

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27741; 812-13327]

Liberty All-Star Equity Fund, et al.; Notice of Application

February 27, 2007

Agency: Securities and Exchange Commission (“SEC” or “Commission”).

Action: Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the “Act”) for an exemption from section 15(a) of the Act.

Summary of Application: Applicants request an order to permit the two applicant registered closed-end investment companies to delay shareholder vote on agreements with sub-advisers (“Portfolio Managers,” and the agreements, “Portfolio Management Agreements”) until the next annual shareholders meeting. The order would supersede prior orders (“Prior Orders”).¹

Applicants: Liberty All-Star Equity Fund (the “Equity Fund”) and Liberty All-Star Growth Fund, Inc. (the “Growth Fund”) (collectively, the “Funds”), and ALPS Advisers, Inc. (“ALPS Advisers”).

Filing Dates: The application was filed on September 18, 2006, and amended on January 24, 2007. Applicants have agreed to file a final amendment during the notice period, the substance of which is reflected in this notice.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail.

¹ Previous orders received by the Equity Fund (as defined below) are: Liberty All-Star Equity Fund, et al., Investment Company Act Release Nos. 19436 (April 26, 1993) (notice) and 19491 (May 25, 1993) (order); Liberty All-Star Equity Fund, et al., Investment Company Act Release Nos. 20347 (June 8, 1994) (notice) and 20385 (July 6, 1994) (order); and Liberty All-Star Equity Fund, et al., Investment Company Act Release Nos. 22498 (February 6, 1997) (notice) and 22543 (March 4, 1997) (order). Previous orders received by the Growth Fund (as defined below) are: The Charles Allmon Trust, Inc., et al., Investment Company Act Release Nos. 20772 (December

Hearing requests should be received by the Commission by 5:30 p.m. on March 26, 2007, and should be accompanied by proof of service on the applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

Addresses: Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090. Applicants, 1625 Broadway, Suite 2200, Denver, CO 80202.

For Further Information Contact: Christine Y. Greenlees, Senior Counsel, at (202) 551-6879, or Nadya Roytblat, Assistant Director, at (202) 551-6821 (Division of Investment Management, Office of Investment Company Regulation).

Supplementary Information: The following is a summary of the application. The complete application may be obtained for a fee at the Commission's Public Reference Desk, 100 F Street, NE, Washington, DC 20549-0102 (telephone (202) 551-5850).

Applicants' Representations:

1. The Equity Fund, a Massachusetts business trust, and the Growth Fund, a Maryland corporation, are closed-end management investment companies registered under the Act. Each Fund's shares are currently listed and traded on the New York Stock Exchange. Each Fund holds an annual meeting of its shareholders, usually in April. ALPS Advisers, a Colorado corporation, serves as the investment adviser to the Funds and is registered as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act"). ALPS Advisers is a wholly owned subsidiary of ALPS Holdings, Inc. ("ALPS Holdings"), which in turn is majority owned by an institutional limited partnership controlled by Lovell Minnick Partners LLC.

15, 1994) (notice) and 20824 (January 10, 1995) (order); and Liberty All-Star Growth Fund, Inc., et al., Investment Company Act Release Nos. 22499 (February 6, 1997) (notice) and 22542 (March 4, 1997) (order).

2. On December 15, 2006, ALPS Advisers became the Funds' investment adviser. Previously, Banc of America Investment Advisers, Inc. ("BAIA"), formerly known as Liberty Asset Management Company, served as the Funds' investment adviser and administrator. Pursuant to an asset purchase agreement dated September 7, 2006, among BAIA, ALPS Advisers and ALPS Holdings, ALPS Advisers entered into fund management agreements ("Fund Management Agreements") with the Funds. At a special meeting of shareholders held on November 21, 2006, Fund shareholders approved the Fund Management Agreements with ALPS Advisers, new Portfolio Management Agreements with each Portfolio Manager and a policy permitting the Funds and ALPS Advisers to enter into Portfolio Management Agreements in advance of shareholder approval.

3. Under the terms of the Fund Management Agreements, ALPS Advisers is responsible for the general management and investment of the Funds, subject to the authority of the Funds' boards of trustees/directors (each a "Board" and collectively, the "Boards"). For providing services to the Funds, ALPS Advisers receives an investment advisory fee based on the average daily net assets of the Funds.

4. ALPS Advisers, on behalf of the Funds, has entered into Portfolio Management Agreements with multiple Portfolio Managers. The Equity Fund currently has five Portfolio Managers and the Growth Fund currently has three Portfolio Managers. Each Portfolio Manager is and each new Portfolio Manager will be an investment adviser that is registered under the Advisers Act. None of the existing Portfolio Managers is and no new Portfolio Manager will be an affiliated person of the Funds or ALPS Advisers other than as Portfolio Manager. ALPS Advisers will evaluate, allocate assets to, and oversee the Portfolio Managers, and make recommendations about their hiring, termination and replacement to the Board. ALPS Advisers

will recommend Portfolio Managers based on a number of factors discussed in the application used to evaluate their skills in managing assets pursuant to particular investment objectives.

ALPS Advisers will compensate the Portfolio Managers out of the fee paid to ALPS Advisers by the Funds.

5. Applicants request an order to permit ALPS Advisers, subject to Board approval, to change or add Portfolio Managers, or continue the services of a Portfolio Manager following an assignment of its Portfolio Management Agreement, and delay shareholder approval until the next annual shareholders meeting. Applicants state that the Prior Orders had granted BAIA, as investment adviser to the Funds, substantially identical relief.

Applicants' Legal Analysis:

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except under a written contract that has been approved by the vote of a majority of the company's outstanding voting securities.

2. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction or any class or classes of persons, securities, or transactions from any provisions of the Act, or from any rule thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants believe that the requested relief meets this standard for the reasons discussed below.

3. Applicants state that the Funds have operated under the Prior Orders for over 10 years. During the time that the Prior Orders have been in effect, there have been 11 Portfolio Manager changes for the Equity Fund and four changes for the Growth Fund. Applicants further

state that the Portfolio Manager changes have not had any impact on premiums or discounts to net asset value at which the Funds' shares have traded, and that there is no pattern of premiums or discounts related to Portfolio Manager changes. Applicants state that Portfolio Manager changes have been frequent enough over the lives of the Funds that they are not viewed as a significant event by shareholders or in the securities markets. Applicants state that the Board and ALPS Advisers believe the ability to quickly fire and hire a Portfolio Manager have been important to the success of the Funds' investment strategy and process. Finally, applicants state that the conditions to the requested relief set forth below will address the concerns underlying section 15(a) with respect to the Portfolio Management Agreements.

Applicants' Conditions:

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Each Fund will hold itself out to the public as employing the multi-manager investment management structure described in the application. Each Fund's periodic reports to shareholders will prominently disclose that ALPS Advisers has ultimate responsibility (subject to oversight by the Board) to oversee the Portfolio Managers and recommend their hiring, termination, and replacement.

2. Any new Portfolio Management Agreement with respect to a Fund will be submitted for ratification and approval to the vote of such Fund's shareholders no later than at the regularly scheduled annual meeting of shareholders of the Fund next following the effective date of the new Portfolio Management Agreement, and its continuance after such vote is conditioned on approval by the majority vote (as defined in section 2(a)(42) of the Act) of such shareholders.

3. The Funds will continue to hold annual meetings of their shareholders, whether or not required to do so by the rules of the New York Stock Exchange or otherwise.

4. At all times, at least a majority of the Board of each Fund will be trustees/directors who are not “interested persons,” as defined in section 2(a)(19) of the Act, of the Funds or ALPS Advisers (“Independent Trustees/Directors”), and the nomination of new or additional Independent Trustees/Directors will be at the discretion of the then existing Independent Trustees/Directors.

5. In the case of a previous Portfolio Management Agreement terminated by an assignment by an investment adviser or a controlling person of the investment adviser in connection with which assignment the investment adviser or a controlling person directly or indirectly receives money or other benefit (“Assignment”), the new Portfolio Management Agreement will comply with rule 15a-4(b)(2) under the Act. In any other case, each new Portfolio Management Agreement for a Fund will provide for a sub-advisory fee no higher than that provided in that Fund’s existing Portfolio Management Agreements and, except for the provisions relating to shareholder approval referred to in Condition 2 above, will be on substantially the same other terms and conditions as such Fund’s existing Portfolio Management Agreements. In all cases, in the event that the new Portfolio Management Agreement provides for sub-advisory fees at rates less than those provided in the existing Portfolio Management Agreements, the difference will be passed on to the Fund and its shareholders through a corresponding voluntary reduction in the fund management fees payable by the Fund to ALPS Advisers.

6. A Portfolio Manager will have no affiliation with the Funds or ALPS Advisers other than as Portfolio Manager, and will have no duties or responsibilities with respect to the Funds beyond the investment management of the portion of the Fund’s portfolio assets allocated to it by ALPS Advisers from time to time and related record keeping and reporting.

7. The Board of each Fund, in addition to approving any new Portfolio Management Agreement in accordance with the requirements of section 15(c) of the Act, will specifically determine that entering into the new Portfolio Management Agreement in advance of the next regular annual meeting of the shareholders of the Fund and without prior shareholder approval is in furtherance of the multi-management methodology as applied to each Fund's multi-managed assets and is in the best interests of the Fund and its shareholders.

8. ALPS Advisers will have responsibility for the general management and investment of each Fund's assets, subject to oversight by the Fund's Board. In particular, ALPS Advisers will (i) provide overall investment programs and strategies for the Funds, (ii) recommend to the Fund Boards investment management firms for appointment or replacement as the Fund's Portfolio Managers, (iii) allocate and reallocate each Fund's portfolio assets among the Portfolio Managers, (iv) monitor and evaluate the investment performance of the Portfolio Managers, including their compliance with each Fund's investment objectives, policies and restrictions, and (v) implement procedures reasonably designed to ensure that the Portfolio Managers comply with each Fund's investment objectives, policies and restrictions.

9. The appointment of the new or successor Portfolio Manager will be announced by press release promptly following the Fund's Board's action referred to in Condition 7 above, and a notice of the new Portfolio Management Agreement, together with a description of the new or successor Portfolio Manager, will be included in the applicable Fund's next report to shareholders.

10. No director/trustee or officer of the Funds nor director or officer of ALPS Advisers will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by such person) any interest in a Portfolio Manager, except for (a) ownership of interests in ALPS Advisers or any entity that controls, is controlled by, or is under common control with ALPS Advisers, or (b) ownership of less than 1% of the outstanding securities of

any class of equity or debt of any publicly traded company that is either a Portfolio Manager or controls, is controlled by or is under common control with a Portfolio Manager.

11. In the case of an Assignment of a Fund's Portfolio Management Agreement with a Portfolio Manager, ALPS Advisers or the Portfolio Manager (or its successor) will pay the incremental cost of including the proposal to approve or disapprove the new Portfolio Management Agreement in the proxy material for the next annual meeting of the Fund's shareholders.

For the Commission, by the Division of Investment Management, under delegated authority.

Florence E. Harmon
Deputy Secretary