

LIBERTY ALL STAR GROWTH FUND INC.
Form N-CSRS
August 27, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number: 811-04537

Liberty All-Star Growth Fund, Inc.

(exact name of registrant as specified in charter)

1290 Broadway, Suite 1100, Denver, Colorado 80203

(Address of principal executive offices) (Zip code)

ALPS Fund Services, Inc.

1290 Broadway, Suite 1100

Denver, Colorado 80203

(Name and address of agent for service)

Registrant's telephone number, including area code: 303-623-2577

Date of fiscal year end: December 31

Date of reporting period: January 1, 2018 – June 30, 2018

Item 1. Reports to Stockholders.

Contents

1	<u>President's Letter</u>
5	<u>Table of Distributions and Rights Offerings</u>
6	<u>Top 20 Holdings and Economic Sectors</u>
7	<u>Major Stock Changes in the Quarter</u>
8	<u>Investment Managers/Portfolio Characteristics</u>
9	<u>Manager Interview</u>
11	<u>Schedule of Investments</u>
17	<u>Statement of Assets and Liabilities</u>
18	<u>Statement of Operations</u>
19	<u>Statements of Changes in Net Assets</u>
20	<u>Financial Highlights</u>
22	<u>Notes to Financial Statements</u>
30	<u>Additional Information</u>
31	<u>Board Consideration of the Renewal of the Fund Management & Portfolio Management Agreements</u>
36	<u>Description of Lipper Benchmark and Market Indices</u>
	<u>Inside Back Cover: Fund Information</u>

A SINGLE INVESTMENT...

A DIVERSIFIED GROWTH PORTFOLIO

A single fund that offers:

A diversified, multi-managed portfolio of small, mid- and large cap growth stocks

Exposure to many of the industries that make the U.S. economy one of the world's most dynamic

Access to institutional quality investment managers

Objective and ongoing manager evaluation

Active portfolio rebalancing

A quarterly fixed distribution policy

Actively managed, exchange-traded closed-end fund listed on the New York Stock Exchange (ticker symbol: ASG)

LIBERTY ALL-STAR® GROWTH FUND, INC.

Liberty All-Star® Growth Fund President's Letter
(Unaudited)

Fellow Shareholders: July 2018

Pulled one way and then another in a tug of war between a strong domestic economy and fears over fallout from a global trade conflict, the equity market emerged from the battle with moderate gains in the second quarter. The S&P 500® Index returned 3.43 percent and the Dow Jones Industrial Average (DJIA) advanced 1.26 percent. Technology stocks were the period's standout, powering the NASDAQ Composite Average to a strong return of 6.61 percent. The NASDAQ Composite rose for the eighth consecutive quarter and posted record highs in June.

The NASDAQ Composite's results built on a 2.59 percent gain in the first quarter, leading to a first half return of 9.37 percent. The S&P 500® was mildly negative at a return of -0.76 percent for the first quarter but its positive performance in the second quarter left it with a first half advance of 2.66 percent. That was not the case for the DJIA, whose modest second quarter gain could not overcome its -1.96 percent first quarter return, leaving it with a -0.73 percent return for the first six months. The broad market Russell 3000® Growth Index returned 5.87 percent for the quarter. Among key market capitalization indices, the Russell 1000® Growth Index (large cap) returned 5.76 percent while the Russell Midcap® Growth Index returned 3.16 percent. Small cap stocks, as represented by the Russell 2000® Growth Index, enjoyed a strong quarter, returning 7.23 percent.

Employment data were strong throughout the quarter. The March jobs report was below expectations, but after that the data for April, May and June were all strong. In May, the unemployment rate fell to 3.8 percent, the lowest since April 2000. Wages, however, showed muted gains. The Commerce Department reported that the U.S. economy grew moderately in the first quarter—2.3 percent, later adjusted downward to 2.0 percent—as robust business investment helped offset weak consumer spending. Consumers kept an eye on gas prices, which continued to rise during the quarter, with U.S. crude hitting its highest price since 2014 in late June. Data indicated that economic activity in the industrial sector continued its long-term upward trend, but investors shunned industrial stocks over trade war concerns. As expected, in June the Federal Reserve raised the federal funds rate by another 0.25 percent to a range of 1.75 to 2.00 percent and issued a hawkish statement saying it may pick up the pace of rate increases if unemployment continues to fall and inflation rises.

Behind periodic sell-offs over the quarter—as well as reversals in the DJIA that stretched for up to eight trading days at a time—was the headline story of the quarter: fears of an escalating global trade war. The Trump administration imposed steel and aluminum tariffs on the European Union, Mexico and Canada, all of which retaliated with tariffs of their own. The U.S. also announced tariffs on \$34 billion of Chinese imports to the U.S. The Chinese shot back, saying the U.S. had started “the biggest trade war in history” and retaliated with tariffs on \$34 billion of U.S. goods. Additional U.S. tariffs on more than \$500 billion of imported Chinese goods were in play as the quarter ended. Technology stocks, which powered the NASDAQ Composite to its strong quarter, are subject to the forces shaping global trade, but were viewed by investors as having growth characteristics strong enough to buffer them from the most consequential impacts of tariffs, should they fully materialize.

Semi-Annual Report (Unaudited) | June 30, 2018 1

Liberty All-Star® Growth Fund President's Letter
(Unaudited)

Liberty All-Star® Growth Fund

Liberty All-Star® Growth Fund outperformed its primary benchmark as well as key market indices for the second quarter. For the period, the Fund returned 6.57 percent with shares valued at net asset value (NAV) with dividends reinvested and 11.67 percent with shares valued at market price with dividends reinvested. The Fund's primary benchmark, the Lipper Multi-Cap Growth Mutual Fund Average, returned 4.96 percent for the quarter. The Fund's performance for the quarter ranked it in the top 20 percent of peer funds in the Lipper Multi-Cap Growth universe.

Fund performance was also strong for the first half, as the Fund returned 8.61 percent with shares valued at NAV with dividends reinvested and 24.30 percent with shares valued at market price with dividends reinvested. The Lipper Multi-Cap Growth Mutual Fund Average returned 7.91 percent for the period. The Fund's performance for the first half ranked it in the 35th percentile of peer funds in the Lipper Multi-Cap Growth universe.

The discount at which Fund shares traded relative to their underlying NAV during the quarter was replaced by a premium to NAV of 0.5 percent to 15.0 percent. The only time the Fund traded at a discount to NAV this year was during the first half of January.

Turning to Fund news, the Board of Directors has authorized a rights offering enabling shareholders to purchase one additional share of the Fund for every three shares held, with the right to subscribe for additional shares not subscribed by others. The subscription price per share will be 95 percent of the reported NAV or market price per share, whichever is lower as of the expiration date. If over-subscription requests exceed the number of shares available in the offering, the Fund may elect to issue up to an additional 25 percent of shares above those offered in the primary subscription. Details of the offering are contained in the prospectus, which is subject to the effectiveness of the Fund's registration statement which has been filed with the Securities and Exchange Commission.

In further Fund news, as mentioned in last quarter's report, there was a Special Meeting of Shareholders on May 31 to approve new fund management and portfolio management agreements with ALPS Advisors and each of the current portfolio managers, respectively. This was required as a result of the acquisition of ALPS Advisors' parent company, DST Systems, Inc., by SS&C Technologies Holdings, Inc. Each of the proposals was overwhelmingly approved, and we thank shareholders for their support. Details about the vote may be found in the Additional Information section in this report.

In accordance with the Fund's distribution policy, the Fund paid a distribution of \$0.11 to shareholders during the quarter, bringing the total distributed to shareholders since 1997, when the distribution policy commenced, to \$13.66 per share. The Fund's distribution policy is a major component of the Fund's total return, and we continue to emphasize

that shareholders should include these distributions when determining the total return on their investment in the Fund.

2 www.all-starfunds.com

Liberty All-Star® Growth Fund President's Letter
(Unaudited)

We invite shareholders to read the interview with George Fraise, Founding Principal of Sustainable Growth Advisers, which appears in this report. Sustainable is the Fund's large-cap growth manager. We are gratified by the Fund's performance in the second quarter and throughout the first half of 2018 as well as the Fund's 28th percentile ranking in the Lipper Multi-Cap Growth universe for the past three years. We believe this serves to confirm the validity of the Fund's multi-manager structure, focus on long-term investment objectives and dedication to putting shareholder interests first and foremost. Looking ahead, much remains unresolved—principally, the potential economic fallout if global trade tensions escalate. As the ultimate outcome cannot be anticipated, we will continue our commitment to superior Fund management.

Sincerely,

William R. Parmentier, Jr.
President and Chief Executive Officer
Liberty All-Star® Growth Fund, Inc.

The views expressed in the President's letter and the Manager Interview reflect the views of the President and Manager as of July 2018 and may not reflect their 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.

Semi-Annual Report (Unaudited) | June 30, 2018 3

Liberty All-Star® Growth Fund President's Letter
(Unaudited)

Fund Statistics (Periods ended June 30, 2018)

Net Asset Value (NAV)	\$5.92
Market Price	\$6.62
Premium	11.8%

	Quarter		Year-to-Date	
Distributions*	\$ 0.11		\$ 0.23	
Market Price Trading Range	\$5.72 to \$6.79		\$5.50 to \$6.79	
Premium/(Discount) Range	0.5% to 15.0%		-3.6% to 15.0%	
Performance (Periods ended June 30, 2018)				
Shares Valued at NAV with Dividends Reinvested	6.57	%	8.61	%
Shares Valued at Market Price with Dividends Reinvested	11.67	%	24.30	%
Dow Jones Industrial Average	1.26	%	-0.73	%
Lipper Multi-Cap Growth Mutual Fund Average	4.96	%	7.91	%
NASDAQ Composite Index	6.61	%	9.37	%
Russell Growth Benchmark	5.66	%	7.64	%
S&P 500® Index	3.43	%	2.66	%

Sources of distributions to shareholders may include ordinary dividends, long-term capital gains and return of capital. The final determination of the source of all distributions in 2018 for tax reporting purposes will be made *after year end. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during its fiscal year and may be subject to changes based on tax regulations. Pursuant to Section 852 of the Internal Revenue Code, the taxability of these distributions will be reported on Form 1099-DIV for 2018.

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

The returns shown for the Lipper Multi-Cap Growth Mutual Fund Average are based on open-end mutual funds' total returns, which include dividends, and are net of fund expenses. Returns for the unmanaged Dow Jones Industrial Average, NASDAQ Composite Index, the Russell Growth Benchmark and the S&P 500® Index are total returns, including dividends. A description of the Lipper benchmark and the market indices can be found on page 36.

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

Fund involves risk, including loss of principal.

Closed-end funds raise money in an initial public offering and shares are listed and traded on an exchange. Open-end mutual funds continuously issue and redeem shares at net asset value. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value.

4 www.all-starfunds.com

Liberty All-Star® Growth Fund Table of Distributions & Rights Offerings
(Unaudited)

Year	Per Share Distributions	Rights Offerings		
		Month Completed	Shares Needed to Purchase One Additional Share	Subscription Price
1997	\$1.24			
1998	1.35	July	10	\$12.41
1999	1.23			
2000	1.34			
2001	0.92	September	8	6.64
2002	0.67			
2003	0.58	September	8 ¹	5.72
2004	0.63			
2005	0.58			
2006	0.59			
2007	0.61			
2008	0.47			
2009 ²	0.24			
2010	0.25			
2011	0.27			
2012	0.27			
2013	0.31			
2014	0.33			
2015 ³	0.77			
2016	0.36			
2017	0.42			
2018				
1 st Quarter	0.12			
2 nd Quarter	0.11			
Total	\$13.66			

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

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

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

DISTRIBUTION POLICY

The current policy is to pay distributions on its shares totaling approximately 8 percent of its net asset value per year, payable in four quarterly installments of 2 percent of the Fund's net asset value at the close of the New York Stock Exchange on the Friday prior to each quarterly declaration date. Sources of distributions to shareholders may include

ordinary dividends, long-term capital gains and return of capital. The final determination of the source of all distributions in 2018 for tax reporting purposes will be made after year end. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. If the Fund's ordinary dividends and long-term capital gains for any year exceed the amount distributed under the distribution policy, the Fund may, in its discretion, retain and not distribute capital gains and pay income tax thereon to the extent of such excess.

Liberty All-Star® Growth Fund Top 20 Holdings & Economic Sectors
June 30, 2018 (Unaudited)

Top 20 Holdings*	Percent of Net Assets	
Wayfair, Inc.	2.22	%
FirstService Corp.	2.00	
Chegg, Inc.	2.00	
XPO Logistics, Inc.	1.84	
Insulet Corp.	1.74	
Paylocity Holding Corp.	1.55	
Ebix, Inc.	1.41	
Everbridge, Inc.	1.36	
UnitedHealth Group, Inc.	1.36	
Equinix, Inc.	1.36	
Stamps.com, Inc.	1.35	
FleetCor Technologies, Inc.	1.32	
Alphabet, Inc., Class C	1.31	
Visa, Inc., Class A	1.30	
Schlumberger Ltd.	1.29	
NIKE, Inc., Class B	1.23	
Yum! Brands, Inc.	1.23	
Autodesk, Inc.	1.23	
Ecolab, Inc.	1.23	
The Trade Desk, Inc., Class A	1.20	
	29.53	%

Economic Sectors*	Percent of Net Assets	
Information Technology	32.24	%
Consumer Discretionary	21.69	
Health Care	15.73	
Industrials	11.79	
Consumer Staples	3.96	
Financials	3.90	
Real Estate	3.36	
Materials	3.36	
Energy	1.67	
Other Net Assets	2.30	
	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.

Liberty All-Star® Growth Fund Major Stock Changes in the Quarter
(Unaudited)

The following are the major (\$600,000) stock changes - both purchases and sales - that were made in the Fund's portfolio during the second quarter of 2018.

Security Name	SHARES	
	Purchases (Sales)	Held as of 6/30/18
Purchases		
The Estee Lauder Cos., Inc., Class A	7,770	