LIBERTY ALL STAR GROWTH FUND INC.
Form 497
September 17, 2018
PROSPECTUS DATED SEPTEMBER 17, 2018

LIBERTY ALL-STAR® GROWTH FUND, INC.

9,205,421 Shares of Common Stock Issuable Upon Exercise of Rights to Subscribe for Such Shares

The Liberty All-Star® Growth Fund, Inc. (the "Fund") is issuing non-transferrable subscription rights ("Rights") to its common shareholders of record as of September 17, 2018 (the "Record Date" and such shareholders, "Record Date Shareholders"). These Rights will allow Record Date Shareholders to subscribe for new shares of common stock of the Fund ("common shares") in an aggregate amount of approximately 9,205,421 common shares (the "Offer"). Record Date Shareholders will receive one Right for each common share held on the Record Date. For every three Rights held, a Record Date Shareholder is entitled to purchase one new common share of the Fund. Record Date Shareholders who fully exercise their Rights may also, in certain circumstances, purchase additional common shares pursuant to an over-subscription privilege. The number of Rights to be issued to a Record Date Shareholder will be rounded up to the nearest number of Rights evenly divisible by three. Fractional shares will not be issued upon the exercise of the Rights. Accordingly, new common shares may be purchased only pursuant to the exercise of Rights in integral multiples of three.

The Rights are non-transferable and will not be admitted for trading on the New York Stock Exchange ("NYSE"). The Fund's common shares are currently listed, and the new common shares issued in this offer will also be listed, on the NYSE under the symbol "ASG." On Sepetmber 14, 2018, the last reported net asset value per common share was $6.39, and the last reported sales price per common share on the NYSE was $6.50.

The Offer will expire at 5:00 p.m., Eastern Time on October 23, 2018, unless the Offer is extended as described in this Prospectus (the "Expiration Date"). The subscription price per common share (the "Subscription Price") will be 95% of the lower of (i) the average of the last reported sales prices of a share on the NYSE on October 23, 2018 and the four days preceding the Expiration Date (the "Pricing Date"), or (ii) the net asset value ("NAV") of a share on the Pricing Date. Since the close of the Offer on the Expiration Date will be prior to the Pricing Date, shareholders who choose to exercise their Rights will not know the Subscription Price per share at the time they exercise such Rights.

Exercising your Rights and investing in the Fund involves a degree of investment risk. Before exercising your Rights and investing in the Fund, you should read the discussion of the material risks in "Risk Factors" in this Prospectus.

In addition, you should consider the following:

•Shareholders who do not exercise their Rights will, at the completion of the Offer, own a smaller proportional interest in the Fund than if they exercised their Rights, which will proportionately decrease the relative voting power of those shareholders.

•Because the Subscription Price per common share will be below the net asset value per common share on the Expiration Date, you will experience an immediate dilution of the aggregate net asset value of your common shares if you do not participate in the Offer and you will experience a reduction in the net asset value per common share of your common shares whether or not you participate in the Offer.

•You will experience an immediate dilution of the aggregate net asset value of your common shares because you will indirectly bear the expenses of the Offer. This dilution of net asset value will disproportionately affect common shareholders who do not exercise their Rights.

•The Fund cannot state precisely the extent of this dilution if you do not exercise your Rights because the Fund does not know what the net asset value per common share will be when the Offer expires, or what proportion of the Rights will be exercised.

Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

2

	Per Common Share	**Total Maximum[3]**
Estimated purchase price[1]	$6.07	$55,876,905
Sales load[1]	None	None
Estimated offering expenses[2]	$0.03	$300,000
Estimated net proceeds to Fund[1]	$6.04	$55,576,905

(1)Estimated based on an assumed Subscription Price on the basis of 95% of the reported net asset value per common share on September 14, 2018 (the "Estimated Purchase Price"). **The Estimated Purchase Price is presented solely for illustration purposes. Shareholders wishing to exercise Rights must send the per share amount presented under "The Offer — Payment for Shares" on page 17.**

(2)Offering expenses payable by the Fund (and indirectly by all of the Fund's common shareholders, including those who do not exercise their Rights) are estimated at approximately $300,000, which includes fees to the subscription agent and information agent estimated to be approximately $80,000 in the aggregate inclusive of out of pocket expenses.

(3)Assumes all Rights are exercised at the Estimated Purchase Price per common share. All of the Rights offered may not be exercised.

Assuming all common shares offered are purchased in the Offer, the proportionate interest held by non-exercising shareholders will decrease upon completion of the Offer. As with any common stock, the price of the Fund's common shares fluctuate with market conditions and other factors. As of September 14, 2018, the common shares were trading at a 1.7% premium to their net asset value. As described more fully in this Prospectus, Record Date Shareholders who fully exercise all Rights initially issued to them are entitled to buy those common shares referred to as "primary over-subscription shares," that were not purchased by other Rights holders. If enough primary over-subscription shares are available, all such requests will be honored in full. If the requests for primary over-subscription shares exceed the primary over-subscription shares available, the available primary over-subscription shares will be allocated *pro rata* among those fully exercising Record Date Shareholders who over-subscribe based on the number of Rights originally issued to them by the Fund.

In addition, the Fund, in its sole discretion, may determine to issue additional common shares in an amount of up to 25% of the common shares issued pursuant to the primary subscription, referred to as "secondary over-subscription shares." Should the Fund determine to issue some or all of the secondary over-subscription shares, they will be allocated only among Record Date Shareholders who submitted over-subscription requests. Secondary over-subscription shares will be allocated *pro rata* among those fully exercising Record Date Shareholders who over-subscribe based on the number of Rights originally issued to them by the Fund. If common shareholders do not participate in the secondary over-subscription offer (if any), their percentage ownership may be diluted.

The Fund is a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund's investment objective is to seek long-term capital appreciation. Under normal market conditions, the Fund seeks to achieve its investment objective through investing at least 65% of its net assets in a diversified portfolio of equity securities. The portion of the Fund's portfolio not invested in equity securities (not more than 35% of its net assets under normal market conditions) is generally invested in obligations of the U.S.

Government and its agencies and instrumentalities ("U.S. Government Securities"), repurchase agreements with respect thereto, and certain money market mutual funds.

ALPS Advisors, Inc. (the "Investment Advisor" or "AAI") serves as the Fund's investment advisor. As of June 30, 2018, AAI had approximately $18.0 billion of assets under management. The Investment Advisor's address is 1290 Broadway, Suite 1100, Denver, Colorado 80203, and its telephone number is 1-303-623-2577.

This Prospectus sets forth concisely the information about the Fund and the Offer that a shareholder ought to know before investing in the Fund and participating in the Offer. You should read this Prospectus, which contains important information about the Fund, before deciding whether to invest in the common shares, and retain it for future reference. A Statement of Additional Information dated September 17, 2018 (the "Statement of Additional Information"), containing additional information about the Fund, has been filed with the SEC and is incorporated by reference in its entirety into this Prospectus, which means that it is part of this prospectus for legal purposes. You may request a free copy of the Statement of Additional Information (the table of contents of which is on page 34 of this Prospectus) and the Fund's Annual and Semi-Annual Reports; request other information about the Fund and make shareholder inquiries by calling 1-800-241-1850 or by writing to ALPS Fund Services, Inc., 1290 Broadway, Suite 1100, Denver, Colorado 80203; or obtain a copy of such documents (and other information regarding the Fund) from the Fund's website (www.all-starfunds.com) or the SEC's web site (http://www.sec.gov). For additional information all holders of Rights should contact Georgeson LLC ("the Information Agent") toll free at 1-888-206-5896.

3

TABLE OF CONTENTS

Contents

You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not authorized any other person to provide you with different information. If anyone provides you with different information or inconsistent information, you should not rely on it. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained or the representations made herein are accurate only as of the date on the cover page of this prospectus. The Fund's business, financial condition and prospects may have changed since that date.

PROSPECTUS SUMMARY

The Fund

Liberty All-Star Growth Fund, Inc. (the “Fund”) is a diversified, closed-end management investment company. The Fund’s outstanding common shares are listed on the New York Stock Exchange (the “NYSE”) under the symbol “ASG”. As of September 14, 2018, the net assets of the Fund were $176,403,163 and had outstanding 27,616,263 common shares. The Fund has no other outstanding securities. See “The Fund.”

The Purpose of the Offer

At a meeting on July 19, 2018, the Board of Directors (the “Board”) of the Fund determined, based on the recommendations of AAI, that (i) it would be in the best interests of the Fund and its shareholders to increase the assets of the Fund available for investment, and (ii) the potential benefits of allowing shareholders to subscribe for new shares of common stock of the Fund in an aggregate amount of approximately 9,205,421 common shares (the “Offer”) to the Fund and its shareholders will outweigh the dilution to shareholders who do not fully exercise their non-transferable subscription rights (“Rights”). The Board voted unanimously to approve the terms of the Offer as set forth in this Prospectus.

In reaching its decision, the Board considered, among other things, advice by AAI that the proceeds of the Offer will increase liquidity and enable the Portfolio Managers to take advantage of investment opportunities without having to sell existing portfolio holdings, which they otherwise would retain. The Board considered that the Offer seeks to reward Fund shareholders by giving existing shareholders the opportunity to purchase additional shares at a price below market and/or net asset value (“NAV”) and without brokerage commissions. The Board also considered that increasing the size of the Fund may result in certain economies of scale that may lower the Fund’s expenses as a proportion of average net assets because the Fund’s fixed costs can be spread over a larger asset base. There can be no assurance that by increasing the size of the Fund, the Fund’s expense ratio will be lowered. In addition, the Board considered that the Offer will support the Fund’s distribution policy by enhancing the likelihood that the Fund will continue to have sufficient assets remaining after the distributions called for by its current 8% distribution policy to permit the Fund to maintain the current ratio of its fixed expenses to its net assets.

Finally, the Board considered that, because the Subscription Price per share will be less than the NAV per share on the Pricing Date, the Offer will result in dilution of the Fund’s NAV per Share. The Board believes that the factors in favor of the Offer outweigh the dilution. See “Special Considerations and Risk Factors — Dilution”.

AAI will benefit from the Offer because the Investment Advisor’s fee is based on the average daily net assets of the Fund. See “Management of the Fund.” It is not possible to state precisely the amount of additional compensation AAI will receive as a result of the Offer because the proceeds of the Offer will be invested in additional portfolio securities, which will fluctuate in value. However, assuming all Rights are exercised at the Estimated Purchase Price of $6.07 and that the Fund receives the maximum proceeds of the Offer, the annual compensation to be received by the Investment Advisor would be increased by approximately $223,508 (0.40%). In determining that the Offer was in the best interest of shareholders, the Board was cognizant of this benefit.

This is the Fund’s fourth rights offering. Although the Fund has no present intention to do so, the Fund may, in the future and at its discretion, choose to make additional rights offerings from time to time for a number of shares and on terms which may or may not be similar to the Offer. Pursuant to applicable law, the Board is authorized to approve rights offerings without obtaining shareholder approval. The staff of the Securities and Exchange Commission (“SEC”) has interpreted the 1940 Act as not requiring shareholder approval of a rights offering at a price below the then current NAV so long as certain conditions are met, including a good-faith determination by the Board that such offering would result in a net benefit to existing shareholders. There can be no assurance that the Offer (or the investment of the proceeds of the Offer) will be successful or that the level of trading shares on the NYSE will increase. Under the laws of Maryland, the state in which the Fund is incorporated, the Board is authorized to approve rights offerings without obtaining shareholder approval.

Important Terms of the Offer

The Fund is issuing Rights to its common shareholders of record as of September 17, 2018 (the “Record Date” and such shareholders, “Record Date Shareholders”). These Rights will allow Record Date Shareholders to subscribe to the Offer. Record Date Shareholders will receive one Right for each common share held on the Record Date. For every three Rights held, you are entitled to purchase one new common share of the Fund. Record Date Shareholders who fully exercise their Rights may also, in certain circumstances, purchase additional common shares pursuant to an over-subscription privilege. The number of Rights to be issued to each Record Date Shareholder will be rounded up to the nearest number of Rights evenly divisible by three. Fractional shares will not be issued upon the exercise of the Rights. Accordingly, new common shares may be purchased only pursuant to the exercise of Rights in integral multiples of three.

5

The Rights are non-transferable and will not be admitted for trading on the NYSE. The Fund's common shares are currently listed, and the new common shares issued in this Offer will also be listed on the NYSE under the symbol "ASG". On September 14, 2018, the last reported net asset value per common share was $6.39, and the last reported sales price per common share on the NYSE was $6.50.

The Offer will expire at 5:00 p.m., Eastern Time, on October 23, 2018, unless the Offer is extended as described in this Prospectus (the "Expiration Date"). The Subscription Price will be 95% of the lower of (i) the average of the last reported sales prices of a share on the NYSE on October 23, 2018 and the four days preceding the Expiration Date (the "Pricing Date"), or (ii) the NAV of a share on the Pricing Date. Common shares of the Fund, as a closed-end fund, can trade at a discount to NAV. Upon expiration of the Offer, common shares will be issued at a price below net asset value per share.

The Fund will not be issuing share certificates for the common shares issued pursuant to this Offer. Issuance of common shares will be made electronically via book entry by Computershare Trust Company, N.A., the Fund's transfer agent.

Oversubscription Privilege

The right to acquire during the Subscription Period at the Subscription Price one additional share of the Fund for each three Rights held is hereinafter referred to as the "Primary Subscription". Record Date Shareholders who fully exercise all Rights initially issued to them are entitled to buy those common shares that were not otherwise purchased by other Rights holders in the Primary Subscription (the "Primary Over-Subscription Privilege"). For purposes of determining the maximum number of shares a Record Date Shareholder may acquire pursuant to the Offer, broker-dealers, trust companies, banks or others whose shares are held of record by Cede & Co., Inc. ("Cede"), the nominee for the Depository Trust Company ("DTC"), or by any other depository or nominee, will be deemed to be the holders of the Rights that are issued to Cede or such other depository or nominee on their behalf. If enough shares are available, all shareholder requests to buy shares that were not bought by other Record Date Shareholders will be honored in full. If the requests for shares exceed the shares available, the Fund may, at its discretion, issue up to an additional 25% of the shares available pursuant to the Offer through a secondary over-subscription. The shares of the secondary over-subscription will be allocated only among Record Date Shareholders who submitted over-subscription requests. Whether or not the Fund determines to issue additional shares to honor such over-subscriptions through a secondary over-subscription, shares will be allocated *pro rata* among those Record Date Shareholders who over-subscribe based on the number of Rights originally issued to them by the Fund. Shares acquired pursuant to the Over-Subscription Privilege are subject to allotment, which is more fully discussed under "The Offer — Over-Subscription Privilege".

Method for Exercising Rights

Rights may be exercised by completing and signing the subscription certificate evidencing the Rights (the "Subscription Certificate") and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to Computershare Trust Company, N.A. (the "Subscription Agent"), together with payment for the common shares as described below under "Payment for Shares." Rights may also be exercised through a Rights holder's broker, who may charge the Rights holder a servicing fee in connection with such exercise. See "The Offer — Method for Exercising Rights" and "The Offer — Payment for Shares."

Since the Expiration Date will be prior to the Pricing Date, shareholders who choose to exercise their Rights will not know the final Subscription Price at the time they exercise such Rights. Shareholders will have no right to rescind their subscription after receipt of their payment for Shares by the Subscription Agent. See "The Offer — Payment for

Shares". Subscription payments will be held by the Subscription Agent pending completion of the processing of the subscription. No interest thereon will be paid to subscribers.

Offering Expenses

Offering expenses incurred by the Fund (and indirectly by all of the Fund's common shareholders, including those who do not exercise their Rights) in connection with the Offer are estimated to be $300,000.

Restrictions on Foreign Shareholders

Subscription Certificates will only be mailed to Record Date Shareholders whose addresses are within the United States (other than an Army Post Office ("APO") or Fleet Post Office ("FPO") address). Record Date Shareholders whose addresses are outside the United States or who have an APO or FPO address and who wish to subscribe to the Offer either in part or in full should contact the Subscription Agent in writing no later than five business days prior to the Expiration Date with payment to exercise the Rights. The Fund will determine whether the Offer may be made to any such Record Date Shareholder. The Offer will not be made in any jurisdiction where it would be unlawful to do so. If the Subscription Agent has received no instruction by the fifth business day prior to the Expiration Date, such Rights will expire.

6

Important Dates to Remember

Please note that the dates in the table below may change if the Offer is extended.

Event	**Date**
Record Date	September 17, 2018
Subscription Period	September 21, 2018 to October 23, 2018*
Expiration Date (Deadline for delivery of Subscription Certificate together with payment of Estimated Subscription Price (see “The Offer — Payment for Shares” on page 17 of this prospectus) or for delivery of a written notice of guaranteed delivery)	October 23, 2018*
Pricing Date	October 24, 2018*
Payment for Guarantees of Delivery Due	October 25, 2018*
Statements to Participants	November 2, 2018*
For Participants (Deadline for payment of unpaid balance if final Subscription Price is higher than Estimated Subscription Price)	November 14, 2018*

**Unless the Offer is extended.*

Investment Objective and Policies

The Fund is a diversified, closed-end management investment company registered under the 1940 Act. The Fund’s investment objective is to seek long-term capital appreciation. Under normal market conditions, the Fund seeks to achieve its investment objective through investing at least 65% of its net assets in a diversified portfolio of equity securities of companies of any market capitalization. Under normal market conditions the Fund will remain substantially fully invested in equity securities, up to 35% of the value of the Fund’s total assets may generally be invested in U.S. Government Securities, repurchase agreements with respect to U.S. Government Securities, and, to an extent not greater than 10% of the market value of the Fund’s total assets, money market mutual funds that invest primarily in U.S. Government Securities.

Investment Advisor

AAI serves as registered with the SEC as an investment advisor under the Investment Advisers Act of 1940, as amended. As of June 30, 2018, AAI had approximately $18.0 billion of assets under management.

AAI is entitled to receive a monthly fee at the annual rate of 0.80% of the first $300 million of average daily net assets and 0.72% on average daily net assets over $300 million.

The Fund allocates its portfolio assets among a number of portfolio managers (“Portfolio Managers”) each having a different investment style, as selected and recommended by AAI and approved by the Board. As of the date of this Prospectus, the Fund’s Portfolio Managers are:

•Congress Asset Management Company, LLP

•Sustainable Growth Advisers, LP

•Weatherbie Capital, LLC

AAI pays each Portfolio Manager a portfolio management fee based on the assets of the investment portfolio that they manage. For additional information on AAI and Portfolio Managers' fees, see MANAGEMENT OF THE FUND -- The Fund Management Agreement and the Portfolio Management Agreement. The portfolio management fee is paid from the investment advisory fees collected by AAI and is based on the Fund's average daily net assets at the following annual rates:

Average Daily Net Assets	**Annual Fee Rate**
First $300 million	0.40%
Over $300 million	0.36%

The Portfolio Managers may be removed and additional Portfolio Managers may be added from time to time. See "Management of the Fund — The Portfolio Managers."

Administrator

ALPS Fund Services, Inc. (“AFS”), located at 1290 Broadway, Suite 1100, Denver, Colorado 80203, serves as administrator to the Fund. Under an administration agreement between AFS and the Fund, AFS is responsible for calculating the net asset value of the common shares, and generally managing the business affairs of the Fund. The administration agreement provides that AFS will pay all expenses in connection with the performance of its services under the administration agreement and all related agreements, ALPS will not pay expenses incurred by the Fund, such as, but not limited to advisory fees, director fees, portfolio transactions expenses, litigation expenses, taxes, costs of preferred shares, costs of rights offerings, costs of shareholder reports, costs of NYSE and SEC filings, the cost of counsel, expenses of conducting repurchase offers for the purpose of repurchasing Fund shares.

Special Considerations and Risk Factors

The following summarizes some of the risks that you should consider before subscribing for shares through the Offer. **A more detailed description of these and other risks of investing in the Fund are described under “Special Considerations and Risk Factors” and “Investment Objective, Policies and Risks — Risks”.**

Dilution	Shareholders who do not exercise their Rights will, at the completion of the Offer, own a smaller proportional interest in the Fund than if they exercised their Rights, which will proportionately decrease the relative voting power of those shareholders. Because the Subscription Price per common share will be below the net asset value per common share on the Expiration Date, you will experience an immediate dilution of the aggregate net asset value of your common shares if you do not participate in the Offer and you will experience a reduction in the net asset value per common share of your common shares whether or not you participate in the Offer. In addition, whether or not you exercise your Rights, you will experience a dilution of net asset value of the common shares because you will indirectly bear the expenses of this Offer, which include, among other items, SEC registration fees, printing expenses and the fees assessed by service providers (including the cost of the Fund’s counsel and independent registered public accounting firm). This dilution of net asset value will disproportionately affect common shareholders who do not exercise their Rights. The Fund cannot state precisely the extent of this dilution if you do not exercise your Rights because the Fund does not know what the net asset value per common share will be when the Offer expires, or what proportion of the Rights will be exercised. Assuming, for example, that all Rights are exercised, and the Estimated Purchase Price is \$6.07 and the Fund’s net asset value per common share at the expiration of the Offer is \$6.39, the Fund’s net asset value per common share (after payment of estimated offering expenses) would be reduced by approximately \$0.09 (1.4%) per common share. The offer may increase the volatility of the market price of the Fund’s common shares. In addition, the Offer could be under-subscribed, in which case AAI will not have as much proceeds to invest on behalf of the Fund (see “Use of Proceeds”).
Market Value and NAV	Shares of closed-end funds frequently trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that shares of the Fund will trade at a discount from NAV is a risk separate and distinct from the risk that the Fund’s NAV will decrease. The risk of purchasing shares of a closed-end fund that might trade at a discount is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance.

Investment
and Market
Risk