

LIBERTY ALL STAR GROWTH FUND INC.

Form N-30B-2

November 27, 2012

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

Period Ending September 30, 2012 (Unaudited)

**Fund Statistics**

Net Asset Value (NAV)		\$4.58
Market Price		\$4.23
Discount		7.6%
	<b>Quarter</b>	<b>Year-to-Date</b>
Distributions	\$0.06	\$0.20
Market Price Trading Range	\$3.74 to \$4.30	\$3.74 to \$4.43
Discount Range	6.8% to 11.3%	6.2% to 11.7%

**Performance**

Shares Valued at NAV	7.42%	13.17%
Shares Valued at NAV with Dividends Reinvested	7.33%	13.34%
Shares Valued at Market Price with Dividends Reinvested	7.58%	16.50%
NASDAQ Composite Index	6.50%	20.65%
Russell 3000® Growth Index	6.01%	16.59%
S&P 500® Index	6.35%	16.44%
Lipper Multi-Cap Growth Mutual Fund Average*	5.71%	15.53%
NAV Reinvested Percentile Rank (1 = best; 100 = worst)	14th	73rd
Number of Funds in Category	570	555

\* Percentile rank calculated using the Fund's NAV Reinvested return within the Lipper Multi-Cap Growth Mutual Fund Universe.

Figures shown for the Fund and the Lipper Multi-Cap Growth Mutual Fund Average are total returns, which include dividends, after deducting fund expenses. Figures shown for the unmanaged NASDAQ Composite Index, the Russell 3000® Growth Index and the S&P 500® Index are total returns, including dividends. A description of the Lipper benchmark and the market indices can be found on page 16.

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

The Fund is a closed-end fund and does not continuously offer shares. The Fund trades in the secondary market, investors wishing to buy or sell shares need to place orders through an intermediary or broker by using the Fund's ticker symbol: ASG. The share price of a closed-end fund is based on the market's value. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value.

Fellow Shareholders:

October 2012

After giving up ground in the second quarter, equities returned to positive territory in the third quarter – not rivaling the exceptional returns of the first quarter, but a gratifying three months nonetheless. The S&P 500® Index returned 6.35 percent for the quarter, bringing its year-to-date return through September 30 to 16.44 percent. The Russell 3000® Growth Index returned 6.01 percent for the quarter and 16.59 percent through the first nine months of the year, while the technology-oriented NASDAQ Composite Index returned 6.50 percent and 20.65 percent for the two respective periods.

The same fears that dealt a setback to equities in the second quarter simmered beneath the surface in the third quarter; these were largely macro concerns, including worries over defaults on sovereign debt in Europe, slower economic growth in China, and federal budget deficits and the looming fiscal cliff in the U.S. Nevertheless, investors were more willing to take on risk during the third quarter. Equities benefited from expectations that central banks around the world would take steps to stimulate their economies. In the euro zone, investors were heartened by the European Central Bank's plan to buy government debt and thus reduce some nations' borrowing costs. In the U.S., the economy continued to be burdened by the weakest economic recovery since the Great Depression. The housing sector showed some strength, however, and consumer confidence posted a surprising increase in August. Corporations' earnings reports generally topped expectations; select technology companies, in particular, performed well.

Liberty All-Star Growth Fund outperformed all relevant indices in a strong three-month period. For the quarter, the Fund returned 7.42 percent with shares valued at net asset value (NAV), 7.33 percent with shares valued at NAV with dividends reinvested and 7.58 percent with shares valued at market price (with dividends reinvested). In addition to topping the S&P 500® Index, the Russell 3000® Growth Index and the NASDAQ Composite Index, as cited in the first paragraph, the Fund's return ranked it in the 14<sup>th</sup> percentile of the Upper Multi-Cap Growth Mutual Fund Universe – which returned 5.71 percent – meaning the Fund outperformed 86 percent of the funds in that peer group.

Year-to-date through September 30, the Fund returned 13.17 percent with shares valued at NAV, 13.34 percent with shares valued at NAV with dividends reinvested and 16.50 percent with shares valued at market price (with dividends reinvested). Although these are good absolute returns, the Fund's relative year-to-date performance is weighed down by a sub par performance in the second quarter, which left the Fund ranking in the 73<sup>rd</sup> percentile of the Upper peer group through September 30.

The Fund's distribution policy, which has been in place since 1997, is a major component of the Fund's total return. The Fund pays out 1.5 percent of its NAV each quarter, or 6 percent annually. Often, however, these distributions – either in cash or reinvested in additional Fund shares – are overlooked. As you will see in the table on the inside front cover, the Fund has paid distributions totaling \$0.20 through the first three quarters of the year and will pay \$0.27 for the year. Bear in mind, as well, that these distributions add up over time; the Fund has paid distributions totaling \$11.17 per share since the Fund commenced its distribution policy in 1997.

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President's Letter

Liberty All-Star® Growth Fund

After lagging in the second quarter, the Fund outperformed in the third quarter. More importantly, we are pleased that the Fund's three-, five- and 10-year returns all rank in the top half of its Lipper peer group universe. With a wide range of factors likely to influence the equity market in the final quarter—including the presidential election—it should be an interesting close to the year. No matter what the investment environment holds, please be assured that your management team at ALPS Advisors and the Fund's three growth style investment managers remain committed to diligence, prudence and discipline.

Sincerely,

William R. Parmentier, Jr.

President and Chief Executive Officer

Liberty All-Star® Growth Fund, Inc.

The views expressed in the President's letter reflect the views of the President as of October 2012 and may not reflect his views on the date this report is first published or anytime thereafter. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the Fund disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for the Fund are based on numerous factors, may not be relied on as an indication of trading intent.

Liberty All-Star® Growth Fund

Table of Distributions &amp; Rights Offerings

Year	Per Share		Rights Offerings	Subscription Price
	Distributions	Month Completed	Shares Needed to Purchase One Additional Share	
1997	\$1.24			
1998	1.35	July	10	\$12.41
1999	1.23			
2000	1.34			
2001	0.92	September	8	6.64
2002	0.67			
2003	0.58	September	8*	5.72
2004	0.63			
2005	0.58			
2006	0.59			
2007	0.61			
2008	0.47			
2009**	0.24			
2010	0.25			
2011	0.27			
2012				
1 <sup>st</sup> Quarter	0.07			
2 <sup>nd</sup> Quarter	0.07			
3 <sup>rd</sup> Quarter	0.06			
Total	\$11.17			

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

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

#### **DISTRIBUTION POLICY**

Liberty All-Star® Growth Fund, Inc.'s current policy is to pay distributions on its shares totaling approximately 6 percent of its net asset value per year, payable in four quarterly installments of 1.5 percent of the Fund's net asset value at the close of the New York Stock Exchange on the Friday prior to each quarterly declaration date. The fixed distributions are not related to the amount of the Fund's net investment income or net realized capital gains or losses and may be taxed as ordinary income up to the amount of the Fund's current and accumulated earnings and profits. If, for any calendar year, the total distributions made under the distribution policy exceed the Fund's net investment income and net realized capital gains, the excess will generally be treated as a non-taxable return of capital, reducing the shareholder's adjusted basis in his or her shares. If the Fund's net investment income and net realized capital gains for any year exceed the amount distributed under the distribution policy, the Fund may, in its discretion, retain and not distribute net realized capital gains and pay income tax thereon to the extent of such excess.

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Top 20 Holdings & Economic Sectors  
September 30, 2012 (Unaudited)

Liberty All-Star® Growth Fund

Top 20 Holdings*	Percent of Net Assets
Apple, Inc.	3.27%
Salesforce.com, Inc.	2.43
ACE Ltd.	2.12
Oceaneering International, Inc.	2.00
QUALCOMM, Inc.	1.93
American Tower Corp., Class A	1.84
Core Laboratories N.V.	1.79
ARM Holdings PLC	1.74
Fastenal Co.	1.68
Intuitive Surgical, Inc.	1.64
IHS, Inc., Class A	1.46
Google, Inc., Class A	1.46
Signature Bank	1.43
Precision Castparts Corp.	1.36
Liquidity Services, Inc.	1.27
Allergan, Inc.	1.21
Cerner Corp.	1.17
Schlumberger Ltd.	1.16
LKQ Corp.	1.15
Amazon.com, Inc.	1.14
	33.25%

Economic Sectors*	Percent of Net Assets
Information Technology	31.24%
Industrials	14.32
Consumer Discretionary	13.40
Health Care	11.52
Financials	9.69
Energy	8.66
Consumer Staples	3.16
Materials	2.69
Telecommunication Services	1.84
Utilities	0.54
Other Net Assets	2.94
	100.00%

\* Because the Fund is actively managed, there can be no guarantee that the Fund will continue to hold securities of the indicated issuers and sectors in the future.

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Liberty All-Star® Growth Fund

Major Stock Changes in the Quarter

The following are the major (\$600,000 or more) stock changes - both purchases and sales - that were made in the Fund's portfolio during the third quarter of 2012.

Security Name	Purchases (Sales)	Shares Held as of 9/30/12
<b>Purchases</b>		
Equinix, Inc.	3,500	3,500
Starbucks Corp.	18,150	18,150
Verisk Analytics, Inc., Class A	15,100	15,100
<b>Sales</b>		
ACE Ltd.	(9,250)	29,250
Apple, Inc.	(1,600)	5,100
BioMarin Pharmaceutical, Inc.	(20,685)	29,147
C.H. Robinson Worldwide, Inc.	(15,200)	6,000
Expeditors International of Washington, Inc.	(28,150)	14,900
F5 Networks, Inc.	(6,192)	1,008
Human Genome Sciences, Inc.	(96,108)	0
Occidental Petroleum Corp.	(7,850)	12,250
Salesforce.com, Inc.	(4,850)	16,600
TripAdvisor, Inc.	(20,200)	0
VMware, Inc., Class A	(11,250)	9,800

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Investment Managers/

Portfolio Characteristics

Liberty All-Star® Growth Fund

**THE FUND'S THREE GROWTH INVESTMENT MANAGERS AND THE MARKET CAPITALIZATION ON WHICH EACH FOCUSES:****MANAGERS' DIFFERING INVESTMENT STRATEGIES ARE REFLECTED****IN PORTFOLIO CHARACTERISTICS**

The portfolio characteristics table below is a regular feature of the Fund's shareholder reports. It serves as a useful tool for understanding the value of the Fund's multi-managed portfolio. The characteristics are different for each of the Fund's three investment managers. These differences are a reflection of the fact that each has a different capitalization focus and investment strategy. The shaded column highlights the characteristics of the Fund as a whole, while the first three columns show portfolio characteristics for the Russell Smallcap, Midcap and Largecap Growth indices. See page 16 for a description of these indices.

**PORTFOLIO CHARACTERISTICS** *As of September 30, 2012 (Unaudited)*

	RUSSELL GROWTH:			Market Capitalization Spectrum			TOTAL FUND
	SMALLCAP INDEX	MIDCAP INDEX	LARGECAP INDEX	Small M.A. WEATHERBIE	TCW (MID-CAP)	Large TCW (LARGE-CAP)	
Number of Holdings	1,112	454	567	59	53	32	131*
Weighted Average Market Capitalization (billions)	\$1.5	\$9.1	\$121.1	\$2.6	\$9.0	\$103.3	\$40.1
Average Five-Year Sales Per Share Growth	8%	9%	13%	13%	15%	18%	15%
Average Five-Year Earnings Per Share Growth	15%	15%	19%	17%	20%	25%	21%
Price/Earnings Ratio**	21x	21x					