

LIBERTY ALL STAR EQUITY FUND
Form DEF 14A
June 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

(Amendment No. __)

Filed by Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

[] Preliminary Proxy Statement

[] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[X] Definitive Proxy Statement

[] Definitive Additional Materials

[] Soliciting Material Pursuant to Sec. 240.14a-12

LIBERTY ALL-STAR EQUITY FUND

(name of Registrant as Specified in its Charter)

ALPS FUND SERVICES, INC.

1290 Broadway, Suite 1100

Denver, Colorado 80203

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

Payment of Filing Fee (Check the appropriate box):

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.

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statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

LIBERTY ALL-STAR® EQUITY FUND (Equity Fund)

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

(collectively, the Funds)

1290 Broadway, Suite 1100

Denver, Colorado 80203

(303) 623-2577

NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS

August 28, 2014

To the Shareholders of the Funds:

NOTICE IS HEREBY GIVEN that the 2014 Annual Meetings of Shareholders of the Funds will be held at **One Financial Center, 15th Floor, Boston, Massachusetts, 02111** on August 28, 2014 at 9:00 a.m. Eastern Time (Equity Fund) and at 10:00 a.m. Eastern Time (Growth Fund). The purpose of the 2014 Annual Meetings is to consider and act upon the following matters:

1. To elect two Trustees of the Equity Fund (Proposal 1);
2. To elect two Directors of the Growth Fund (Proposal 2);
3. To approve a new Portfolio Management Agreement for the Growth Fund (Proposal 3); and
4. To transact such other business as may properly come before the 2014 Annual Meetings or any adjournments thereof.

The Boards of Trustees/Directors have fixed the close of business on May 30, 2014 as the record date for the determination of the shareholders of the Funds entitled to notice of, and to vote at, the 2014 Annual Meetings and any adjournments thereof.

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

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

William R. Parmentier, Jr.

President of the Funds

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

You are cordially invited to attend the 2014 Annual Meeting(s). We urge you, whether or not you expect to attend the 2014 Annual Meeting(s) in person, to vote your shares. Your vote is important no matter how many shares you own. Voting your shares early will avoid costly follow-up mail and telephone solicitation. After reviewing the enclosed materials, please complete, sign and date your proxy card and mail it promptly in the enclosed return envelope, or help save time and postage costs by calling the toll free number and following the instructions. You may also vote via the internet by logging on to the website indicated on your proxy card and following the instructions that will appear. If we do not hear from you, our proxy solicitation firm, Boston Financial Data Services, Inc. (BFDS) may contact you. This will ensure that your vote is counted even if you cannot attend the meeting in person. If you have any questions about the proposals or the voting instructions, please call BFDS at 1-844-292-8014.

Important Notice Regarding the Availability of Proxy Materials for the 2014 Annual Meetings to be held on August 28, 2014: An electronic copy of this proxy statement and the annual reports are available at www.all-starfunds.com.

June 25, 2014

LIBERTY ALL-STAR® EQUITY FUND (Equity Fund)

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

(collectively, the Funds)

PROXY STATEMENT

ANNUAL MEETINGS OF SHAREHOLDERS

August 28, 2014

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Boards of Trustees/Directors of the Funds (each a Board and together the Boards) to be used at the Annual Meetings of Shareholders of the Funds to be held at **One Financial Center, 15th Floor, Boston, Massachusetts, 02111** at 9:00 a.m. Eastern time (Equity Fund) and at 10:00 a.m. Eastern time (Growth Fund) and at any adjournments thereof (such meetings and any adjournments being referred to collectively as the Meetings). Shareholders of record on May 30, 2014 are eligible to vote at the Meetings.

The solicitation of proxies for use at the Meetings are being made by the Funds by the mailing on or about June 25, 2014, of the Notice of Annual Meetings of Shareholders. Supplementary solicitations may be made by mail, telephone or personal interview by officers and Trustees/Directors of the Funds and officers, employees and agents of the Funds investment advisor, ALPS Advisors, Inc. (AAI or the Fund Manager), and/or its affiliates. Authorization to execute proxies may be obtained from shareholders through instructions transmitted by telephone, facsimile or other electronic means. The expenses in connection with preparing this Proxy Statement and of the solicitation of proxies for the Meetings will be paid by the Funds. The Funds will reimburse brokerage firms and others for their expenses in forwarding solicitation material to the beneficial owners of shares.

The Funds have engaged Boston Financial Data Services, Inc., a proxy solicitation firm to assist in the solicitation of proxies with regards to Proposal 3. The estimated cost of this solicitation, to be borne by the Growth Fund, is \$21,000.

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

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

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

Approve a new Portfolio Management Agreement among the Growth Fund, AAI, and Sustainable Growth Advisers, LP

PROPOSALS 1 and 2. ELECTION OF TRUSTEES AND DIRECTORS

Introduction

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

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

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

Equity Fund

<u>Nominee</u>	<u>Title</u>	<u>Tenure</u>
Thomas W. Brock	Trustee since 2005	Tenure to end 2017
George R. Gaspari	Trustee since 2006	Tenure to end 2017

Growth Fund

<u>Nominee</u>	<u>Title</u>	<u>Tenure</u>
John A. Benning	Director since 2002	Tenure to end 2017
Richard C. Rantzow	Director since 2006	Tenure to end 2017

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

The Boards of Funds

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

The Boards also are assisted by the Funds' independent registered public accounting firm (Auditors) (who report directly to each Fund's Audit Committee), independent counsel and other experts as appropriate, all of whom are selected by the Boards.

The Board's Risk Oversight Responsibilities

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

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

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

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

Board Structure and Related Matters

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

The Trustees/Directors discharge their responsibilities collectively as a Board, as well as through the Audit Committee, which operates pursuant to a charter approved by each Board. As summarized below, the Audit Committee oversees specific matters related to oversight of the Funds' Auditors. The members and responsibilities of each Board committee are summarized below.

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

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

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

NAME (AGE) AND ADDRESS*	POSITION WITH GROWTH		PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE/ DIRECTOR**	OTHER DIRECTORSHIPS HELD
	POSITION WITH EQUITY FUND, TERM OF OFFICE AND LENGTH OF SERVICE	FUND, TERM OF OFFICE AND LENGTH OF SERVICE			
I n d e p e n d e n t Trustees/Directors					
John A. Benning (Age 79)	Trustee Since 2002, Term expires 2015	Director Since 2002; Term expires 2014	Retired since December, 1999	2	None
Thomas W. Brock (Age 67)	Trustee Since 2005, Term expires	Director Since 2005; Term Expires	Director, Silver Bay Realty (December 2012 present); Former Chief Executive Officer,	2	None

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	2014	2015	Stone Harbor Investment Partners LP (April 2006-2012); Adjunct Professor, Columbia University Graduate School of Business (since 1998)		
George R. Gaspari (Age 74)	Trustee Since 2006, Term Expires 2014	Director Since 2006, Term Expires 2016	Financial Services Consultant (1996-2012)	2	Trustee and Chairman, The Select Sector SPDR Trust (since 1999)

Richard W. Lowry (Age 78)	Trustee Since 1986, Term expires 2016 Chairman since 2004	Director Since 1994; Term Expires 2016 Chairman since 2004	Private Investor since August 1987	2	None
John J. Neuhauser (Age 71)	Trustee Since 1998, Term Expires 2016	Director Since 1998; Term Expires 2015	President, St. Michael's College (since August, 2007); University Professor December 2005-2007, Boston College (formerly Academic Vice President and Dean of Faculties, from August 1999 to December 2005, Boston College)	2	Trustee, Columbia Funds Series Trust I (since 1985)
Richard C. Rantzow (Age 75)	Trustee Since 2006, Term expires 2016	Director Since 2006, Term expires 2014	Retired.	2	Trustee, Clough Global Allocation Fund (since 2004), Trustee, Clough Global Equity Fund (since 2005) and Trustee, Clough Global Opportunities Fund (since 2006)
Interested					
Trustee/Director					
Edmund J. Burke (Age 53)	Trustee Since 2006, Term expires 2015	Director Since 2006, Term expires 2015	Chief Executive Officer and President of ALPS Holdings, Inc., a DST Company (since November 2011); CEO and a Director of: ALPS Holdings, Inc. (since 2005);	2	President (since 2006), Trustee and Chairman (since 2009), Financial Investors Trust; Trustee (since 2004) and President (since 2006), Clough Global Allocation Fund, Trustee (since

Director of ALPS
Advisors, Inc.
(since 2001),
ALPS Distributors,
Inc. (since 2000),
ALPS Fund
Services, Inc.,
(since 2000) and
ALPS Portfolio
Solutions

2006), and President
(since 2005),
Clough Global
Equity Fund,
Trustee and
President (since
2006), Clough
Global

Distributor, Inc.
(since 2013). Mr.
Burke is also a
Director of Boston
Financial Data
Services (since
2013).

Opportunities. Mr.
Burke is deemed an
affiliate of the Funds
as defined under the
1940 Act.

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

*** The Fund Complex consists of two funds, the Equity Fund and the Growth Fund. As of December 18, 2006, the Equity Fund and the Growth Fund became part of the ALPS Advisors, Inc. fund complex (ALPS Complex). As of March 31, 2014, the ALPS Complex consisted of 42 investment companies.*

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

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

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

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

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

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

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

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

During 2013, the Boards held five meetings, and the Audit Committee held four meetings. Each of these Board and Committee meetings was held jointly by the Funds. All sitting Trustees/Directors were present at all meetings. 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' 2013 annual shareholder meetings.

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

Principal Officers

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

Name (Age) and Address*	Position with Funds	Year First Elected or Appointed to Office	Principal Occupation(s) During Past Five Years
William R. Parmentier, Jr. (Age 61)	President	1999	Chief Investment Officer, ALPS Advisors, Inc. (since 2006); President of the Liberty All-Star Funds (since April 1999); Senior Vice President, Banc of America Investment Advisors, Inc. (2005-2006). Mr. Parmentier is deemed an affiliate of the Funds as defined under the 1940 Act.
Mark T. Haley, CFA (Age 49)	Senior Vice President	1999	Senior Vice President of the Liberty All-Star Funds (since January 1999); Vice President, ALPS Advisors, Inc. (since 2006); Vice President, Banc of America Investment Advisors (1999-2006). Mr. Haley is deemed an affiliate of the Funds as defined under the 1940 Act.
Edmund J. Burke (Age 53)	Vice President	2006	Chief Executive Officer and President of ALPS Holdings, Inc., a DST Company (since November 2011); CEO and a Director of: ALPS Holdings, Inc. (since 2005); Director of ALPS Advisors, Inc. (since 2001), ALPS Distributors, Inc. (since 2000), ALPS Fund Services, Inc., (since 2000) and ALPS Portfolio Solutions Distributor, Inc. (since 2013). Mr. Burke is also a Director of Boston Financial Data Services (since

Kimberly R. Storms
(Age 41)

Treasurer

2013

2013). Mr. Burke is deemed an affiliate of the Funds as defined under the 1940 Act.
Director of Fund Administration and Senior Vice President of ALPS Fund Services, Inc. Ms. Storms is currently Treasurer of Financial

Melanie Zimdars (Age 37)	Chief Compliance Officer	2009	Investors Trust, ALPS Series Trust, and BPV Family of Funds; and Chief Financial Officer of Arbitrage Funds. Ms. Storms is also on the Board of Directors of the Denver Center for Crime Victims. Ms. Storms is deemed an affiliate of the Funds as defined under the 1940 Act. Deputy Chief Compliance Officer with ALPS Fund Services, Inc. since September 2009. Principal Financial Officer, Treasurer and Secretary, Wasatch Funds, February 2007 to December 2008. Assistant Treasurer, Wasatch Funds, November 2006 to
Erin D. Nelson (Age 37)	Secretary	2013	February 2007. Ms. Zimdars is currently the Chief Compliance Officer for ALPS Variable Investment Trust, ALPS ETF Trust, EGA Emerging Global Shares Trust, BPV Family of Funds, Broadview Opportunity Trust, and RealityShares ETF Trust. Ms. Zimdars is deemed an affiliate of the Funds as defined under the 1940 Act. Senior Vice President and Chief Legal Officer of ALPS Advisors, Inc. and Senior Vice President of ALPS Fund Services, Inc., ALPS Distributors, Inc., and ALPS Portfolio Solutions Distributor, Inc. Ms. Nelson is currently Secretary of ALPS ETF Trust, Clough Global Allocation Fund, Clough Global Equity Fund, Clough Global Opportunities Fund, and Principal Real Estate Income Fund. Ms. Nelson is deemed an affiliate of the Funds as defined under the 1940 Act.
Alex J. Marks (Age 40)	Assistant Secretary	2011	Employee of ALPS Fund Services, Inc. since June 2011. Mr. Marks also served as an employee of ALPS Fund Services, Inc. from July 2006 to September 2010. Mr. Marks is deemed an affiliate of the Funds as defined under the 1940 Act.

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

Audit Committee

The Funds have separately designated Audit Committees. Messrs. Benning, Brock, Gaspari, Lowry, Neuhauser and Rantzow (Committee Chairman) are members of the Audit Committee of each Fund. Each Fund's Audit Committee is comprised only of Board members who are independent (as defined in the New York Stock Exchange (NYSE) Listing Standards for trustees/directors of closed-end investment companies) of the Funds and who are also not interested persons (as defined in the 1940 Act) of the Fund. Each Board has determined, in accordance with NYSE Listing Standards, that each member of the Audit Committees is financially literate and has determined that Mr. Richard C. Rantzow is each Fund's audit committee financial expert, as defined in the rules promulgated by the SEC, and as required by NYSE MKT listing standards.

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

Audit Committee Report

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

At a meeting of the Audit Committees on February 20, 2014, the Audit Committees: (i) reviewed and discussed with management the Funds' audited financial statements for the most recently completed fiscal year; (ii) discussed with Deloitte & Touche LLP (D&T) the matters required to be discussed by the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 16 *Communications with Audit Committees* and (iii) has received from D&T the written disclosures and the letter required by applicable requirements of the PCAOB regarding D&T's communications with the Audit Committee concerning independence, as required by PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*, and has discussed with D&T its independence and satisfied itself as to D&T's independence.

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

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

John A. Benning

Richard W. Lowry

Thomas W. Brock

John J. Neuhauser

George R. Gaspari

Richard C. Rantzow

Nomination Information

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

When necessary or appropriate, the Independent Trustees/Directors of each Fund serve as an *ad hoc* committee for

the consideration of Trustee/Director nominations. No *ad hoc* nominating committee of either Fund has adopted a charter. Independent Trustees/Directors are nominated only by the *ad hoc* nominating committee.

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

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

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

Compensation

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The following table shows, for the fiscal year ended December 31, 2013, 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	Aggregate Compensation from the	Total Compensation from the
<i>Independent Trustees/Directors</i>	Equity Fund	Growth Fund	Fund Complex
John A. Benning	\$34,032	\$9,468	\$43,500
Thomas W. Brock	\$31,364	\$8,636	\$40,000
George R. Gaspari	\$34,032	\$9,468	\$43,500
Richard W. Lowry	\$48,440	\$13,810	\$62,250
John J. Neuhauser	\$34,032	\$9,468	\$43,500
Richard C. Rantzow	\$38,840	\$10,910	\$49,750
<u><i>Interested Trustee/Director</i></u>			
Edmund J. Burke	\$0	\$0	\$0
Share Ownership			

The following table shows the dollar range of equity securities beneficially owned by each Trustee/Director and the Funds principal executive officer and the principal financial officer (each an Executive Officer together the Executive Officers) as of December 31, 2013 (i) in each of the Funds, and (ii) in all funds overseen by the Trustee/Director and the Executive Officers in the Fund Complex.

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

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

**Mr. Parmentier is the principal executive officer of each Fund, and Ms. Storms is the principal financial officer of each Fund.

The Trustees/Directors and named executive officers of each Fund, in the aggregate, owned less than 1% of each class of the Fund's outstanding shares of stock as of December 31, 2013.

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

As of December 31, 2013, no Independent Trustee/Director or any of their immediate family members owned beneficially or of record any class of securities of another investment adviser or Portfolio Manager of either of the

Funds or any person controlling, controlled by or under common control with any such entity (except as noted in the next paragraph).

During the past five calendar years, Mr. Richard Lowry and Mr. John Benning (Trustees/Directors of the Funds) have had a material interest in a trust (approximately \$5.832 million and \$2.564 million, respectively, as of December 31, 2013), which owns units of a limited partnership whose investments are managed by Weatherbie Capital, LLC, a Portfolio Manager of the Growth Fund, and whose general partner is Weatherbie Limited Partnership.

Required Vote

Each nominee will be voted on separately. The election of the Trustees of the Equity Fund is by a plurality of the shares voting at the Meeting. Since three Trustees of the Equity Fund are to be elected, the three persons who receive the highest number of votes cast at the Meeting will be elected. 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. Since two Directors of the Growth Fund are to be elected, the two persons who receive a majority of the votes entitled to be cast at the Meeting will be elected.

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

PROPOSAL 3. APPROVAL OF PORTFOLIO MANAGEMENT AGREEMENT (GROWTH FUND ONLY).

Shareholders of the Growth Fund are being asked to approve a new Portfolio Management Agreement (Exhibit A) among the Growth Fund, ALPS Advisors, Inc. and Sustainable Growth Advisers, LP. (Sustainable or Portfolio Manager).

The Multi-Manager Methodology

The Fund allocates its portfolio assets among a number of independent investment management firms (each a Portfolio Manager and, collectively, the Portfolio Managers) recommended by the Fund Manager and approved by the Board, currently two for the Growth Fund. Each Portfolio Manager employs a different investment style and/or strategy, and from time to time the Fund Manager rebalances the Fund's assets among the Portfolio Managers. The Fund's 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 Fund's 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 AAI represent a blending of different styles which, in AAI's opinion, is appropriate for the Growth Fund's investment objective. AAI 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. AAI regularly analyzes and evaluates the investment performance and portfolios of the Growth Fund's Portfolio Managers and from time to time recommends changes in the Portfolio Managers. Such recommendations could be based on factors such as a 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 AAI 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 Growth Fund's

Portfolio Managers. Portfolio Manager changes, as well as the rebalancing of the Growth Fund's 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.

Under the terms of an exemptive order issued to the Growth Fund and AAI by the U.S. Securities and Exchange Commission (SEC), the Growth Fund may enter into a portfolio management agreement with a new or additional

Portfolio Manager recommended by AAI in advance of shareholder approval, provided that the new agreement is at a fee no higher than that provided in, and includes terms and conditions substantially similar to, the Growth Fund's agreements with its other Portfolio Managers, and that its continuance is subject to approval by shareholders at the Growth Fund's next regularly scheduled annual meeting following the date of the portfolio management agreement with the new or additional Portfolio Manager.

The Fund Manager and the Growth Fund will not enter into the Portfolio Management Agreement with Sustainable (New Agreement) before submitting the New Agreement to shareholders for approval at the Meeting. Accordingly, the Fund Manager and the Fund do not currently intend to rely on the exemptive relief with respect to the New Agreement.

New Portfolio Management Agreement with Sustainable

Currently, TCW Investment Management Company (TCW) manages the large cap equity and mid cap equity portions of the Growth Fund's portfolio. Consistent with the Growth Fund's multi-manager methodology, AAI deemed it in the best interest of the Growth Fund to recommend, and the Board approved, the reallocation to Sustain