employed with respect to different types of risks. Further, AAI, as the Funds' Manager, oversees and regularly monitors the investments, operations and compliance of the Funds' investment sub-advisors (referred to herein as Portfolio Managers).

The Boards also oversee risk management of the Funds through review of regular reports, presentations and other information from officers of the Funds and other persons. Senior officers of the Funds, senior officers of AAI, and the Funds' CCO regularly report to the Boards on a range of matters, including those relating to risk management. The Boards also regularly receive reports from AAI with respect to the investments and securities trading activities of the Funds, as well as the premium or discount to net asset value at which the Funds' shares are trading on the New York Stock Exchange (NYSE). In addition to regular reports from AAI, the Boards receive reports regarding other service providers to the Funds, either directly or through AAI or the Funds' CCO, on a periodic or regular basis. At least annually, the Boards receive a report from the Funds' CCO regarding the effectiveness of the Funds' compliance program. Also, on an annual basis, the Boards receive reports, presentations and other information from AAI in connection with the Boards' consideration of the renewal of the Funds' agreements with AAI and the Portfolio Managers.

Senior officers of the Funds and senior officers of AAI also report regularly to each Funds' Audit Committee on valuation matters and on the Funds' internal controls and accounting and financial reporting policies and practices. In addition, the Audit Committees receive regular reports from the Funds' Auditors on internal control and financial reporting matters. On at least a quarterly basis, the Independent Trustees/Directors meet with the Funds' CCO to discuss matters relating to the Funds' compliance program. The Boards' oversight role does not make the Boards a guarantor of the Funds' investments or activities.

Board Structure and Related Matters

The 1940 Act requires that at least 40% of the Equity Fund's Trustees and the Growth Fund's Directors be Independent Trustees/Directors. In addition, to rely on certain exemptive rules under the 1940 Act, a majority of each Fund's Board must be composed of Independent Trustees/Directors. Currently, six of each of the Fund's seven Trustees or Directors are Independent Trustees/Directors. Richard W. Lowry, an Independent Trustee/Director, serves as Chairman of each Board. The Chairman's responsibilities include presiding at all meetings of the Boards and serving as a liaison with other Trustees/Directors, the Funds' officers and other management personnel, and counsel to the Funds. The Chairman also performs such other duties as the Boards may from time to time determine.

The Trustees/Directors discharge their responsibilities collectively as a Board, as well as through the Audit Committee, which operates pursuant to a charter approved by each Board. As summarized below, the Audit

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Committee oversees specific matters related to oversight of the Funds Auditors. The members and responsibilities of each Board committee are summarized below.

Each Board periodically evaluate its structure and composition as well as various aspects of its operations. Each Board believes that its leadership structure, including its Chairman position, is appropriate for the Funds in light of, among other factors, each Fund's asset size and nature of its operations, and the Board's responsibilities. The Boards also believe that the fact that the Chairman is not affiliated with AAI is appropriate in light of the services that AAI and its affiliates provide to the Funds and the potential conflicts of interest that could arise from these relationships. On an annual basis, the Boards and the Audit Committees conduct a self-evaluation that considers, among other matters, whether the Boards and the Audit Committees are functioning effectively and whether, given the size and composition of the Boards and the Audit Committees, the Trustees/Directors are able to effectively oversee the Funds.

The Boards hold four regularly scheduled in-person meetings each year. The Boards may hold special meetings, as needed, either in person or by telephone, to address matters arising between regular meetings. The Independent Trustees/Directors also hold at least one in-person meeting each year during a portion of which management is not present and may hold special meetings, as needed, either in person or by telephone.

The table below sets forth the names, addresses and ages of the Trustees/Directors of the Funds, the year each was first elected or appointed to office, their term of office (which will end on the final adjournment of the annual meeting (or special meeting in lieu thereof) held in the year set forth in the table), their principal business occupations during at least the last five years, the number of portfolios overseen by each Trustee/Director in the Fund Complex and their other directorships of public companies.

				NUMBER OF	
POSITION			PORTFOLIOS		
	POSITION	WITH	IN FUND		
	WITH EQUITY	GROWTH	COMPLEX		
	FUND, TERM	FUND, TERM	PRINCIPAL	OVERSEEN	
	OF OFFICE	OF OFFICE	OCCUPATION(S)	BY	OTHER
NAME (AGE)	AND LENGTH	AND LENGTH	DURING PAST	TRUSTEE/	DIRECTORSHIPS
AND ADDRESS*	OF SERVICE	OF SERVICE	FIVE YEARS	DIRECTOR**	HELD
I n d e p e n d e n t Trustees/Directors John A. Benning (Age 78)	Trustee	Director Since 2002; Term expires 2014	Retired since December, 1999	2	None
	Since 2002, Term expires 2015				
Thomas W. Brock (Age 66)	Trustee	Director	Former Chief Executive Officer, Stone Harbor Investment Partners LP	2	Director, Silver Bay Realty (December 2012 present); Director and Chairman Stone Harbor Investment Funds
	Since 2005, Term expires 2014	Since 2005; Term Expires 2015	(April 2006-2012); Adjunct Professor, Columbia University Graduate School of Business (since 1998)		(2007-2012)

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George R. Gaspari	Trustee	Director	Financial Services Consultant (since 1996)	2	Trustee and Chairman, The Select Sector SPDR Trust (since 1999)
(Age 73)	Since 2006, Term Expires 2014	Since 2006, Term Expires 2013			

Richard W. Lowry (Age 77)	Trustee Since 1986, Term expires 2013	Director Since 1994; Term Expires 2013	Private Investor since August 1987	2	None
	Chairman since 2004	Chairman since 2004			
John J. Neuhauser (Age 70)	Trustee Since 1998, Term Expires 2013	Director Since 1998; Term Expires 2015	President, St. Michael's College (since August, 2007); University Professor December 2005-2007, Boston College (formerly Academic Vice President and Dean of Faculties, from August 1999 to December 2005, Boston College)	2	Trustee, Columbia Funds Series Trust I (since 1985)
Richard C. Rantzow (Age 74)	Trustee Since 2006, Term expires 2013	Director Since 2006, Term expires 2014	Retired; Chairman of the Board of First Funds (from 1992 to July 2006)	2	Director, Clough Global Allocation Fund (since 2004), Clough Global Equity Fund (since 2005) and Clough Global Opportunities Fund (since 2006)

Interested

Trustee/Director

Edmund J. Burke (Age 52)***	Trustee Since 2006, Term expires 2015	Director Since 2006, Term expires 2015	President of ALPS, a DST Company (since November 2011); CEO and a Director of: ALPS Holdings, Inc. (since 2005); Director of ALPS Advisers (since 2001), and ALPS Distributors, Inc. (since 2000) and ALPS Fund Services, Inc., (since 2000); President and a Director of ALPS Financial Services, Inc. (1991-2005)	2	President (since 2006), Trustee and Chairman (since 2009), Financial Investors Trust; Trustee and President, Clough Global Allocation Fund (Trustee since 2006, President since 2004); Trustee and President, Clough Global Equity Fund (Trustee since 2006, President since 2005); Trustee and President Clough Global
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Opportunities Fund
(since 2006). Formerly
President, Reaves
Utility Income Fund and
Financial Investors
Variable Insurance
Trust.

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

*** The Fund Complex consists of two funds, the Equity Fund and the Growth Fund. As of December 18, 2006, the Equity Fund and the Growth Fund became part of the ALPS Advisors, Inc. fund complex (ALPS Complex). As of March 31, 2013, the ALPS Complex consisted of 24 investment companies.*

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

The Boards believe that the significance of each Trustee's/Director's experience, qualifications, attributes or skills is an individual matter (meaning that experience that is important for one Trustee/Director may not have the same value for another) and that these factors are best evaluated at the board level, with no single Trustee/Director, or particular factor, being indicative of board effectiveness. In addition to the information set forth in the tables above and other relevant qualifications, experience, attributes or skills applicable to a particular Trustee/Director, the following provides further information about the qualifications and experience of each Trustee/Director.

John A. Benning: Mr. Benning has extensive experience in the investment management business, as senior vice president, general counsel and secretary of a financial services company that provides investment management services, including mutual fund, private capital management and institutional asset management services, and multiple years of service as a Director of the Growth Fund and a Trustee of the Equity Fund.

Thomas W. Brock: Mr. Brock has extensive investment management and organizational management experience as chief executive officer of an SEC-registered investment advisor, chairman and trustee of an open-end investment company, adjunct graduate business school professor and several years of service as a Director of the Growth Fund and a Trustee of the Equity Fund.

Edmund J. Burke: Mr. Burke has extensive management and operational experience in the investment management industry as chief executive officer and president of AAI's parent company, a financial services holding company, a director of AAI and certain of its affiliated companies, trustee, chairman and president of an open-end investment company, trustee and president of closed-end investment companies and several years of service as a Director of the Growth Fund and a Trustee of the Equity Fund.

George R. Gaspari: Mr. Gaspari has significant investment management and financial markets experience as a director and chairman of exchange-traded funds, a financial services consultant and multiple years of service as a Director of the Growth Fund and a Trustee of the Equity Fund.

Richard W. Lowry: Mr. Lowry has significant investment management and financial markets experience as a private investor and multiple years of service as a Director of the Growth Fund and a Trustee of the Equity Fund.

John J. Neuhauser: Dr. Neuhauser has extensive investment management experience as an investment company trustee and executive management experience in higher education as a university president, vice president, dean and professor and multiple years of service as a Director of the Growth Fund and a Trustee of the Equity Fund.

Richard C. Rantzow: Mr. Rantzow has extensive financial accounting experience, having spent nearly 30 years at a major independent public accounting firm, including as an audit partner and managing partner, and investment management experience as chairman of an open-end investment company, trustee and audit committee chairman of closed-end investment companies, and several years of service as a Director of the Growth Fund, a Trustee of the Equity Fund and Chairman of the Audit Committee for the Growth Fund and Equity Fund.

During 2012, the Boards held seven meetings, and the Audit Committee held four meetings. Each of these Board and Committee meetings was held jointly by the Funds. All sitting Trustees/Directors were present at all meetings, with the exception of one Trustee/Director who was unable to attend the Funds' Audit Committee Meeting in August 2012. The Funds do not have a formal policy on Trustee/Director attendance at annual meetings of shareholders. None of the Trustees/Directors attended the Funds' 2012 annual shareholder meetings.

Shareholders may communicate with the Trustees/Directors as a group or individually. Any such communications should be sent to the Funds' Boards or an individual Trustee/Director in writing, c/o the Secretary of the Liberty All-Star Funds, 1290 Broadway, Suite 1100, Denver, CO 80203. The Secretary may determine not to forward any letter to the Board or a Trustee/Director that does not relate to the business of the Funds.

Audit Committee

The Funds have separately designated Audit Committees. Messrs. Benning, Brock, Gaspari, Lowry, Neuhauser and Rantzow (Committee Chairman) are members of the Audit Committee of each Fund. Each Fund's Audit Committee is comprised only of Board members who are independent (as defined in the New York Stock Exchange (NYSE) Listing Standards for trustees/directors of closed-end investment companies) of the Funds and who are also not interested persons (as defined in the 1940 Act) of the Fund. Each Board has determined, in accordance with NYSE Listing Standards, that each member of the Audit Committees is financially literate and that one of its members has prior accounting experience or related financial management expertise.

Each Audit Committee has adopted a written Audit Committee charter that sets forth the Audit Committee's structure, duties and powers, and methods of operation. A copy of the Audit Committee Charter is available on the Funds' website at www.all-starfunds.com. The principal functions of each Audit Committee is to assist Board oversight of: (1) the integrity of the Funds' financial statements, (2) the Funds' compliance with legal and regulatory requirements, (3) the qualifications and independence of the independent registered public accounting firm (also referred to herein as the Auditors), (4) the performance of AAI's internal audit function, and (5) the performance of the Auditors. Each Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the Auditors (including the resolution of disagreements between management and the Auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other review or attest services for the Fund.

Audit Committee Report

The Audit Committee of each Fund has submitted the following report:

At a meeting of the Audit Committee on February 21, 2013, the Audit Committee: (i) reviewed and discussed with management the Funds' audited financial statements for the most recently completed fiscal year; (ii) discussed with Deloitte & Touche LLP ("D&T") the matters required to be discussed by Statement on Auditing Standards No. 114 and (iii) has received from D&T the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding D&T's communications with the Audit Committee concerning independence, and has discussed with D&T its independence and satisfied itself as to D&T's independence.

Members of the Audit Committee are not employed by the Funds as experts in the fields of auditing or accounting and are not employed by the Funds for accounting, financial management or internal control purposes. Members of the Audit Committee may rely without independent verification on the information provided and the representations made to them by management and D&T.

Based upon its review and discussion, and subject to the limitations on the role and responsibilities of the Audit Committee set forth above and in the Audit Committee's charter, the Audit Committees recommended to the Board of Trustees/Directors that the audited financial statements for the Funds be included in the Funds' Annual Report to shareholders.

John A. Benning

Richard W. Lowry

Thomas W. Brock

John J. Neuhauser

George R. Gaspari

Richard C. Rantzow

Nomination Information

Neither Fund has a nominating or compensation committee. The Boards do not believe that a nominating committee is necessary because there has been minimal turnover in the Trustees/Directors serving on the Board of each Fund.

When necessary or appropriate, the Independent Trustees/Directors of each Fund serve as an *ad hoc* committee for the consideration of Trustee/Director nominations. No *ad hoc* nominating committee of either Fund has adopted a charter. Independent Trustees/Directors are nominated only by the *ad hoc* nominating committee.

The Independent Trustees/Directors consider prospective Trustee/Director candidates from any reasonable source, including current Independent Trustees/Directors, Fund management, Fund shareholders and other persons or entities. Although the Funds do not have a formal policy, shareholders of a Fund who wish to nominate a candidate to be considered by a Fund's Board or an *ad hoc* nominating committee of the Board may send information regarding prospective candidates to the Funds' Secretary at 1290 Broadway, Suite 1100, Denver, CO 80203. Pursuant to each Fund's Restated By-Laws, shareholders who wish to nominate a candidate to be considered at an annual or special meeting must provide timely notice to the Funds and be entitled to vote on the nominee at the time notice is given. A shareholder notice must set forth all the information required in the applicable provisions of the By-Laws, including evidence of the shareholders' Fund ownership, a full listing of the proposed candidate's education, experience, current employment, date of birth, names and addresses of at least three professional references, information as to whether the candidate is an interested person under the 1940 Act in relation to the Fund, and such other information as may be helpful to the Independent Trustees/Directors in evaluating the candidate. All information packages regarding a candidate that are satisfactorily completed in accordance with the Fund's By-Laws will be forwarded to a Independent Trustee/Director for consideration. Recommendations for candidates will be evaluated in light of whether the number of Trustees/Directors of a Fund is expected to be increased and in light of anticipated vacancies. During periods when the Independent Trustees/Directors are not recruiting new Board members, nominations will be maintained on file pending the active recruitment of Trustees/Directors.

The Independent Trustees/Directors have no formal list of qualifications for Trustee/Director nominees. When considering prospective nominees, the Independent Trustees/Directors may consider, among other things, a prospective nominee's general experience, qualifications, attributes and such other qualifications as the Independent Trustees/Directors may deem appropriate from time to time. These qualifications may include whether prospective nominees have distinguished records in their primary careers, unimpeachable integrity, and substantive knowledge in areas important to the Board's operations, such as background or education in finance, auditing, securities law, the workings of the securities markets, or investment advice. For candidates to serve as Independent Trustees/Directors, independence from the Funds' investment advisor, its affiliates and other principal service providers is critical, as is an independent and questioning mind-set. In each case, the Independent Trustees/Directors will evaluate whether a candidate is an interested person under the 1940 Act. The Independent Trustees/Directors also consider whether a prospective candidate's workload should allow him or her to attend the vast majority of Board meetings, be available for service on Board committees, and devote the additional time and effort necessary to stay apprised of Board matters and the rapidly changing regulatory environment in which the Funds operate. Different substantive areas may assume greater or lesser significance at particular times, in light of a Board's present composition and its perceptions about future issues and needs. In considering nominees, the Independent Trustees/Directors also consider the diversity of the Board with respect to professional experience, education, skill and viewpoint.

The Independent Trustees/Directors initially evaluate prospective candidates on the basis of their resumes, considered in light of the criteria discussed above. Those prospective candidates that appear likely to be able to fill a significant need of the Boards would be contacted by a Independent Trustee/Director by telephone to discuss the position; if there appeared to be sufficient interest, an in-person meeting with one or more Independent Trustees/Directors would be arranged. If the Independent Trustees/Directors, based on the results of these contacts, believed it had identified a viable candidate, it would air the matter with the full group of Independent Trustees/Directors for input. Any request by Fund management to meet with the prospective candidate would be given appropriate consideration. The Funds have not paid a fee to third parties to assist in finding nominees.

Compensation

The following table shows, for the fiscal year ended December 31, 2012, the compensation received from each Fund by the Trustees/Directors, and the aggregate compensation paid to the Trustees/Directors for service on the Boards of funds within the Fund Complex. Neither Fund has a bonus, profit sharing or retirement plan.

	Aggregate	Aggregate	Total
	Compensation	Compensation	Compensation
	from the	from the	from the
<i>Independent Trustees/Directors</i>	Equity Fund	Growth Fund	Fund Complex
John A. Benning	\$32,350	\$11,150	\$43,500
Thomas W. Brock	\$28,972	\$10,028	\$39,000
George R. Gaspari	\$32,350	\$11,150	\$43,500
Richard W. Lowry	\$43,687	\$14,813	\$58,500
John J. Neuhauser	\$30,600	\$9,400	\$40,000
Richard C. Rantzow	\$34,379	\$10,621	\$45,000
<u><i>Interested Trustee/Director</i></u>			
Edmund J. Burke	\$0	\$0	\$0

Share Ownership

The following table shows the dollar range of equity securities beneficially owned by each Trustee/Director as of December 31, 2012 (i) in each of the Funds, and (ii) in all funds overseen by the Trustee/Director in the Fund Complex.

	Dollar Range of	Dollar Range of	Aggregate Dollar Range of
	Equity Securities	Equity Securities	Equity Securities Owned
Name of	Owned in the	Owned in the	in All Funds Overseen by
Trustee/Director	Equity Fund	Growth Fund	Trustee/Director in Family of Investment Companies*
<i>Independent Trustees/Directors</i>			
John A. Benning	Over \$100,000	\$10,001 - \$50,000	Over \$100,000
Thomas W. Brock	Over \$100,000	\$50,001 - \$100,000	Over \$100,000
George R. Gaspari	\$1 - \$10,000	\$1 - \$10,000	\$1 - \$10,000
Richard W. Lowry	Over \$100,000	\$1 - \$10,000	Over \$100,000
John J. Neuhauser	\$1 - \$10,000	\$1 - \$10,000	\$1 - \$10,000
Richard C. Rantzow	\$10,001 - \$50,000	\$1 - \$10,000	\$10,001 - \$50,000
<u><i>Interested Trustee/Director</i></u>			
Edmund J. Burke	None	None	None

*The Funds' Family of Investment Companies is comprised of the Equity Fund and the Growth Fund.

The Trustees/Directors and named executive officers of each Fund, in the aggregate, owned less than 1% of each class of the Fund's outstanding shares of stock as of December 31, 2012.

Since the beginning of each Fund's most recently completed fiscal year, no Trustee/Director sold securities exceeding 1% of the outstanding securities of any class of AAI or any Portfolio Manager or of such entity's parents or subsidiaries.

As of December 31, 2012, no Independent Trustee/Director or any of their immediate family members owned

beneficially or of record any class of securities of another investment adviser or Portfolio Manager of either of the Funds or any person controlling, controlled by or under common control with any such entity (except as noted in the next paragraph).

During the past five calendar years, Mr. Richard Lowry and Mr. John Benning (Trustees/Directors of the Funds) have had a material interest in a trust (approximately \$5.037 million and \$1.872 million, respectively, as of December 31, 2012), which owns units of a limited partnership whose investments are managed by M.A. Weatherbie, a Portfolio Manager of the Growth Fund, and whose general partner is Weatherbie Limited Partnership.

THE BOARDS RECOMMEND THAT SHAREHOLDERS OF EACH FUND VOTE FOR EACH NOMINEE IN PROPOSALS 1 and 2.

OTHER BUSINESS

The Boards know of no other business to be brought before the Meetings. However, if any other matters properly come before the Meetings, it is the intention of the Boards that proxies that do not contain specific instructions to the contrary will be voted on such matters in accordance with the judgment of the persons designated therein as proxies.

Principal Officers

Each person listed below serves as an officer of the Funds. The Board elects the Funds' officers each year. Each Fund officer holds office until his or her successor is duly elected by the Board and qualified, or his or her removal, resignation or death. Each Fund officer serves at the pleasure of the Board. The following table provides basic information about the officers of the Funds as of the date of this Proxy Statement, including their principal occupations during the past five years, although their specific titles may have varied over that period.

Name (Age) and Address*	Position with Funds	Year First Elected or Appointed to Office	Principal Occupation(s) During
			Past Five Years
William R. Parmentier, Jr. (Age 60)	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).
Mark T. Haley, CFA (Age 48)	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).
Edmund J. Burke (Age 52)	Vice President	2006	President of ALPS, a DST Company (since November 2011); CEO and a Director of ALPS Holdings, Inc. (since 2005), Director of ALPS Advisors (since 2001), President and a Director of ALPS Financial Services, Inc. (1991-2005). See above for other Directorships held.
Kimberly R. Storms (Age 40)	Treasurer	2013	Director of Fund Administration and Senior Vice President of ALPS

Melanie Zimdars (Age 36)	Chief Compliance Officer	2009	Fund Services, Inc. Ms. Storms is currently Treasurer of ALPS ETF Trust and BPV Family of Funds; Chief Financial Officer of Arbitrage Funds; and Assistant Treasurer of Financial Investors Trust. She was previously Assistant Treasurer of the Clough Global Equity Fund, the Clough Global Allocation Fund, the Clough Global Opportunities Fund, the Reaves Utility Income Fund, the Liberty All-Star Equity Fund and the Liberty All-Star Growth Fund, Inc.. Ms. Storms is also on the Board of Directors of the Denver Center for Crime Victims. Deputy Chief Compliance Officer with ALPS Fund Services, Inc. since September 2009. Principal Financial Officer, Treasurer and Secretary, Wasatch Funds, February 2007 to December 2008. Assistant Treasurer, Wasatch Funds, November 2006 to
Tané T. Tyler (Age 47)	Secretary	2011	February 2007. Ms. Zimdars is currently the CCO for ALPS Variable Investment Trust, ALPS ETF Trust, EGA Emerging Global Shares Trust and BPV Family of Funds. Senior Vice President, General Counsel and Secretary of ALPS Holdings, Inc; ALPS Advisors, Inc.; ALPS Distributors, Inc. and ALPS Fund Services, Inc. Ms. Tyler joined ALPS in 2004. She also serves as Secretary of the ALPS ETF Trust since December 2008. She also served as Secretary, Liberty All-Star Equity Fund and Liberty All-Star Growth Fund from December 2006-2008; Secretary, Reaves Utility Income Fund from December 2004 2007; Secretary, Westcore Funds from February 2005 2007; Secretary, First Funds from November 2004 to January 2007; Secretary, Financial Investors Variable Insurance Trust from December 2004 December 2006. She was previously Vice President and Associate Counsel, Oppenheimer Funds from January 2004 to August 2004 and Vice President and Assistant General

Alex J. Marks
(Age 39)

Assistant Secretary

2011

Counsel, INVESCO Funds from September 1991 to December 2003. Employee of ALPS Fund Services, Inc. since June 2011. Mr. Marks also served as an employee of ALPS Funds Services, Inc. from July 2006 to September 2010. Mr. Marks was previously Secretary of the Financial Investors Variable Insurance Trust from December 2008 to June 2010.

*The address of each officer is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203

MANAGEMENT

ALPS Advisors, Inc. (AAI), 1290 Broadway, Suite 1100, Denver, CO 80203, is the Funds' investment advisor. Pursuant to its Fund Management Agreements with the Funds, AAI implements and operates the Funds' multi-manager methodology and has overall supervisory responsibility for the general management and investment of the Funds' assets, subject to the Funds' investment objectives and policies and any directions of the Trustees/Directors. AAI recommends to the Boards the investment management firms (currently five for the Equity Fund and currently two for the Growth Fund) for appointment as Portfolio Managers of the Funds. ALPS Fund Services, Inc. (AFS), 1290 Broadway, Suite 1100, Denver, Colorado, 80203, an affiliate of AAI, provides administrative services to the Funds under an Administration, Bookkeeping and Pricing Services Agreement with each Fund.

The names and addresses of the Funds' current Portfolio Managers are as follows:

Equity Fund

Cornerstone Capital Management LLC
3600 Minnesota Dr.
Edina, MN 55435

Matrix Asset Advisors, Inc.
747 Third Avenue
New York, NY 10017

Pzena Investment Management, LLC
120 West 45th Street
New York, NY 10036

Schneider Capital Management Corporation
460 East Swedesford Road

Growth Fund

M.A. Weatherbie & Co., Inc.
265 Franklin Street
Boston, MA 02110

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Wayne, PA 19087

TCW Investment Management Company

865 South Figueroa Street

Los Angeles, CA 90017