

LIBERTY ALL STAR GROWTH FUND INC /MD/  
Form PRE 14A  
September 08, 2006

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

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))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

LIBERTY ALL-STAR EQUITY FUND  
LIBERTY ALL-STAR GROWTH FUND, INC.

-----  
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- 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  
LIBERTY ALL-STAR GROWTH FUND, INC.

[\_\_\_\_\_, 2006]

Dear Fellow Shareholders:

The enclosed Proxy Statement discusses four proposals to be voted upon by the Shareholders of each of the above-named Liberty All-Star Funds (each a "Fund," collectively the "Funds"). Please review the Proxy Statement and cast your vote on each of the proposals. THE BOARD OF TRUSTEES/DIRECTORS OF EACH FUND RECOMMENDS THAT YOU VOTE FOR EACH PROPOSAL.

As discussed in more detail in the enclosed Proxy Statement, Banc of America Investment Advisors, Inc., each Fund's current fund manager, has decided to sell to ALPS Advisers, Inc. ("ALPS Advisers") its business of managing the Funds. To provide for continuity in the operation of the Funds, you are being asked to approve (1) new fund management agreements between the Funds and ALPS Advisers and (2) new portfolio management agreements between the Funds, ALPS Advisers and each of the Portfolio Managers that currently manage Fund assets. ALPS Advisers is a wholly-owned subsidiary of ALPS Holdings, Inc., a Denver, Colorado-based company that provides a wide range of fund services, including fund administration, fund distribution, and fund accounting.

Under these new agreements, ALPS Advisers and the Portfolio Managers will provide investment advisory services to each Fund on substantially the same terms and for the same fees that are currently in effect. The Funds' multi-manager structure and investment objectives will not change as a result of the sale transaction (the "Transaction"), and the senior investment advisory personnel who currently manage each Fund's assets are expected to continue to do so after the Transaction. The Funds' association with ALPS Advisers and its affiliates also will make available to the Funds additional resources, which could provide future benefits.

In connection with the Transaction, you are also being asked to approve (1) a proposal to elect three new trustees/directors for the Funds and (2) a policy to permit the Funds and ALPS Advisers and to enter into new agreements with Portfolio Managers, and then obtain the required shareholder approval of the new agreement at the next regularly scheduled annual meeting of the Funds. Approval of that policy would permit ALPS Advisers to continue the current practice used by the Funds to hire new Portfolio Managers.

The Transaction and each proposal are discussed in detail in the enclosed Proxy Statement. The Transaction, which is subject to various conditions, will not change the names of the Funds or alter the number of shares you own in that Fund.

THE BOARD OF TRUSTEES/DIRECTORS OF EACH FUND RECOMMENDS A VOTE FOR EACH PROPOSAL.

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

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

card(s) and mail it promptly in the enclosed return envelope, or help save time

2

and postage costs by calling the toll free number and following the instructions. You may also vote via the Internet by logging on to \_\_\_\_\_ and following the instructions that will appear. If we do not hear from you by \_\_\_\_\_, 2006, our proxy solicitor, The Altman Group ("Altman"), may contact you. This will ensure that your vote is counted even if you cannot attend the Special Meeting in person. If you have any questions about the proposals or the voting instructions, please call Altman at 1-800-499-6377.

Very truly yours,

---

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

3

LIBERTY ALL-STAR EQUITY FUND ("Equity Fund")  
LIBERTY ALL-STAR GROWTH FUND, INC. ("Growth Fund")  
(EACH A "Fund," COLLECTIVELY, THE "Funds")

100 FEDERAL STREET  
BOSTON, MASSACHUSETTS 02110  
1-800-499-6377

---

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

\_\_\_\_\_, 2006

---

To the Shareholders of the Funds:

NOTICE IS HEREBY GIVEN that a special meeting ("Meeting") of Shareholders of the Funds will be held [in the America Room, 2nd Floor, at 100 Federal Street, Boston, Massachusetts on \_\_\_\_\_, 2006 at \_:00 a.m. Boston time.]

As discussed in more detail in the enclosed Proxy Statement, Banc of America Investment Advisors, Inc. ("BAIA") recently entered into an asset purchase agreement with ALPS Holdings, Inc. ("ALPS") and ALPS Advisers, Inc. ("ALPS Advisers" or "Fund Manager") whereby BAIA will sell certain assets related to BAIA's business of providing investment advisory and certain administrative services to the Funds to ALPS Advisers (the "Transaction"),

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

subject to certain conditions (as discussed in the enclosed Proxy Statement). Before the closing of the Transaction (the "Closing"), ALPS Advisers will be registered with the Securities and Exchange Commission as an investment adviser. ALPS Advisers is a wholly-owned subsidiary of ALPS, a Denver, Colorado-based company that provides a wide range of fund services, including fund administration, fund distribution, and fund accounting.

Upon the Closing, each Fund's Fund Management Agreement with BAIA and each Fund's Portfolio Management Agreements with BAIA and the Portfolio Managers listed below will automatically terminate. To provide for continuity in the operation of the Funds, the Shareholders of each Fund are being asked to vote FOR the following proposals:

1. To elect three new Trustees/Directors;
2. To approve a new Fund Management Agreement between the Fund and ALPS Advisers to become effective upon the Closing;
3. To approve new Portfolio Management Agreements for the Fund with ALPS Advisers and each of the current Portfolio Managers listed below to become effective upon the Closing;

### EQUITY FUND

3a. Chase Investment Counsel Corporation

4

- 3b. Matrix Asset Advisers, Inc.
- 3c. Pzena Investment Management, LLC
- 3d. Schneider Capital Management Corporation
- 3e. TCW Investment Management Company

### GROWTH FUND

- 3f. TCW Investment Management Company
- 3g. M.A. Weatherbie & Co., Inc.
- 3h. William Blair & Company, L.L.C.

4. To approve a policy to permit the Fund and ALPS Advisers to enter into Portfolio Management Agreements in advance of Shareholder approval; and
5. To transact any other business as may properly come before the Meeting.

YOUR BOARD OF TRUSTEES/DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE PROPOSALS.

As described in the enclosed Proxy Statement, each Fund Management Agreement provides that, following the Transaction, ALPS Advisers will provide the same investment advisory services to each Fund on substantially the same terms and the same fee rates calculated on a daily rather than a weekly basis. Likewise, each Portfolio Management Agreement provides that, following the Transaction, each Portfolio Manager will continue to provide the same sub-advisory services to each Fund on substantially the same terms and the same fee rates calculated on a daily rather than a weekly basis. Each proposal is discussed in greater detail in the enclosed Proxy Statement. You are entitled to vote at the Meeting if you owned shares of one or both of the Funds at the close

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

of business on September 7, 2006 ("Record Date"). If you attend the Meeting, you may vote your shares in person. However, we urge you, whether or not you expect to attend the Meeting in person, to complete, date, sign and return the enclosed proxy card(s) in the enclosed postage-paid envelope or vote by telephone or through the Internet.

5

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

YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING. WE URGE YOU, WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, TO INDICATE YOUR VOTING INSTRUCTIONS ON THE ENCLOSED PROXY, DATE AND SIGN IT, AND RETURN IT IN THE ENVELOPE PROVIDED, WHICH NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES. WE ASK YOUR COOPERATION IN MAILING YOUR PROXY PROMPTLY.

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

James R. Bordewick, Jr.  
Secretary of the Funds

\_\_\_\_\_, 2006

6

IMPORTANT INFORMATION TO HELP YOU UNDERSTAND  
AND VOTE ON THE PROPOSALS

While we strongly encourage you to read the full text of the enclosed Proxy Statement, we are also providing you with a brief overview of the subject of the Shareholder vote. Your vote is important.

QUESTIONS AND ANSWERS

Q. WHAT IS HAPPENING?

A. Banc of America Investment Advisors, Inc. ("BAIA") recently entered into an asset purchase agreement with ALPS Holdings, Inc. ("ALPS") and ALPS Advisers, Inc. ("ALPS Advisers") whereby BAIA will sell certain assets related to BAIA's business of providing investment advisory and certain administrative services to Liberty All-Star Equity Fund and Liberty All-Star Growth Fund, Inc. (each a "Fund," collectively the "Funds") to ALPS Advisers (the "Transaction"), subject to certain conditions (as discussed in the Proxy Statement). Before the closing of the Transaction (the "Closing"), ALPS Advisers will be registered with the Securities and

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

Exchange Commission ("SEC") as an investment adviser. ALPS Advisers is a wholly-owned subsidiary of ALPS, a Denver, Colorado-based company that provides a wide range of fund services, including fund administration, fund distribution, and fund accounting. The parties expect the Closing to occur in December 2006, subject to the satisfaction of certain conditions outlined in the Proxy Statement.

As a result of the Transaction, each Fund's Fund Management Agreement with BAIA and its Portfolio Management Agreements with its Portfolio Managers will automatically terminate. Therefore, in order to provide for continued management of the Funds, shareholders of each Fund will need to approve a new Fund Management Agreement and new Portfolio Management Agreements. The Proxy Statement provides additional information about ALPS Advisers and each proposal. If Shareholders approve the proposals, the effectiveness of each is contingent upon the Closing occurring, and each proposal will become effective only upon the Closing. If the Transaction is not consummated, none of the proposals will become effective.

EACH FUND'S BOARD OF TRUSTEES/DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE PROPOSALS DESCRIBED IN THE PROXY STATEMENT.

Q. WHY ARE YOU SENDING ME THIS INFORMATION?

A. You are receiving these proxy materials because you own shares in one or both of the Funds and have the right to vote on these very important proposals concerning your investment.

7

Q. WHY AM I BEING ASKED TO ELECT NEW TRUSTEES/DIRECTORS?

A. In connection with the Transaction, the Trustees/Directors have recommended that the Shareholders elect three new Trustees/Directors to each Fund's Board, as recommended by ALPS. One of the nominees for Trustee/Director is the President and a Director of ALPS and ALPS Advisers and, if elected, will be the only Trustee/Director on each Fund's Board who is an "interested person" (as defined in the Investment Company Act of 1940, as amended ("Investment Company Act")) ("Interested Trustee/Director"). The other two nominees for Trustee/Director currently serve as Trustees/Directors who are not "interested persons" (as defined in the Investment Company Act) ("Disinterested Trustees/Directors") of funds for which either ALPS Fund Services, Inc., a wholly-owned subsidiary of ALPS, serves as administrator or ALPS Distributors, Inc., a wholly-owned subsidiary of ALPS, serves as distributor. If all of the proposed nominees are elected, each Fund's Board will consist of seven Trustees/Directors, six of whom will be Disinterested Trustees/Directors and one of whom will be an Interested Trustee/Director.

Q. WHY AM I BEING ASKED TO VOTE ON THE NEW AGREEMENTS?

A. Completion of the Transaction will result in an assignment of each Fund's advisory contracts, and as a result, will automatically terminate each Fund's Fund Management Agreement and Portfolio Management Agreements pursuant to the Investment Company Act. To ensure that the operation of your Fund can continue without any interruption and that ALPS Advisers and each Portfolio Manager can provide your Fund with the same services that are currently being provided to your Fund, your approval of the new

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

agreements is sought. For the Closing to occur, certain conditions must be satisfied or waived, including, among others, the approval of the new agreements by Shareholders of the Funds.

Q. WHY AM I BEING ASKED TO VOTE ON THE POLICY REGARDING SHAREHOLDER APPROVAL OF PORTFOLIO MANAGEMENT AGREEMENTS?

A. Each Fund currently operates under an exemptive order issued by the SEC that allows the Fund and BAIA to defer Shareholder approval of a new Portfolio Management Agreement until the next annual meeting of Fund Shareholders. Upon the Closing, the Funds no longer will be able to rely on that exemptive relief because it terminates once BAIA is no longer the Funds' investment adviser. The Funds and ALPS Advisers will apply to the SEC for a new exemptive order for the same relief [that may be] subject to a number of additional conditions. If the SEC grants the Funds and ALPS Advisers a new exemptive order, a Fund and ALPS Advisers will not be permitted to rely on the new order unless the Shareholders of the Fund have approved the operation of the Fund in a manner that permits the Fund and ALPS Advisers to enter into Portfolio Management Agreements in advance of Shareholder approval. You are being asked to approve this policy so that your Fund can operate under a new exemptive order as soon as it is issued.

8

Q. HOW WILL THE TRANSACTION AFFECT ME AS A FUND SHAREHOLDER?

A. Your Fund and its investment objectives will not change as a result of the completion of the Transaction, and you will still own the same shares in the same Fund. The terms of the new agreements are substantially the same as the existing agreements. The management fee rates that the Funds currently pay for investment advisory services will be the same fee rates calculated on a daily rather than a weekly basis. The Portfolio Managers that currently manage the Funds are expected to continue to manage the Funds following the Transaction. ALPS Advisers does not anticipate any changes in the senior investment advisory personnel who currently manage the Funds at the Fund Manager level. ALPS has entered into employment agreements that will take effect upon the Closing with William R. Parmentier, Jr., the Funds' President and Chief Executive Officer, and Mark T. Haley, the Funds' Senior Vice President, who are currently responsible for the Funds' day-to-day operations. However, there can be no assurance that any particular employee of BAIA will choose to remain employed by BAIA before the Transaction or by ALPS Advisers after the Transaction.

Q. WILL EITHER FUND'S NAME CHANGE?

A. No. The name of each Fund will not change.

Q. WILL THERE BE ANY PORTFOLIO MANAGER CHANGES?

A. No. The Portfolio Managers that currently manage the Fund are expected to continue to manage the Funds after the Transaction, using the same investment objectives and strategies currently in place.

Q. WILL THE FEES PAYABLE UNDER THE NEW AGREEMENTS INCREASE AS A RESULT OF THE TRANSACTION?

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

- A. No. The proposals to approve the new agreements do not seek any increase in fee rates.
- Q. HOW DO THE TRUSTEES/DIRECTORS OF MY FUND RECOMMEND THAT I VOTE?
- A. The Trustees/Directors of your Fund recommend that you vote FOR each of the proposals.
- Q. WILL MY FUND PAY FOR THIS PROXY SOLICITATION OR FOR THE COSTS OF THE TRANSACTION?
- A. No. The Funds will not bear these costs. BAIA and ALPS Advisers have agreed to bear any costs that would otherwise be borne by the Funds.

9

- Q. HOW DO I VOTE MY SHARES?
- A. For your convenience, there are several ways you can vote:
- BY MAIL: Vote, sign and return the enclosed proxy card(s) in the enclosed self-addressed, postage-paid envelope;
- BY TELEPHONE: Call the number printed on the enclosed proxy card(s);
- BY INTERNET: Access the website address printed on the enclosed proxy card(s); and
- IN PERSON: Attend the Meeting as described in the Proxy Statement. If you wish to attend the Meeting, please notify us by calling 1-800-499-6377.
- Q. WHY ARE TWO PROXY CARDS ENCLOSED?
- A. If you own shares of both Funds, you will receive a separate proxy card for each Fund.
- Q. WHOM SHOULD I CALL FOR ADDITIONAL INFORMATION ABOUT THIS PROXY STATEMENT?
- A. If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call our proxy solicitor, The Altman Group, at 1-800-499-6377.

10

LIBERTY ALL-STAR EQUITY FUND ("Equity Fund")  
LIBERTY ALL-STAR GROWTH FUND, INC. ("Growth Fund")  
(EACH A "Fund," COLLECTIVELY, THE "Funds")

100 FEDERAL STREET  
BOSTON, MASSACHUSETTS 02110  
1-800-499-6377



---

PROXY STATEMENT

---

FOR THE SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON \_\_\_\_\_, 2006

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Boards of Trustees/Directors of the Funds to be used at the Special Meeting of Shareholders of the Funds to be held in the [America Room on the 2nd floor of 100 Federal Street, Boston, Massachusetts on \_\_\_\_\_, 2006 at \_\_:00 a.m. Boston time] and at any adjournments thereof (such meeting and any adjournments being referred to as the "Meeting").

SOLICITATION OF PROXIES

The solicitation of proxies for use at the Meeting is being made primarily by the Funds by the mailing on or about \_\_\_\_\_, 2006 of the Notice of Special Meeting of Shareholders, this Proxy Statement and the accompanying proxy. 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 adviser, Banc of America Investment Advisors, Inc. ("BAIA"), and/or its affiliates and by The Altman Group, the firm that has been engaged to assist in the solicitation of proxies. Authorization to execute proxies may be obtained from Shareholders through instructions transmitted by telephone, facsimile or other electronic means.

At the Meeting, Shareholders of each Fund will be asked:

1. To elect three new Trustees/Directors;
2. To approve a new Fund Management Agreement between each Fund and ALPS Advisers, Inc. and each of the current Portfolio Managers listed below to become effective upon completion of the Transaction (the "Closing") as described in this Proxy Statement; and

11

3. To approve new Portfolio Management Agreements for each Fund with ALPS Advisers, Inc. and each of the current Portfolio Managers listed below to become effective upon the Closing as described in this Proxy Statement.

EQUITY FUND

- 3a. Chase Investment Counsel Corporation
- 3b. Matrix Asset Advisers, Inc.
- 3c. Pzena Investment Management, LLC
- 3d. Schneider Capital Management Corporation
- 3e. TCW Investment Management Company

GROWTH FUND

- 3f. TCW Investment Management Company
- 3g. M.A. Weatherbie & Co., Inc.
- 3h. William Blair & Company, L.L.C.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

4. To approve a policy to permit the Fund and ALPS Advisers, Inc. ("ALPS Advisers" or "Fund Manager") to enter into Portfolio Management Agreements in advance of Shareholder approval;

The Boards have set the close of business on September 7, 2006 as the record date ("Record Date"), and only Shareholders of record on the Record Date will be entitled to vote on these proposals at the Meeting. Additional information regarding outstanding shares and voting your proxy are included at the end of this Proxy Statement in the sections entitled "General Information" and "Voting Information."

### GENERAL OVERVIEW

#### THE TRANSACTION

On September 7, 2006, BAIA entered into an asset purchase agreement with ALPS Holdings, Inc. ("ALPS") and ALPS Advisers, Inc. ("ALPS Advisers") whereby ALPS Advisers has agreed to purchase certain assets related to BAIA's business of providing investment advisory and certain administrative services to the Funds (the "Transaction"). Upon the Closing, ALPS Advisers will serve as investment adviser to each Fund and ALPS Fund Services, Inc. ("ALPS Fund Services") will serve as the administrator to each Fund. ALPS Advisers and ALPS Fund Services are wholly-owned subsidiaries of ALPS, a Denver, Colorado-based company that provides a wide range of fund services, including fund administration, fund distribution, and fund accounting.

The Closing is subject to certain terms and conditions, including, among others: (1) each Fund obtaining Shareholder approval to enter into a new Fund Management Agreement and new Portfolio Management Agreements, as set forth in this Proxy Statement; and (2) BAIA and ALPS Advisers obtaining any necessary regulatory approvals. Although there is no assurance that the Closing will occur, if each of the terms and conditions is satisfied or waived, BAIA, ALPS and ALPS Advisers anticipate that the Closing will take place in December 2006.

12

#### POST-TRANSACTION STRUCTURE AND OPERATIONS

As noted above, upon the Closing, ALPS Advisers will become the investment adviser to the Funds. The Portfolio Managers that currently manage the Funds are expected to continue to manage the Funds following the Transaction. ALPS Advisers does not anticipate any changes in the senior investment advisory personnel who currently manage the Funds at the Fund Manager level. ALPS has entered into employment agreements that will take effect upon the Closing with William R. Parmentier, Jr., the Funds' President and Chief Executive Officer, and Mark T. Haley, the Funds' Senior Vice President, who are currently responsible for the Funds' day-to-day operations. However, there can be no assurance that any particular employee of BAIA will choose to remain employed by BAIA before the Transaction or by ALPS Advisers after the Transaction.

ALPS currently does not anticipate any changes to the organization and structure of the Funds other than the addition of two new Trustees/Directors who are not "interested persons" (as defined in the Investment Company Act of 1940, as amended ("Investment Company Act")) ("Disinterested Trustees/Directors") and one new Trustee/Director who is an "interested person" (as defined in the Investment Company Act) ("Interested Trustee/Director") as described in Proposal 1 below, if elected by Shareholders of the Funds. Upon the Closing, the Funds will be entering into an agreement with ALPS Fund Services for the provision of

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

administration and bookkeeping and pricing services. ALPS Fund Services will also provide broker/dealer and shareholder support services to the Funds through its existing internal support desk. The Board of each Fund will continue to make decisions regarding the auditors, custodian and transfer agent of the Funds. ALPS is not proposing any changes to these existing service providers at this time.

### ANTICIPATED BENEFITS OF THE TRANSACTION

Although there can be no assurance as to any benefit resulting from the Transaction, ALPS anticipates the following possible benefits:

- o combining the fund administration, accounting, compliance and distribution experience of ALPS with the investment management personnel of the Funds may provide an environment for success;
- o the market support, shareholder services and wholesaling capabilities of ALPS should support the trading of the Funds in the secondary market;
- o ALPS employs a Director of Closed-End Funds to help develop and maintain the Funds' relationships with closed-end fund underwriters and the closed-end fund analyst community;
- o ALPS maintains a nationwide network of internal and external wholesalers focused on ALPS' closed-end fund offerings, which may increase the Funds' market exposure; and
- o affiliating with ALPS, which has made the growth of its asset management operations a key component of its business plans, is expected to provide a high level of service to the Funds.

13

### ELECTION OF NEW TRUSTEES/DIRECTORS

In connection with the Transaction, ALPS has proposed, and the Disinterested Trustees/Directors have agreed, to recommend to Shareholders the election of three new Trustees/Directors to each Fund's Board. One of the nominees for Trustee/Director is the President and a Director of ALPS and ALPS Advisers, who, if elected, will be the only Interested Trustee/Director on each Fund's Board. The other two nominees for Trustee/Director currently serve as Disinterested Trustees of funds for which either ALPS Fund Services, a wholly-owned subsidiary of ALPS, serves as administrator or ALPS Distributors, Inc. ("ALPS Distributors"), a wholly-owned subsidiary of ALPS, serves as distributor. If all of the proposed nominees are elected by Shareholders, each Fund's Board will consist of seven Trustees/Directors, six of whom will be Disinterested Trustees/Directors and one of whom will be an Interested Trustee/Director. If elected by the Shareholders of each Fund, the new Trustees/Directors will not take office until the Closing.

### NEW FUND MANAGEMENT AND PORTFOLIO MANAGEMENT AGREEMENTS

BAIA currently serves as investment adviser to each Fund. Upon the Closing, ALPS Advisers will become the investment adviser to each Fund and the Funds will thereby undergo a change in control. This change in control is deemed to be an "assignment" of each Fund's existing Fund Management Agreement ("Existing Fund Management Agreement") and existing Portfolio Management Agreements ("Existing Portfolio Management Agreement" and together, "Existing Agreements") under the Investment Company Act. As required by the Investment Company Act, each Fund's Existing Agreements provide for their automatic termination in the event of an assignment, and each will, therefore, terminate

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

upon the Closing. Accordingly, Shareholders of each Fund are being asked to approve a new Fund Management Agreement ("New Fund Management Agreement") and new Portfolio Management Agreements ("New Portfolio Management Agreements" and together, "New Agreements") with substantially the same terms and the same fee rates, calculated on a daily rather than a weekly basis, as the Existing Agreements to allow ALPS Advisers and the various Portfolio Managers to manage each Fund. If approved by the Shareholders of each Fund, the New Agreements will not become effective until the Closing. For each Fund, the proposal to approve the New Portfolio Management Agreements is subject to the approval of the New Fund Management Agreement. If the Transaction is not completed for any reason, the Existing Agreements will remain in effect for each Fund.

### APPROVAL OF THE POLICY REGARDING SHAREHOLDER APPROVAL OF PORTFOLIO MANAGEMENT AGREEMENTS

Each Fund currently operates under an exemptive order issued by the Securities and Exchange Commission ("SEC") that allows the Fund and BAIA to defer Shareholder approval of a new Portfolio Management Agreement until the next annual meeting of Fund Shareholders. Upon the Closing, the Funds no longer will be able to rely on this exemptive relief because it terminates once BAIA is no longer the Funds' investment adviser. The Funds and ALPS Advisers will apply to the SEC for a new exemptive order for the same relief [that may be] subject to a number of additional conditions. If the SEC grants the Funds and ALPS Advisers a new exemptive order, the Funds and ALPS Advisers will not be permitted to rely on the new order unless the Shareholders of each Fund have

14

approved the operation of the Funds in a manner that permits the Funds and ALPS Advisers to enter into Portfolio Management Agreements in advance of Shareholder approval. Approval of this proposal is sought so that the Funds can operate under a new exemptive order as soon as it is issued. If the Transaction is not completed for any reason, the current orders will continue in effect.

15

### PROPOSAL 1: ELECTION OF THREE NEW TRUSTEES/DIRECTORS

In connection with the Transaction, Shareholders of each Fund are being asked to vote for the election of three persons to serve as additional Trustees/Directors of each Fund. The Trustees/Directors of each Fund provide broad supervision over the affairs of the Fund, including oversight of the Fund Manager and the Fund's officers. The Fund Manager is responsible for the investment management of each Fund's assets and for providing a variety of other administrative services to each Fund. The officers of each Fund are responsible for its operations.

NOMINEES

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

The Board, including a majority of the Disinterested Trustees/Directors, has nominated George R. Gaspari and Edmund J. Burke to be elected as Trustee/Director by the applicable Fund's Shareholders. On September \_\_, 2006, the Board, including a majority of the Disinterested Trustees/Directors, nominated [ ] to be elected as Trustee/Director by the applicable Fund's Shareholders. Mr. Burke is the President and a Director of ALPS and ALPS Advisers and, if elected, will be the only Interested Trustee/Director on each Fund's Board. Messrs. Gaspari and [ ] currently serve as Disinterested Trustees of funds for which either ALPS Fund Services, a wholly-owned subsidiary of ALPS, serves as administrator or ALPS Distributors, a wholly-owned subsidiary of ALPS, serves as distributor. Each person now serving as Trustee/Director will continue to serve as such following the Transaction.

Each nominee has consented to serve as Trustee/Director if elected. If any of them is unable or unwilling to do so at the time of the Meeting, 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). If all of the nominees are elected, each Fund's Board will consist of seven Trustees/Directors, six of whom will be Disinterested Trustees/Directors and one of whom will be an Interested Trustee/Director. The nominees' appointment to each Fund's Board would take effect upon the Closing.

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 each nominee.

The table below sets forth the name, address and year of birth of each nominee, the proposed 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 to be overseen by each nominee and their other directorships of public companies.

16

NAME, YEAR OF BIRTH AND ADDRESS	PROPOSED TERM OF OFFICE FOR THE EQUITY FUND	PROPOSED TERM OF OFFICE FOR THE GROWTH FUND	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX TO BE OVERSEEN BY NOMINEE	OTHER HELD
-----					
DISINTERESTED NOMINEES					
[_____]	2007	2008	[_____]	2	[_____]
George R. Gaspari (Born 1940)  P.O. Box 844 124 Island Drive Highland Lakes, NJ 07422	2008	2008	Financial Services Consultant (since 1996) (formerly Senior Vice President and Chief Administrative, Operating and	2	Trustee Sector

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

Financial  
Officer for  
Evergreen Asset  
Management Corp.  
(from 1987 to  
1996).

-----  
INTERESTED NOMINEE  
-----

Edmund J. Burke (1) (Born 1961)  1625 Broadway Suite 2200 Denver, CO 80202	2009	2009	President and a Director of ALPS (since 2005), President and a Director of ALPS Advisers (since 2001), President and a Director of ALPS Financial Services, Inc. (since 1991).	2	Presid (since Reaves (since Presid Fund ( since Presid Equity Presid Presid Opport
---	------	------	---	---	---

-----

(1) Mr. Burke would be an "Interested person" of the Funds, as defined in the Investment Company Act, because he is an officer of ALPS and ALPS Advisers.

Each Fund's Board is divided into three classes of Trustees/Directors. Each class of Trustees/Directors serves for staggered three-year terms. The term of office of a class expires at the final adjournment of the Annual Meeting of Shareholders (or special meeting in lieu thereof) each year. Since the term of office of one class will expire each year, certain nominees will serve less than three years during their initial term as Trustee/Director of each Fund.

17

CURRENT TRUSTEES/DIRECTORS

The table below sets forth the name, address and year of birth of the current Trustees/Directors of the Funds, the year each was first elected or appointed to office, the 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.

NAME, YEAR OF BIRTH AND ADDRESS (1)	POSITION WITH EQUITY FUND, LENGTH OF SERVICE AND TERM OF OFFICE	POSITION WITH GROWTH FUND, LENGTH OF SERVICE AND TERM OF OFFICE	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	NUMBER OF PORTFOLIOS I FUND COMPLEX OVERSEEN BY TRUSTEE/DIRE (2)
---	--	--	---	---

-----

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

### DISINTERESTED TRUSTEES/DIRECTORS

John A. Benning (Born 1934)	Trustee; 2002; 2009	Director; 2002; 2008	Retired (since December 1999); (formerly Senior Vice President, General Counsel and Secretary, Liberty Financial Companies, Inc. and Vice President, Secretary and Director, Liberty Asset Management Company (from 1985 to 1999)).	2
Thomas W. Brock (Born	Trustee; 2005; 2008	Director; 2005; 2009	Chief Executive Officer, Stone Harbor Investment Partners LP (since April 2006) (formerly Adjunct Professor, Columbia University Graduate School of Business (from 1998 to 2006), Chairman, CEO, Salomon Brothers Asset Management, Inc. (from 1993 to 1998)).	4
Richard W. Lowry (Born 1936)	Trustee; 1986; 2007 Chairman	Director; 1994; 2007 Chairman	Private investor since August 1987 (formerly Chairman and Chief Executive Officer, U.S. Plywood Corporation (building products manufacturer) (until 1987)).	83
John J. Neuhauser (Born 1943)	Trustee; 1998; 2007	Director; 1998; 2009	University Professor, Boston College (since December 2005); Academic Vice President and Dean of Faculties, Boston College (from August 1999 to December 2005).	83

18

(1) All the Trustees/Directors are members of each Fund's Audit Committee. The address of each Trustee/Director is c/o Liberty All-Star Funds, 100 Federal Street, Boston, MA 02110.

(2) At August 31, 2006, Messrs. Lowry and Neuhauser also served as trustees of 74 open-end and 7 closed-end management investment company portfolios within the Columbia Funds group of funds. As of August 31, 2006, Mr. Brock also served as manager or director of BACAP Alternative Multi-Strategy Fund, LLC and Columbia Management Multi-Strategy Hedge Fund, LLC (the "Registered Hedge Funds"). "Fund Complex" includes the Funds, the Columbia Funds and the Registered Hedge Funds.

### PRINCIPAL OFFICERS

Each person listed below currently 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. Except for Messrs. Parmentier and Haley, each other person serving as an officer of the Funds is expected to resign no later than the Closing. 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.

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

NAME, YEAR OF BIRTH AND ADDRESS (1)	POSITION WITH FUND AND YEAR FIRST APPOINTED TO OFFICE	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
William R. Parmentier, Jr. (Born 1952)	President and Chief Executive Officer; 1999	Senior Vice President of BAIA since April 1999; Chief Investment Officer - External Managers of BAIA from July 1998 to March 1999; Director of BAIA, from April 2004 to March 2005
Mark T. Haley, CFA (Born 1964)	Senior Vice President; 1999	Vice President of BAIA since April 1999.
Mary Joan Hoene (Born 1949)	Senior Vice President and Chief Compliance Officer; 2004	Senior Vice President and Chief Compliance of funds in the Columbia Fund Complex; Pa Ledyard & Milburn LLP (law firm) from January 2004 to March 2005
J. Kevin Connaughton (Born 1964)	Treasurer, Chief Financial Officer and Senior Vice President; 2003	Managing Director of Columbia Management since February 1998.
James R. Bordewick, Jr. (Born 1959)	Senior Vice President, Secretary Counsel, and Chief Legal Officer; 2006	Associate General Counsel, Bank of America since April 2005; Senior Vice President and Associate General MFS Investment Management (investment management) prior to April 2005
Michael G. Clarke (Born 1969)	Chief Accounting Officer and Assistant Treasurer; 2004	Managing Director of CMA since February 2004

19

NAME, YEAR OF BIRTH AND ADDRESS (1)	POSITION WITH FUND AND YEAR FIRST APPOINTED TO OFFICE	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS
Jeffrey R. Coleman (Born 1969)	Deputy Treasurer; 2004	Group Operations Manager of CMA since October 2004; Vice President - CDC IXIS Asset Management Inc. (asset management) from August 2000 to October 2004
Joseph F. DiMaria (Born 1968)	Deputy Treasurer; 2006	Senior Compliance Manager of CMA since January 2006; Director of Trustee Administration of CMA from 2003 to January 2005; Senior Audit Manager at PricewaterhouseCoopers from July 2000 to January 2003
Ty S. Edwards (Born 1966)	Deputy Treasurer; 2006	Vice President of CMA since 2002; Assistant Treasurer and Director, State Street Corporation prior to 2002



## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

Barry S. Vallan (Born 1969)	Controller; 2006	Vice President-Fund Treasury of CMA since Vice President-Trustee Reporting from Apr to October 2004; Management Consultant, PricewaterhouseCoopers prior to October 2
-----		
Ryan C. Larrenaga (Born 1970)	Assistant Secretary; 2005	Assistant General Counsel, Bank of Americ Associate, Ropes & Gray LLP (law firm) fr
-----		
Peter Fariel (Born 1957)	Assistant Secretary; 2006	Associate General Counsel, Bank of Americ Partner, Goodwin Procter LLP (law firm) p
-----		
Julian Quero (Born 1967)	Assistant Treasurer; 2006	Senior Compliance Manager of the CMA sinc Assistant Vice President of Taxes and Dis of CMA from 2001 to April 2002.
-----		

(1) The address of each officer, other than Messrs. Parmentier and Haley and Ms. Hoene, is c/o Liberty All-Star Funds, One Financial Center, Boston, MA 02111. The address of Messrs. Parmentier and Haley and Ms. Hoene is c/o Liberty All-Star Funds, 100 Federal Street, Boston, MA 02110.

Messrs. Connaughton, Clarke, Coleman, DiMaria, Edwards, Vallan, Bordewick, Larrenaga, Fariel and Quero and Ms. Hoene hold the same offices with the Columbia Funds, which consist of 153 open-end funds and 7 closed-end funds as of August 31, 2006. Messrs. Bordewick, Larrenaga and Fariel and Ms. Hoene hold the same offices with the Registered Hedge Funds.

During 2005, the Board of Trustees/Directors of the Funds held five meetings and the Audit Committee held four meetings. Each of these Board and Committee meetings was held jointly. All sitting Trustees/Directors were present at all meetings. Mr. Brock was appointed Trustee/Director in August and,

20

therefore, did not attend meetings held prior to that month. 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' 2006 annual shareholder meetings.

Shareholders may communicate with the Trustees/Directors as a group or individually. Any such communications should be sent to a Fund's Board or an individual Trustee/Director in writing, c/o the Secretary of the Liberty All-Star Funds, One Financial Center, Mail Stop MA5-515-11-05, Boston, MA 02111-2621. The Secretary may determine not to forward any letter to the Board or a Trustee/Director that does not relate to the business of a Fund.

### AUDIT COMMITTEE

Messrs. Benning, Brock, Lowry and Neuhauser (Committee Chairman) are members of the Audit Committee of each Fund. Each Fund's Audit Committee is comprised only of members who are Disinterested Trustees/Directors and are "independent" (as defined in the New York Stock Exchange ("NYSE") Listing Standards for trustees/directors of closed-end investment companies) of the Funds.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

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. The principal functions of each Audit Committee are to assist Board oversight of: (1) the integrity of each Fund's financial statements, (2) each Fund's compliance with legal and regulatory requirements, (3) the qualifications and independence of the independent registered public accounting firm (also referred to herein as the independent accountants), (4) the performance of BAIA's internal audit function, and (5) the performance of the independent accountants. Each Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent accountants (including the resolution of disagreements between management and the independent accountants regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other review or attest services for the Fund. A copy of the Audit Committee Charter was attached to the proxy statement regarding the annual meeting of shareholders on April 28, 2006.

### NOMINATION INFORMATION

Neither Fund currently has a nominating or compensation committee. Each Fund's Board does not believe that a nominating committee is necessary because, to date, the Board of each Fund has been small and composed principally or entirely of Disinterested Trustees/Directors.

When necessary or appropriate, the Disinterested 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. Disinterested Trustees/Directors are nominated only by an AD HOC nominating committee. Each Fund's current Trustees/Directors are not "interested persons" of the Fund under the Investment Company Act and are "independent" under NYSE Listing Standards.

The Disinterested Trustees/Directors consider prospective Trustee/Director candidates from any reasonable source, including current Disinterested 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 a Fund's Board may send information regarding prospective candidates to the Funds' Secretary at One Financial Center, Mail Stop MA5-515-11-05, Boston, MA 02111-2621. The information should include 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 not an "interested person" under the Investment Company Act and "independent" under NYSE Listing Standards in relation to the Fund, and such other information as may be helpful to the Disinterested Trustees/Directors in evaluating the candidate. All satisfactorily completed information packages regarding a candidate will be forwarded to a Disinterested 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. All nominations from Fund Shareholders will be acknowledged. During periods when the Disinterested Trustees/Directors are not recruiting new Board members, nominations will be maintained on file pending the active recruitment of Trustees/Directors.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

The Disinterested Trustees/Directors have no formal list of qualifications for Trustee/Director nominees. However, the Disinterested Trustees/Directors may consider, among other things, 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 Disinterested Trustees/Directors, independence from the Funds' investment adviser, its affiliates and other principal service providers is critical, as is an independent and questioning mind-set. In each case, the Disinterested Trustees/Directors will evaluate whether a candidate is an "interested person" under the Investment Company Act and "independent" under NYSE Listing Standards. The Disinterested 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.

The Disinterested 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 Disinterested Trustee/Director by telephone to discuss the position; if there appeared to be sufficient interest, an in-person meeting with one or more Disinterested Trustees/Directors would be arranged. If the Disinterested Trustees/Directors, based on the results of these contacts, believed they had identified a viable candidate, they would air the matter with the full group of 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 OF CURRENT TRUSTEES/DIRECTORS

22

The following table shows, for the year ended December 31, 2005, 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 COMPENSATION FROM THE EQUITY FUND	AGGREGATE COMPENSATION FROM THE GROWTH FUND	TOTAL COMPENSATION FROM THE FUND COMPLEX
DISINTERESTED TRUSTEES/DIRECTORS			
John A. Benning	\$24,386	\$7,614	\$32,000
Thomas W. Brock (1)	\$13,042	\$4,050	\$42,842
Richard W. Lowry (1)	\$32,010	\$9,990	\$142,500

Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

-----  
 |John J. Neuhauser (1)|\$26,927 |\$8,406 |\$137,833 |  
 -----

(1) In addition to receiving compensation for their services as Trustees/Directors of the Funds, Messrs. Lowry and Neuhauser received compensation for service as Trustees/Directors of the Columbia Funds, and Mr. Brock received compensation for service as Director/Manager of the Registered Hedge Funds. As noted above, the Funds, the Columbia Funds and the Registered Hedge Funds are part of the Fund Complex.

SHARE OWNERSHIP

The following table shows the dollar range of equity securities beneficially owned by each nominee and each Trustee/Director as of December 31, 2005 (i) in each of the Funds, and (ii) in all funds overseen by the Trustee/Director in the Fund Complex.

	DOLLAR RANGE OF EQUITY SECURITIES OWNED IN THE EQUITY FUND (1)	DOLLAR RANGE OF EQUITY SECURITIES OWNED IN THE GROWTH FUND (1)	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES OWNED IN ALL FUNDS OVERSEEN BY TRUSTEE/DIRECTOR IN FUND COMPLEX
--	---	---	---

DISINTERESTED NOMINEES

[_____]			
George R. Gaspari			

INTERESTED NOMINEE

Edmund J. Burke			
-----------------	--	--	--

DISINTERESTED TRUSTEES/DIRECTORS

John A. Benning	Over \$100,000	\$10,001 - \$50,000	Over \$100,000
-----------------	----------------	---------------------	----------------

23

	DOLLAR RANGE OF EQUITY SECURITIES OWNED IN THE EQUITY FUND (1)	DOLLAR RANGE OF EQUITY SECURITIES OWNED IN THE GROWTH FUND (1)	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES OWNED IN ALL FUNDS OVERSEEN BY TRUSTEE/DIRECTOR IN FUND COMPLEX
--	---	---	---

Thomas W. Brock	None	None	None
Richard W. Lowry	Over \$100,000	\$1 - \$10,000	Over \$100,000
John J. Neuhauser	\$1 - \$10,000	\$1 - \$10,000	Over \$100,000

(1) Securities valued as of December 31, 2005.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

### REQUIRED VOTE

The election of Trustees of the Equity Fund is by a plurality of the shares voting at the Meeting. The election of the Directors of the Growth Fund is by a majority vote of the shares represented in person or by proxy at the Meeting and entitled to vote.

THE BOARDS RECOMMEND THAT SHAREHOLDERS OF EACH FUND  
VOTE "FOR" PROPOSAL 1.

24

### PROPOSAL 2: APPROVAL OF THE NEW FUND MANAGEMENT AGREEMENT

Shareholders of each Fund are being asked to approve a New Fund Management Agreement between the Fund and ALPS Advisers. As described above, each Fund's Existing Fund Management Agreement will terminate upon the Closing. Therefore, approval of the New Fund Management Agreements is sought so that the operation of each Fund can continue without interruption. If the Transaction is not completed for any reason, the Existing Agreements will continue in effect.

### BOARD APPROVAL AND RECOMMENDATION

On September 7, 2006, the Trustees/Directors of each Fund, all of whom are Disinterested Trustees/Directors, unanimously approved the New Fund Management Agreement for the Fund and unanimously recommended that Shareholders of each Fund approve the New Fund Management Agreement. A summary of the Board's considerations is provided below in the section entitled "Evaluation by the Boards."

### DESCRIPTION OF THE EXISTING AND NEW FUND MANAGEMENT AGREEMENTS

The form of the New Fund Management Agreement is set forth in Exhibit A to this Proxy Statement. The description of terms in this section is qualified in its entirety by reference to Exhibit A. Exhibit B shows the date of each Existing Fund Management Agreement, the date when the Existing Fund Management Agreement was last approved by the Board, the date when the Existing Fund Management Agreement was last submitted to a vote of Shareholders of each Fund, including the purpose of such submission, and the advisory fee rates under both the Existing Fund Management Agreement and the New Fund Management Agreement for each Fund.

Under each Existing Fund Management Agreement, BAIA is responsible for providing administrative services to the respective Fund, including: providing office space, communicating with shareholders and broker-dealers, compensating

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

Fund officers who are also officers or employees of BAIA or its affiliates and supervising the provision of transfer agency, dividend disbursing, custodial and other services to the Fund. BAIA has entered into a Sub-Administration Agreement with its affiliate, Columbia Management Advisors, LLC ("CMA"), for the provision of certain administrative services to the Funds. CMA also provides pricing and bookkeeping services to the Funds under a separate Pricing and Bookkeeping Agreement ("Existing Pricing Agreement") with the Funds.

The terms of each New Fund Management Agreement are substantially the same as the terms of the respective Existing Fund Management Agreement. However, administrative, pricing and bookkeeping services will be provided to each Fund by ALPS Fund Services under a separate Administration, Bookkeeping and Pricing Services Agreement ("New Administration Agreement"). The fee rates for investment management and administrative services under the New Fund Management Agreements and the New Administration Agreements are the same as the fee rates for those services under the Existing Fund Management Agreements, though fees will be calculated on a daily rather than a weekly basis under the New Fund Management Agreements and the New Administration Agreements. ALPS has advised the Boards that it does not anticipate that the Transaction will result in any

25

reduction in the quality of services now provided to the Funds or have any adverse effect on the ability of ALPS Advisers or ALPS Fund Services to fulfill its obligations to the Funds.

The following discussion of the New Fund Management Agreement describes both the Existing Fund Management Agreement and the New Fund Management Agreement for each Fund. The next several paragraphs briefly summarize some important provisions of the Existing and New Fund Management Agreements, but for a complete understanding of the Agreements, you should read Exhibits A and B.

### SERVICES PROVIDED BY THE FUND MANAGER

The New Fund Management Agreement for each Fund requires the Fund Manager to provide general management services to the Fund and to provide overall supervisory responsibility for the general management and investment of each Fund's assets, subject to the review and approval of the Trustees/Directors. The Fund Manager is responsible for setting each Fund's investment program and strategies, revising the programs, as necessary, and monitoring and reporting periodically to the Trustees/Directors concerning the implementation of the programs.

The New Fund Management Agreement for each Fund provides for the Fund Manager and the Fund to appoint one or more Portfolio Managers to have full discretion and to make all determinations with respect to the investment and reinvestment of the portion of the Fund's assets assigned to that Portfolio Manager. The New Fund Management Agreement requires the Fund Manager to: (i) advise the Trustees/Directors which Portfolio Managers the Fund Manager believes are best suited to invest the assets of the Fund; (ii) monitor and evaluate the investment performance of each Portfolio Manager; (iii) allocate and reallocate the portion of the Fund's assets to be managed by each Portfolio Manager; (iv) recommend changes of or additional Portfolio Managers when deemed appropriate by the Fund Manager; (v) coordinate and monitor the investment activities of the Portfolio Managers to ensure compliance with the Fund's investment policies and restrictions and applicable laws; (vi) have full investment discretion to make all determinations with respect to the investment of the Fund's assets not then

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

managed by a Portfolio Manager; and (vii) implement procedures reasonably designed to ensure that the Portfolio Managers comply with the Fund's investment objectives, policies and restrictions. The New Fund Management Agreement also requires the Fund Manager to provide officers, office space and certain administrative services to each Fund.

### TERM OF THE NEW FUND MANAGEMENT AGREEMENT

The New Fund Management Agreement for each Fund provides that it will continue in effect for an initial period beginning on the Closing date, or such later date on which the Shareholders of the Fund approve the New Fund Management Agreement, and ending on the second anniversary of that date. After that, it will continue in effect from year to year as long as the continuation is approved at least annually (i) by the Fund's respective Board or by vote of a majority of the outstanding voting securities of the Fund, and (ii) by vote of a majority of the Fund's Disinterested Trustees/Directors.

26

### TERMINATION OF THE NEW FUND MANAGEMENT AGREEMENT

The New Fund Management Agreement for a Fund may be terminated without penalty by vote of the Trustees/Directors, including a majority of the Fund's Disinterested Trustees/Directors, or by vote of a majority of the outstanding voting securities of the Fund, on sixty days' written notice to the Fund Manager, or by the Fund Manager upon sixty days' written notice to the Fund, and each terminates automatically in the event of its "assignment" as defined in the Investment Company Act. The Investment Company Act defines "assignment" to include, in general, transactions in which a significant change in the ownership of an investment adviser or its parent company occurs.

### LIABILITY OF THE FUND MANAGER

Each New Fund Management Agreement provides that the Fund Manager will not be liable to the Fund or its Shareholders, except for liability arising from the Fund Manager's willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations or duties.

### DIFFERENCES BETWEEN THE EXISTING AND NEW FUND MANAGEMENT AGREEMENTS

Each New Fund Management Agreement is substantially the same as the corresponding Existing Fund Management Agreement. However, as noted above, responsibility for the administrative services provided in the Existing Fund Management Agreement will instead be provided pursuant to the New Administration Agreement. In addition, the New Fund Management Agreement clarifies the investment management and other related services to be provided to the Fund by the Fund Manager and the expenses to be paid by the Fund. Also, fees will be calculated and accrued under the New Fund Management Agreements based on the Fund's average daily net assets and will be payable monthly. Under the Existing Fund Management Agreement for the Equity Fund, fees are calculated based on the Fund's average weekly net assets and are payable monthly. Under the Existing Fund Management Agreement for the Growth Fund, fees are calculated based on the Fund's average weekly net assets and are payable quarterly. Language also has been added to the New Fund Management Agreement requiring the Fund Manager to comply with various regulatory requirements and SEC interpretive releases relating to compliance programs, codes of ethics and soft dollars.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

Each New Fund Management Agreement also has been revised to reflect changes resulting from the Transaction. The material terms of the New Fund Management Agreements that will be different from the terms of the Existing Fund Management Agreements are that: (1) ALPS Advisers will replace BAIA as investment adviser; (2) the dates of execution and termination will coincide with the Closing date and approval by Shareholders; and (3) the New Fund Management Agreement will require ALPS Advisers to implement procedures reasonably designed to ensure that the Portfolio Managers comply with each Fund's investment objectives, policies and restrictions.

### REQUIRED VOTE

Approval of each New Fund Management Agreement requires the affirmative vote of a "majority of the outstanding voting securities" of each Fund, which, under the Investment Company Act, means the affirmative vote of the lesser of (a) 67% or more of the shares of the Fund present at the Meeting or represented

27

by proxy if the holders of more than 50% of the outstanding shares are present or represented by proxy, or (b) more than 50% of the outstanding shares.

THE BOARDS RECOMMEND THAT SHAREHOLDERS OF EACH FUND  
VOTE "FOR" PROPOSAL 2.

28

### PROPOSAL 3: APPROVAL OF NEW PORTFOLIO MANAGEMENT AGREEMENTS

Shareholders of each Fund are being asked to approve New Portfolio Management Agreements among the relevant Fund, ALPS Advisers and each Portfolio Manager listed below.

#### EQUITY FUND

- 3a. Chase Investment Counsel Corporation
- 3b. Matrix Asset Advisers, Inc.
- 3c. Pzena Investment Management, LLC
- 3d. Schneider Capital Management Corporation
- 3e. TCW Investment Management Company

#### GROWTH FUND

- 3f. TCW Investment Management Company
- 3g. M.A. Weatherbie & Co., Inc.
- 3h. William Blair & Company, L.L.C.



## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

As described above, each Existing Portfolio Management Agreement will automatically terminate upon the Closing. Therefore, approval of the New Portfolio Management Agreements is sought so that the operation of each Fund can continue without interruption. For each Fund, this proposal to approve New Portfolio Management Agreements is subject to the approval of the proposal to approve a New Fund Management Agreement. If the Transaction is not completed for any reason, the Existing Agreements will continue in effect.

### THE MULTI-MANAGER METHODOLOGY

Each Fund allocates its portfolio assets among a number of independent investment management firms ("Portfolio Managers") recommended by the Fund Manager and approved by the Board, currently five for the Equity Fund and three for the Growth Fund. Each Portfolio Manager employs a different investment style and/or strategy, and from time to time the Fund Manager rebalances each Fund's portfolio among the Portfolio Managers. The Funds' multi-manager methodology is based on the premise that most investment management firms consistently employ a distinct investment style which causes them to emphasize stocks with particular characteristics, and that, because of changing investor preferences, any given investment style will move into and out of market favor and will result in better performance under certain market conditions but poorer market performance under other conditions. The Funds' multi-manager methodology seeks to achieve more consistent and less volatile performance over the long term than if a single Portfolio Manager was employed.

The Portfolio Managers recommended by the Fund Manager represent a blending of different styles which, in the Fund Manager's opinion, is appropriate for the Funds' investment objectives and which is sufficiently broad so that at least one of such styles can reasonably be expected to be in relative market favor in all reasonably foreseeable market conditions. The Fund Manager continuously analyzes and evaluates the investment performance and portfolios of the Funds' Portfolio Managers and from time to time recommends changes in the Portfolio Managers. Such recommendations could be based on factors such as a

29

change in a Portfolio Manager's investment style or a Portfolio Manager's divergence from the investment style for which it was selected, changes deemed by the Fund Manager to be potentially adverse in a Portfolio Manager's personnel or ownership or other structural or organizational changes affecting the Portfolio Manager, or a deterioration in a Portfolio Manager's investment performance when compared to that of other investment management firms employing similar investment styles. Portfolio Manager changes may also be made to change the mix of investment styles employed by the Funds' Portfolio Managers. Portfolio Manager changes, as well as rebalancings of the Funds' assets among the Portfolio Managers, may result in portfolio turnover in excess of what would otherwise be the case. Increased portfolio turnover results in increased brokerage commission and transaction costs, and may result in the recognition of additional capital gains.

### BOARD APPROVAL AND RECOMMENDATION

On September 7, 2006, the Trustees/Directors of each Fund, all of whom are Disinterested Trustees/Directors, unanimously approved each New Portfolio Management Agreement for each Fund and unanimously recommended that Shareholders approve each New Portfolio Management Agreement relating to that Fund. A summary of the Boards' considerations is provided below in the section entitled "Evaluation by the Boards."

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

In accordance with the Existing Order, the Shareholders of each Fund have previously approved each Existing Portfolio Management Agreement, other than the Existing Portfolio Management Agreement among the Equity Fund, BAIA and Chase Investment Counsel Corporation ("Chase"). BAIA continuously monitors and evaluates each Portfolio Manager on a quantitative and qualitative basis. The evaluation process focuses on, but is not limited to, the firm's philosophy, investment process, personnel and performance.

After evaluation based on the aforementioned criteria, BAIA deemed it in the best interest of the Equity Fund to terminate Mastrapasqua Asset Management, Inc. ("Mastrapasqua"), a portfolio manager of the Equity Fund since November 1, 2000, and to replace Mastrapasqua with Chase because BAIA believed that Chase's investment philosophy and management style would be more compatible with the philosophies of the Equity Fund's other Portfolio Managers. BAIA also believed that Chase's investment management process and performance record would benefit the Equity Fund. Based upon these factors and Chase's generally favorable performance record, BAIA recommended that the Board approve the Existing Portfolio Management Agreement between the Equity Fund, BAIA and Chase.

Based on the foregoing and on BAIA's quantitative and qualitative analysis, BAIA recommended, and the Equity Fund's Board of Trustees approved on May 10, 2006, the termination of the Equity Fund's portfolio management agreement with Mastrapasqua and its replacement with Chase, effective June 1, 2006. Shareholders are not being asked to approve this Existing Portfolio Management Agreement with Chase at the Meeting. Instead, Shareholder approval is sought to approve the New Portfolio Management Agreements, which are between each Fund, ALPS Advisers and each respective Portfolio Manager.

30

### DESCRIPTION OF THE EXISTING AND NEW PORTFOLIO MANAGEMENT AGREEMENTS

The form of the New Portfolio Management Agreement is set forth in Exhibit C to this Proxy Statement. The description of terms in this section is qualified in its entirety by reference to Exhibit C. Exhibit D shows the date of each Existing Portfolio Management Agreement, the date when each Existing Portfolio Management Agreement was last approved by the Board with respect to each Fund, the date when each Existing Portfolio Management Agreement was last submitted to a vote of Shareholders of each Fund, including the purpose of such submission, and the advisory fee rates under both the Existing Portfolio Management Agreements and the New Portfolio Management Agreements for each Fund.

The terms of each New Portfolio Management Agreement are substantially the same as those of the respective Existing Portfolio Management Agreement. The Funds do not pay any fees under either the Existing Portfolio Management Agreements or the New Portfolio Management Agreements. All payments to a Portfolio Manager under an Existing Portfolio Management Agreement are made by BAIA and, if the New Portfolio Management Agreements are approved, will be made by ALPS Advisers. The fee rates to be paid by ALPS Advisers under each New Portfolio Management Agreement are the same as the fee rates paid by BAIA under the respective Existing Portfolio Management Agreement. However, under the New Portfolio Management Agreements, fees will be calculated on a daily rather than a weekly basis. ALPS Advisers and each Portfolio Manager have advised the Boards that they do not anticipate that the Transaction will result in any reduction in the quality of services now provided to the Funds or have any adverse effect on the ability of any Portfolio Manager to fulfill its obligations under the New Portfolio Management Agreements.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

The following discussion of the New Portfolio Management Agreement describes both the Existing Portfolio Management Agreements and the New Portfolio Management Agreements for each Fund. Each New Portfolio Management Agreement matches the form in Exhibit C, except for items specific to a Fund, such as the Fund's name and fee rate. The next several paragraphs briefly summarize some important provisions of the Existing and New Portfolio Management Agreements, but for a complete understanding of the Agreements, you should read Exhibits C and D.

### SERVICES PROVIDED BY THE PORTFOLIO MANAGERS

The New Portfolio Management Agreement for each Fund essentially provides that the Portfolio Manager, under the Board's and the Fund Manager's supervision and subject to the Fund's registration statement, will: (1) formulate and implement an investment program for the Fund's assets assigned to the Portfolio Manager; (2) decide what securities to buy and sell for the Fund's portfolio (or the portion of the Fund's portfolio managed by the Portfolio Manager); (3) select brokers and dealers to carry out portfolio transactions for the Fund (or the portion of the Fund's portfolio managed by the Portfolio Manager); and (4) report results to the Board of the Fund.

### TERM OF THE NEW PORTFOLIO MANAGEMENT AGREEMENTS

The New Portfolio Management Agreement provides that it will continue in effect for an initial period beginning on the Closing date, or such later date on which the Shareholders of each Fund approve the New Fund Management

31

Agreement, and ending on the second anniversary of that date. After that, it will continue in effect from year to year as long as the continuation is approved at least annually (i) by each Fund's respective Board or by vote of a majority of the outstanding voting securities of the Fund, and (ii) by vote of a majority of each Fund's Disinterested Trustees/Directors.

### TERMINATION OF THE NEW PORTFOLIO MANAGEMENT AGREEMENTS

The New Portfolio Management Agreement for each Fund may be terminated without penalty (i) by vote of the Fund's respective Board or by vote of a majority of the outstanding voting securities of the Fund, on thirty days' written notice to the Portfolio Manager, (ii) by the Fund Manager upon thirty days' written notice to the Portfolio Manager, or (iii) by the Portfolio Manager upon ninety days' written notice to the Fund Manager and the Fund, and the New Portfolio Management Agreements terminate automatically in the event of their "assignment," as described above, or upon termination of the New Fund Management Agreement.

### LIABILITY OF THE PORTFOLIO MANAGER

Each New Portfolio Management Agreement provides that the Portfolio Manager will not be liable to the Fund Manager, the relevant Fund or its Shareholders, except for liability arising from the Portfolio Manager's willful misfeasance, bad faith, gross negligence or violation of the standard of care established by and applicable to the Portfolio Manager in its actions under the New Portfolio Management Agreement or breach of its duty or obligations under the New Portfolio Management Agreement.

### DIFFERENCES BETWEEN THE EXISTING AND NEW PORTFOLIO MANAGEMENT AGREEMENTS

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

The New Portfolio Management Agreement for each Fund is substantially the same as the Existing Portfolio Management Agreement. However, the New Portfolio Management Agreement clarifies the portfolio management services that the Portfolio Manager will provide to the Fund and requires the Portfolio Manager to make certain additional representations and warranties. In addition, fees will be calculated and accrued daily and will be payable monthly. Under the Existing Portfolio Management Agreement for the Equity Fund, fees are calculated based on the Fund's average weekly net assets and are payable monthly. Under the Existing Portfolio Management Agreement for the Growth Fund, fees are calculated based on the Fund's average weekly net assets and are payable quarterly. Language also has been added to the New Portfolio Management Agreements requiring the Portfolio Manager to comply with various regulatory requirements relating to compliance programs.

The New Portfolio Management Agreements also have been revised to reflect changes resulting from the Transaction. The material terms of the New Portfolio Management Agreements that will be different from the terms of the Existing Portfolio Management Agreements are as follows: (1) ALPS Advisers will replace BAIA as investment adviser; (2) the dates of execution and termination will coincide with the Closing date and approval by Shareholders; and (3) the New Portfolio Management Agreement will require each Portfolio Manager to provide to the Fund and the Fund Manager summaries, certifications and reports regarding the Portfolio Manager's compliance policies and procedures.

32

### REQUIRED VOTE

Approval of each New Portfolio Management Agreement requires the affirmative vote of a "majority of the outstanding voting securities" of each Fund, which, under the Investment Company Act, means the affirmative vote of the lesser of (a) 67% or more of the shares of the Fund present at the Meeting or represented by proxy if the holders of more than 50% of the outstanding shares are present or represented by proxy, or (b) more than 50% of the outstanding shares.

THE BOARDS RECOMMEND THAT SHAREHOLDERS OF EACH FUND VOTE  
"FOR" PROPOSAL 3.

33

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

### PROPOSAL 4: APPROVAL OF A POLICY TO PERMIT EACH FUND AND ALPS ADVISERS, INC. TO ENTER INTO PORTFOLIO MANAGEMENT AGREEMENTS IN ADVANCE OF SHAREHOLDER APPROVAL

Shareholders of each Fund are being asked to approve a policy to permit the Fund and ALPS Advisers to enter into Portfolio Management Agreements in advance of Shareholder approval.

Under the terms of an exemptive order issued to each Fund and BAIA by the SEC (collectively, the "Existing Order"), the Funds may enter into a new Portfolio Management Agreement in advance of Shareholder approval. The Existing Order requires that the new Portfolio Management Agreement provide for a fee no higher than that provided in, and be on terms and conditions substantially similar to, the Funds' Agreements with its other Portfolio Managers. The Existing Order also requires that a new Portfolio Management Agreement be approved by Fund Shareholders at the regularly scheduled annual meeting next following the date of the new Portfolio Management Agreement.

Upon the Closing, the Funds no longer will be able to rely on the Existing Order because the Existing Order terminates once BAIA is no longer the Funds' investment adviser. The Funds and ALPS Advisers will apply for a new exemptive order for the same relief, subject to a number of additional conditions (the "New Order"). There can be no assurance that the SEC will grant the New Order. If the SEC grants the New Order, the Funds and ALPS Advisers will not be permitted to rely on the New Order unless the Shareholders of the Funds have approved the operation of each Fund in a manner that permits the Funds and ALPS Advisers to enter into Portfolio Management Agreements in advance of Shareholder approval. Approval of this proposal is sought so that the Funds can operate under the New Order as soon as it is issued. If the Transaction is not completed for any reason, the Existing Order will continue in effect.

#### BOARD APPROVAL AND RECOMMENDATION

On September 7, 2006, the Trustees/Directors of each Fund, all of whom are Disinterested Trustees/Directors, unanimously approved the submission to Shareholders of a policy to permit the Fund and ALPS Advisers to enter into Portfolio Management Agreements in advance of Shareholder approval and unanimously recommended that Shareholders of the Fund approve this proposal.

The Board recommends approval because reliance on the New Order would facilitate the operation of the Funds by ALPS Advisers in the same manner as the Funds are operated by BAIA in reliance on the Existing Order. Fund Shareholders would continue to benefit because this type of exemptive relief reduces Fund expenses to the extent that a Fund does not have to prepare and solicit proxies each and every time the Fund and the Fund Manager enter into or modify a Portfolio Management Agreement. The exemptive relief also permits a Fund to hire, terminate and replace Portfolio Managers more efficiently according to the judgment of the Board and ALPS Advisers.

If Shareholders approve the proposal, the Board will continue to oversee the selection and engagement of Portfolio Managers. The Board, including a majority of the Disinterested Trustees/Directors, will continue to evaluate and

consider for approval all new or amended Portfolio Management Agreements. In addition, Fund Shareholders would continue to approve each New Portfolio Management Agreement at the regularly scheduled annual meeting next following

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

the date of the Portfolio Management Agreement. In accordance with the Investment Company Act, and the terms of the Portfolio Management Agreements, the Board, including a majority of the Disinterested Trustees/Directors, will continue to review and consider for renewal, on an annual basis, each Portfolio Management Agreement after the initial term.

Shareholder approval of this proposal will not affect the total fees paid by the Funds to ALPS Advisers or the amounts paid by ALPS Advisers to each Portfolio Manager. In addition, any new Portfolio Management Agreement will provide for a fee no higher than that provided in the Funds' existing Portfolio Management Agreements and will be on substantially the same terms and conditions as the existing Portfolio Management Agreements. In the event a new Portfolio Management Agreement that became effective pursuant to the New Order provides for fees at rates less than those provided in the existing Portfolio Management Agreements, the difference will be passed on to the Fund and its Shareholders through a corresponding voluntary reduction in the fees payable by the Fund to ALPS Advisers.

If the proposal is not approved but the Transaction is approved it is unlikely that the Funds will be able to receive exemptive relief under Section 15(a) of the Investment Company Act allowing them to continue to operate in the current manner. However, if neither the proposal or Transaction is approved, the Funds will be able to rely on the Existing Order.

### REQUIRED VOTE

Approval of the proposal to permit the Funds and ALPS Advisers to enter into Portfolio Management Agreements in advance of Shareholder approval requires the affirmative vote of a "majority of the outstanding voting securities" of each Fund, which, under the Investment Company Act, means the affirmative vote of the lesser of (a) 67% or more of the shares of the Fund present at the Meeting or represented by proxy if the holders of more than 50% of the outstanding shares are present or represented by proxy, or (b) more than 50% of the outstanding shares.

THE BOARDS RECOMMEND THAT SHAREHOLDERS OF EACH FUND VOTE  
"FOR" PROPOSAL 4.

### EVALUATION BY THE BOARDS

#### BOARD MEETINGS AND CONSIDERATIONS

The Boards met in person on July 19, 2006, August 7, 2006, and [September 7], 2006 to evaluate, among other things, the Transaction, ALPS Advisers and ALPS, to determine whether consummating the Transaction was in the best interests of the Funds' Shareholders. At each of those meetings, and throughout the process to consider the Transaction, the Board, including the all Disinterested Trustees/Directors, was advised by its independent legal counsel.

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

In their consideration of the Transaction, the Board and its counsel reviewed materials furnished by BAIA and ALPS and met with senior representatives of ALPS and ALPS Advisers regarding their personnel, operations and financial condition. The Board also reviewed the terms of the Transaction and considered its possible effects on the Funds and their Shareholders. In this regard, the Trustees/Directors met with representatives of BAIA, ALPS and ALPS Advisers during board meetings and in private sessions to discuss the anticipated effects of the Transaction. During these meetings, the representatives of BAIA, ALPS and ALPS Advisers indicated their belief that the Transaction would not adversely affect (1) the continued operation of the Funds; (2) the capabilities of the senior investment advisory personnel of BAIA who currently manage the Funds to continue to provide these and other services to the Funds at the current levels as employees of ALPS Advisers; and (3) the capabilities of each Portfolio Manager to continue to provide the same level of advisory and other services to the Funds. Those representatives also indicated that they believed that the Transaction may provide certain benefits to the Funds, but also indicated that there could be no assurance as to any particular benefits that may result.

In connection with the Boards' recommendation that Shareholders approve the New Agreements required by the Transaction, the Trustees/Directors considered the following factors, in addition to the factors discussed below:

- (1) the manner in which the Funds' assets are managed will not change as a result of the Transaction, and the same people who currently manage the Funds assets will continue to do after the Transaction;
- (2) the material terms of the New Agreements and the agreements for the provision of administrative services to the Funds, including the fees payable by the Funds, are substantially the same as the terms of the Funds' existing agreements;
- (3) the favorable history, reputation, qualification, and background of ALPS;
- (4) the qualifications of the ALPS and ALPS Advisers personnel who will provide advisory and administrative services to the Funds;
- (5) ALPS' and ALPS Advisers' financial condition;

36

- (6) The fact that Fund Shareholders will not bear any costs in connection with the Transaction, inasmuch as BAIA and ALPS Advisers have committed to pay the expenses of the Funds in connection with the Transaction, including all expenses in connection with the solicitation of proxies; and
- (7) the Funds may realize benefits as a result of the Transaction, including possible benefits from the resources of ALPS that would now be available to each Fund.

### BOARD CONSIDERATION OF THE NEW AGREEMENTS

The Investment Company Act requires that the Board of each Fund review each Fund's advisory contracts and consider whether to approve them and

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

recommend that the Shareholders of each Fund approve them. At its meeting on [September 7], 2006, the Boards, all members of which are Disinterested Trustees/Directors, conducted such a review and approved the New Fund Management Agreement between each Fund and ALPS Advisers and the separate New Portfolio Management Agreements, each among the Fund, ALPS Advisers and a Portfolio Manager.

Prior to the Boards' approval of those agreements, the Disinterested Trustees/Directors met to consider management's recommendations as to the approval of each New Agreement. As part of the process to consider those matters, legal counsel to the Disinterested Trustees/Directors requested certain information from ALPS Advisers and each Portfolio Manager. In response to these requests, the Disinterested Trustees/Directors received reports from ALPS Advisers and each Portfolio Manager that addressed specific factors to be considered by the Boards. The Boards' counsel also provided the Disinterested Trustees/Directors and the Boards with a memorandum regarding their responsibilities pertaining to the approval of each New Agreement. Based on its evaluation, each Board unanimously concluded that the terms of each New Agreement were reasonable and fair and that the approval of each New Agreement was in the best interests of the Fund and its Shareholders.

In voting to approve each New Agreement, the Boards did not identify any single factor as all-important or controlling. The following summary does not identify all the matters considered by each Board, but provides a summary of the principal matters it considered. The Boards considered whether each New Agreement would be in the best interests of the respective Fund and its Shareholders, based on: (1) the nature, extent and quality of the services to be provided under the New Agreement; (2) the investment performance of the Fund; (3) the expenses borne by the Fund (including management fees and other expenses), the fees charged by ALPS and the Portfolio Managers to the Fund and to their other clients, as applicable, and projected profits to be realized by ALPS Advisers and its affiliates from their relationships with the Fund; (4) the fact that economies of scale may be realized as the Fund grows and whether fee levels will reflect economies of scale for the benefit of Shareholders; (5) potential fall-out benefits to ALPS Advisers and each Portfolio Manager from their relationships with the Fund; and (6) other general information about ALPS Advisers and each Portfolio Manager. The following is a summary of the Boards' consideration and conclusions regarding these matters.

### NATURE, EXTENT AND QUALITY OF THE SERVICES TO BE PROVIDED

37

The Board considered the nature, extent and quality of the services to be provided by ALPS Advisers, including portfolio manager selection, evaluation and monitoring, and the portfolio management services to be provided by each Portfolio Manager, in light of the investment objective of the respective Fund. The Board considered that, following the Transaction, the same senior investment advisory personnel that currently provides advisory services to each Fund are expected to continue to provide these services to each Fund as employees of ALPS Advisers. In that regard, the Boards considered the long-term history of care and conscientiousness in the management of each Fund provided by that personnel, which would continue to be provided following the Transaction. The Boards also considered each Portfolio Manager's demonstrated consistency in investment approach. The Boards reviewed the background and experience of (1) the current BAIA personnel to be employed by ALPS Advisers and to be responsible for portfolio manager selection, evaluation and monitoring for each Fund and (2) the



## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

Portfolio Manager personnel responsible for managing the portfolio of the respective Fund. The Boards also considered the compliance records of ALPS and each Portfolio Manager. Finally, the Boards also considered its and the Funds' long association with the current BAIA personnel to be employed by ALPS Advisers, the relationships those BAIA personnel maintain with the Portfolio Managers, and the ability of those personnel to evaluate the services provide by the Portfolio Managers.

The Boards concluded that the nature, extent and quality of the services to be provided by ALPS Advisers and the respective Portfolio Managers to the respective Funds were appropriate and consistent with the terms of the respective New Agreements and that each Fund was likely to benefit from services provided under the New Agreements. The Boards also concluded that the quality of the services provided by the senior advisory personnel to be employed by ALPS Advisers and by the Portfolio Managers had been consistent with or superior to quality norms in the industry, and that ALPS Advisers and the respective Portfolio Managers would have sufficient personnel, with the appropriate education and experience, to serve each Fund effectively. The Boards also concluded that the Portfolio Managers had demonstrated a continuing ability to attract and retain well-qualified personnel, and that the structure of ALPS Advisers' operations was sufficient to retain and properly motivate the Funds' current senior advisory personnel who were to be employed by ALPS Advisers. Finally, the Boards concluded that the financial condition of ALPS Advisers and of each respective Portfolio Manager was sound.

### INVESTMENT PERFORMANCE

The Boards reviewed the long-term and short-term investment performance of each Fund and of other investment companies and other accounts managed by the Portfolio Managers at the time of the annual renewal of the Fund's advisory contracts. In that connection, the Boards also considered the long-term and short-term investment performance of the existing senior investment advisory personnel of BAIA who will continue to manage the Funds as ALPS employees, in the absence of any investment performance data for ALPS Advisers. The performance information previously provided demonstrated to the Boards a generally consistent pattern of favorable long-term performance of each Fund.

### COSTS OF THE SERVICES TO BE PROVIDED TO THE FUNDS AND THE PROJECTED PROFITS TO BE REALIZED BY ALPS ADVISERS FROM ITS RELATIONSHIP WITH THE FUNDS

38

The Boards reviewed the fees to be paid by each Fund to ALPS Advisers and the fees to be paid by ALPS Advisers to the Portfolio Managers, noting that the rates of fees to be paid under the New Agreements are the same fee rates the Funds currently pay. In that regard, the Board noted that it had reviewed comparative fee information at the time of the annual renewal of the Fund's advisory contracts earlier in the year, including information about (1) the rates of compensation paid to investment advisers, and overall expense ratios, for funds comparable in size, character and investment strategy to the Funds and (2) the fees charged by the Portfolio Managers to their other client accounts, including institutional accounts. The Boards noted that currently ALPS Advisers does not manage other accounts. The Boards also considered that the Portfolio Managers would be paid by ALPS Advisers, not the Funds. Further, the Boards also considered the differences in the level of services provided and the differences in responsibility of the Portfolio Managers to each Fund and to other accounts. The Boards also noted that each Fund's fee schedule has breakpoints at which the advisory fee rate declines as the Fund's assets increase above the breakpoint, and further noted that those schedules would

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

remain unchanged under the New Agreements. The Boards concluded that the management fees payable by each Fund to ALPS Advisers and the fees payable by ALPS Advisers to the Portfolio Managers were reasonable in relation to the nature and quality of the services expected to be provided, taking into account the fees charged by other advisers for managing comparable funds with similar strategies and the fees the Portfolio Managers charge to other clients.

### PROJECTED PROFITABILITY AND COSTS OF SERVICES TO ALPS ADVISERS

The Boards reviewed reports of the financial position of each of the Portfolio Managers at the time of the annual renewal of the Fund's advisory contracts, and in that regard noted that the rates of fees payable to the Portfolio Managers under the New Agreements were unchanged from the current agreements. The Boards considered the projected profitability of ALPS' overall relationship with the Funds, which included fees payable to ALPS Advisers for advisory services as well as fees payable to other ALPS affiliates for non-advisory services, and concluded that the projected profitability of ALPS was reasonable in relation to the services to be provided and to the costs of providing services to each Fund. The Boards also considered the potential "fall-out" benefits (including the receipt of research products and services from unaffiliated brokers) that ALPS Advisers or the Portfolio Managers might receive in connection with their association with the Funds, and acknowledged each Portfolio Manager's well-established stand-alone management relationships independent of each Fund and the regulatory risks each assumed in connection with the management of each Fund.

### EXTENT OF ECONOMIES OF SCALE AS THE FUNDS GROWS AND WHETHER FEE LEVELS REFLECT ECONOMIES OF SCALE

The Boards reviewed the Fund's management fee schedules and the breakpoints in the schedule and concluded that the fee schedules reflect certain economies of scale that may be realized by ALPS Advisers as the assets of each Fund increase.

Based on their evaluation, the Boards unanimously concluded that the terms of the New Agreements are reasonable, fair and in the best interests of each Fund and its Shareholders. The Boards believe that the New Agreements will enable each Fund to continue to enjoy the high-quality investment management and sub-advisory services it has received in the past from its Fund Manager and each

39

Portfolio Manager, at fee rates identical to the present rates, which the Boards deem appropriate, reasonable and in the best interests of each Fund and its Shareholders. The Board unanimously voted to approve and to recommend to the Shareholders of each Fund that they approve the New Agreements.

### SECTION 15(F) OF THE INVESTMENT COMPANY ACT

Section 15(f) of the Investment Company Act permits an investment adviser of a registered investment company (or any affiliated persons of the investment adviser) to receive any amount or benefit in connection with a sale of an interest in the investment adviser, provided that two conditions are satisfied.

First, an "unfair burden" may not be imposed on the investment company as a result of the sale of the interest, or any express or implied terms, conditions or understandings applicable to the sale of the interest. The term

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

"unfair burden," as defined in the Investment Company Act, includes any arrangement during the two-year period after the transaction whereby the investment adviser (or predecessor or successor adviser), or any "interested person" of the adviser (as defined in the Investment Company Act), receives or is entitled to receive any compensation, directly or indirectly, from the investment company or its security holders (other than fees for bona fide investment advisory or other services), or from any person in connection with the purchase or sale of securities or other property to, from or on behalf of the investment company (other than ordinary fees for bona fide principal underwriting services).

Second, during the three-year period after the transaction, at least 75% of the members of the investment company's board of trustees/directors cannot be "interested persons" (as defined in the Investment Company Act) of the investment adviser or its predecessor.

Although the Transaction involves a sale of a portion of the business of BAIA rather than the sale of an interest in BAIA, BAIA and ALPS Advisers intend for the Transaction to come within the safe harbor provided by section 15(f). The Boards have not been advised by BAIA, ALPS or ALPS Advisers of any circumstances arising from the Transaction that might result in the imposition of an "unfair burden" on any Fund. Moreover, ALPS Advisers has agreed that, for two years after the consummation of the Transaction, ALPS Advisers will use reasonable best efforts to refrain from imposing, or agreeing to impose, any unfair burden on the Fund. At the present time, 100% of the Trustees/Directors are classified as Disinterested Trustees/Directors and following the Transaction, all but one of the Trustees/Directors will be classified as such. ALPS Advisers has agreed to use its reasonable best efforts to ensure that at least 75% of the Trustees/Directors are not "interested persons" (as defined in the Investment Company Act) of ALPS Advisers or BAIA during the three-year period after the completion of the Transaction.

### INFORMATION ABOUT THE FUND MANAGER AND AFFILIATES

#### ALPS AND ITS AFFILIATES

ALPS, located at 1625 Broadway, Suite 2200, Denver, Colorado 80202, was founded in 1985 as a provider of fund administration and fund distribution services. Since then, ALPS has added additional services, including fund

40

accounting, transfer agency, shareholder services, active distribution, legal, tax and compliance services. ALPS has four primary lines of business: Open-End Fund Services, Closed-End Fund Services, Exchange-Traded Fund Services and the Financial Investors Trust business. ALPS is headquartered in Denver, Colorado. ALPS conducts its business through two wholly-owned subsidiaries: ALPS Fund Services, a service company and SEC-registered transfer agent; and ALPS Distributors, an NASD-registered broker-dealer, currently registered in all 50 states. ALPS' investment advisory business (including management of the Funds) will be conducted through a third wholly-owned subsidiary, ALPS Advisers, which will be registered as an investment adviser with the SEC. ALPS and its affiliates provide fund administration services to funds with assets in excess of \$13 billion and distribution services to funds with assets of more than \$120 billion.

In September 2005, ALPS completed a recapitalization sponsored by Lovell Minnick Partners LLC ("LMP"). LMP is a financial services focused private

## Edgar Filing: LIBERTY ALL STAR GROWTH FUND INC /MD/ - Form PRE 14A

equity firm that controls and manages private equity partnerships with over \$350 million in committed capital. LMP owns 79.96% of ALPS on a fully issued basis.

Information regarding the executive officers and directors of ALPS and the 10% beneficial owners is attached in Exhibit E.

### BAIA AND ITS AFFILIATES

BAIA, 100 Federal Street, Boston, Massachusetts 02110, is a wholly-owned subsidiary of Bank of America, N.A., which is an indirect subsidiary of Bank of America Corporation. BAIA is an SEC-registered investment adviser that provides investment advisory and certain administrative services to the Funds, other closed-end funds and privately placed funds. BAIA also provides services for investment advisory programs offered by certain of its affiliates.

BAIA has delegated certain of its administrative responsibilities under the Existing Fund Management Agreements to its affiliate CMA, One Financial Center, Boston, Massachusetts 02111, as the sub-administrator. CMA is also responsible for providing pricing and bookkeeping services for the Funds under the Existing Pricing Agreement.

Information regarding the principal executive officers, directors and certain other officers of BAIA is attached in Exhibit F. Information regarding the management and administration fees paid to BAIA, and the bookkeeping and pricing fees paid to CMA during the Funds' most recently completed fiscal year is also attached in Exhibit F. There were no other material payments by the Funds to BAIA or any of its affiliates during that period.

### INFORMATION ABOUT THE PORTFOLIO MANAGERS

#### EQUITY FUND PORTFOLIO MANAGERS

Information for each Equity Fund Portfolio Manager regarding its principal executive officer, directors and certain other officers, 10% beneficial owners and other funds managed including the management fees payable by those funds having investment objectives similar to those of the Equity Fund is attached in Exhibit G. Information regarding the advisory fees paid to each Equity Fund

41

Portfolio Manager during the Equity Fund's most recently completed fiscal year is also attached in Exhibit G.

CHASE INVESTMENT COUNSEL CORPORATION ("Chase"), located at 300 Preston Avenue, Suite 403, Charlottesville, VA 22902-5091 is an independent firm founded in 1957. Chase is 100% owned by its investment professionals. As of December 31, 2005, Chase had approximately \$5 billion in assets under management.

MATRIX ASSET ADVISERS, INC. ("Matrix"), located at 747 Third Avenue, New York, NY 10017, is an independently owned firm founded in 1986 by David A. Katz and John M. Gates. Mr. Katz serves as President and Chief Investment Officer of Matrix and manages the portion of the Equity Fund's portfolio assets that is assigned to Matrix. Prior to co-founding Matrix in 1986, Mr. Katz was with Management Asset Corporation. Matrix is 100% employee-owned. As of December 31, 2005, Matrix had approximately \$1.8 billion in assets under management.

PZENA INVESTMENT MANAGEMENT, LLC ("Pzena"), located at 120 West 45th Street, New York, NY 10036, is an independently owned firm founded in 1995 b