LIBERTY ALL STAR GROWTH FUND INC.
Form N-CSRS
August 30, 2013

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)

Tane T. Tyler, General Counsel

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 June 30, 2013

Item 1. Reports to Stockholders.

LIBERTY ALL-STAR® GROWTH FUND, INC.

Period Ending June 30, 2013 (Unaudited)

Fund Statistics			
Net Asset Value (NAV)		$4.97	
Market Price		$4.48	
Discount		9.9%	
	Quarter	**Year-to-Date**	**One Year**
Distributions	$0.07	$0.14	$0.27
Market Price Trading Range	$4.27 to $4.64	$4.11 to $4.64	$3.65 to $4.64
Discount Range	7.8% to 10.6%	7.8% to 10.8%	6.8% to 12.3%
Performance			
Shares Valued at NAV with Dividends Reinvested	3.20%	12.98%	22.31%
Shares Valued at Market Price with Dividends Reinvested	1.99%	13.88%	19.65%
NASDAQ Composite Index	4.52%	13.43%	17.60%
Russell 3000® Growth Index	2.19%	12.23%	17.56%
S&P 500® Index	2.91%	13.82%	20.60%
Lipper Multi-Cap Growth Mutual Fund Average	2.36%	11.88%	18.15%

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 29.

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: July 2013

Both the S&P 500® Index and the Dow Jones Industrial Average rose to record highs in the second quarter before volatility returned to the equity market in late May and June to take the edge off a strong quarter. Nevertheless, it was a positive three months, as the S&P 500® gained 2.91 percent and the Dow Jones Industrials advanced 2.92 percent. Building on double-digit gains in the first quarter, these two indices returned 13.82 percent and 15.20 percent, respectively, for the first half of the year.

The technology-oriented NASDAQ Composite Index turned in the best performance of the three indices for the quarter, returning 4.52 percent and bringing its return for the first half to 13.43 percent. While the other two indices rose to record highs, the NASDAQ Composite closed the quarter at 3403.25, well below its all-time closing high of 5048.62 recorded in March 2000.

Washington, not Wall Street, drove markets in the second quarter. The question on investors minds was when and how rapidly the Federal Reserve (Fed) would begin to taper its program of quantitative easing (QE), initiated in November 2008 to inject massive amounts of liquidity into an economy battered by the credit crisis and Great Recession of 2007-2009. In the search for clues, every word uttered by Fed Chair Ben Bernanke was scrutinized. In addition to the economy beginning to show some strength, investors found enough evidence in Bernanke s pronouncements to believe that the Fed would taper its QE monetary policy sooner rather than later. As a result, interest rates rose sharply in May and June while uncertainty gripped the equity market. To underscore the level of volatility in the market, between May 22 and the final trading day of the quarter on June 28, the Dow Jones Industrial Average rose or fell by 100 points or more on 19 out of 27 trading days, a rate slightly over 70 percent.

Prior to the onset of interest rate jitters, equity markets rose almost without interruption from January through latter May. While data showed that the economy only grew 1.8 percent in the first quarter, more recent data pointed to a stronger economy in the future. Employers added an average of more than 200,000 jobs a month since November 2012; sales of new homes rose to a five-year high during the quarter, while existing home sales reached a 3 ^{1}&#8260$_{2}$ year high; and consumer confidence (as measured by the Conference Board s monthly study) rose in June to its highest level since January 2008.

Liberty All-Star® Growth Fund turned in a solid quarter. The Fund returned 3.20 percent with shares valued at net asset value (NAV) with dividends reinvested and 1.99 percent with shares valued at market price with dividends reinvested. The Russell 3000® Growth Index gained 2.19 percent for the quarter. As previously noted, the S&P 500® Index returned 2.91 percent; the NASDAQ Composite Index returned 4.52 percent; and the Lipper Multi-Cap Growth Mutual Fund Average gained 2.36 percent. The discount at which Fund shares trade relative to their NAV was largely unchanged from the previous quarter. For the first half, Fund returns were also solid, at 12.98 percent with shares valued at NAV with dividends reinvested and 13.88 percent with shares valued at market price with dividends reinvested. Over the same period, the Russell 3000® Growth Index returned 12.23 percent, while respective returns for the S&P 500, the NASDAQ Composite and the Lipper average were 13.82 percent, 13.43 percent and 11.88 percent. For the trailing year, the Fund outperformed the Russell 3000® Growth Index by 4.75 percent.

In keeping with policy, the Fund s distribution for the second quarter was $0.07. The Fund s distribution policy has been in place since 1997 and is a major component of the Fund s total return. Since 1997, the Fund has paid distributions totaling $11.38 per share and we would emphasize that shareholders must include these distributions when determining the return on their investment in the Fund.

We are pleased to bring shareholders an interview with the Fund s large-cap growth manager, Craig Blum, CFA, Group Managing Director of TCW Investment Management Company. He shares some interesting thoughts about the economy shifting from a headwind for growth stocks to a tailwind and about staying focused on quality companies that are growing their earnings, even when the equity market is beset by short-term volatility.

Investors should be gratified by a very positive first half, and the nervousness that unsettled the equity market late in the second quarter appears to have abated in the early going in the third quarter. We cannot predict what the future holds, obviously, but shareholders can be assured that Fund management will remain diligent and that the Fund s three growth managers will continue to implement their respective investment strategies with knowledge and skill.

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 2013 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.

Liberty All-Star® Growth Fund

Table of Distributions & Rights Offerings
(Unaudited)

		Rights Offerings		
	Per Share		Shares Needed to Purchase One	
Year	**Distributions**	**Month Completed**	**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*	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	0.27			
2013				
1st Quarter	0.07			
2nd Quarter	0.07			
Total	$11.38			

* 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.

Top 20 Holdings & Economic Sectors
June 30, 2013 (Unaudited)

Liberty All-Star® Growth Fund

Top 20 Holdings*	**Percent of Net Assets**
ACE Ltd.	2.28%
LinkedIn Corp., Class A	1.72
Cerner Corp.	1.71
Intuitive Surgical, Inc.	1.65
QUALCOMM, Inc.	1.60
Oceaneering International, Inc.	1.58
Google, Inc., Class A	1.58
Under Armour, Inc., Class A	1.57
Splunk, Inc.	1.56
Signature Bank	1.55
Fastenal Co.	1.51
Amazon.com, Inc.	1.50
Starbucks Corp.	1.47
American Tower Corp., Class A	1.42
BioMarin Pharmaceutical, Inc.	1.37
ARM Holdings PLC	1.34
Visa, Inc., Class A	1.33
Salesforce.com, Inc.	1.29
Precision Castparts Corp.	1.29
Core Laboratories N.V.	1.26
	30.58%

Economic Sectors*	**Percent of Net Assets**
Information Technology	29.36%
Consumer Discretionary	17.11
Industrials	15.53
Health Care	10.62
Financials	10.29
Energy	5.99
Consumer Staples	5.16
Materials	1.95
Telecommunication Services	1.42
Other Net Assets	2.57
	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.

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 second quarter of 2013.

	SHARES	
Security Name	**Purchases (Sales)**	**Held as of 6/30/13**
Purchases		
The Advisory Board Co.	13,418	13,418
Celgene Corp.	6,500	6,500
Envestnet, Inc.	31,071	31,071
NVIDIA Corp.	52,750	52,750
Splunk, Inc.	14,350	38,917
Tiffany & Co.	8,548	11,345
Sales		
Apple, Inc.	(4,900)	0
Cognizant Technology Solutions Corp., Class A	(13,350)	0
Fusion-io, Inc.	(40,594)	0
Harman International Industries, Inc.	(11,767)	0
Illumina, Inc.	(9,150)	5,450
Life Technologies Corp.	(13,400)	0
Lufkin Industries, Inc.	(12,732)	0
Rackspace Hosting, Inc.	(15,450)	0
rue21, Inc.	(24,206)	0
Vertex Pharmaceuticals, Inc.	(7,550)	0

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 29 for a description of these indices.

PORTFOLIO CHARACTERISTICS *As of June 30, 2013 (Unaudited)*

				Market Capitalization Spectrum Small		Large	
	RUSSELL GROWTH:						
	SMALLCAP INDEX	MIDCAP INDEX	LARGECAP INDEX	M.A. WEATHERBIE	TCW (MID-CAP)	TCW (LARGE-CAP)	TOTAL FUND
Number of Holdings	1,101	460	575	59	52	31	124*
Weighted Average Market Capitalization (billions)	$1.8	$10.6	$92.3	$2.7	$9.0	$53.8	$21.3

Average Five-Year Earnings Per Share Growth	19%	22%	19%	22%	25%	20%	22%
Average Five-Year Sales Per Share Growth	8%	9%	12%	13%	11%	15%	13%
Price/Earnings Ratio**	23x	22x	19x	31x	27x	27x	28x
Price/Book Value Ratio	5.2x	5.6x	5.5x	5.5x	6.9x	7.4x	6.6x

* Certain holdings are held by more than one manager.
** Excludes negative earnings.

Craig C. Blum, CFA

Group Managing Director

TCW Investment Management Company

TCW LOOKS PAST SPIKES IN VOLATILITY TO FIND GREAT COMPANIES THAT CONTINUE TO GROW FUTURE EARNINGS

TCW Investment Management Company is Liberty All-Star® Growth Fund s large-cap manager. TCW s concentrated growth equity strategy seeks to invest in quality companies with distinct advantages in their business model. Typically, portfolio companies have superior sales growth, cost and/or structural advantages, large served markets and ample free cash flow. We recently had the opportunity to talk with Craig C. Blum, CFA, Group Managing Director, at TCW. ALPS Advisors, Inc. moderated the interview.

The recent headlines have been dominated by Federal Reserve tapering, bond market risk, a still-shaky economy and potential problems in China and other countries. How does TCW think about sound portfolio companies versus macro factors that are often fueled by emotion ... but that can, nevertheless, inflict real losses?

The Federal Reserve started talking about conceivably removing monetary stimulus on May 2 and we saw a quick, steep increase in bond yields. Interestingly, though, after a short-lived sell-off stock prices rose, contradicting the idea that higher bond yields would hurt stocks. This development underscores two critical points. First, stock prices and valuations can perform well alongside higher bond yields if the context is constructive. Second, the potential economic and market impact of Fed tapering has been meaningfully over-factored into consensus thinking. Beyond the irrefutable conclusion that a higher interest rate environment can, indeed, coincide with improved sentiment around stock prices, we conclude that stock prices *themselves* have modestly decoupled from speculation around Fed policy and have instead begun to appropriately track improving economic prospects. This improving environment is happening on the back of what I believe is years of underinvestment, especially in the industrial and capital investment side of the economy. I believe the average age of industrial equipment is a record six years, and the age of the average plant is a record 15 years. This is important because it signals that industrial America still has a lot of catching up to do as the economy begins to normalize.

The other thought is that no one should be surprised that we re getting a lot of volatility as we move from policy-driven interest rates to market-driven interest rates. This is going to be a multi-year process, and anyone who thinks that stepping back from this huge experiment in central banking is going to be smooth sailing is in for a shock. On balance, tapering is actually a good sign. The Fed has been clear that the timing and degree of tapering are conditional on employment gains and other measures of economic strength. One Fed governor actually said the

Fed could increase its rate of bond purchases if the economy slows. But, these artificially low interest rates are unhealthy for the economy in kind of a paradoxical way because they channel credit to the government instead of to the real economy to promote private sector lending. If bond yields rise, banks can earn an adequate return on their loans.

Another source of investor nervousness has been an economic slowdown in China. But, once again, there is a positive side to the story in that less demand in China reduces the pressure on commodity prices. So, in this regard, China s pain is America s gain.

As a final point on this question, I would say that we at TCW have not changed our strategy one bit. Great companies are going to continue doing great things. We re still looking for dominant growth businesses that are exploiting key advantages to capture market share and grow future earnings. Despite short-term volatility, long-term investing is all about compounding future earnings power, and that s what great companies are doing, even in a choppy equity market environment. And now we are seeing the economic environment shift from being a headwind to being a tailwind for these great companies.

You mentioned in the last annual report that you actually welcome volatility, as it affords astute stock pickers the opportunity to generate alpha. Did this scenario play out for you over the May-June period? In what sectors or companies were you able to parlay volatility into a buying opportunity?

One challenge for us has been this rather strange market leadership. Essentially, the stocks that have led the way over the past year have been bond proxies, i.e., stocks that pay significant dividends, and also mature large-cap comp