

LIBERTY ALL STAR EQUITY FUND  
Form DEF 14A  
July 06, 2015

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 Rule14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Sec. 240.14a-12

LIBERTY ALL-STAR EQUITY FUND

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(name of Registrant as Specified in its Charter)

ALPS FUND SERVICES, INC.  
1290 Broadway, Suite 1100  
Denver, Colorado 80203

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

Payment of Filing Fee (Check the appropriate box):

[X] No fee required

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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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LIBERTY ALL-STAR® EQUITY FUND (the “Equity Fund”)  
LIBERTY ALL-STAR® GROWTH FUND, INC. (the “Growth Fund”)  
(collectively, the “Funds”)  
1290 Broadway, Suite 1100  
Denver, Colorado 80203  
(303) 623-2577

NOTICE OF ANNUAL MEETINGS OF SHAREHOLDERS  
August 27, 2015

To the Shareholders of the Funds:

NOTICE IS HEREBY GIVEN that the 2015 Annual Meetings of Shareholders of the Funds (the “2015 Annual Meetings”) will be held at One Financial Center, 15<sup>th</sup> Floor, Boston, Massachusetts, 02111, on August 27, 2015 at 9:00 a.m. Eastern Time for the Equity Fund and at 10:00 a.m. Eastern Time for the Growth Fund. The purposes of the 2015 Annual Meetings are to consider and act upon the following matters:

1. To elect two Trustees of the Equity Fund (“Proposal 1”);
2. To elect three Directors of the Growth Fund (“Proposal 2”);
3. If properly presented at the 2015 Annual Meetings, to consider and vote upon the shareholder proposal for the Equity Fund presented under the heading “Shareholder Proposal” (“Proposal 3”); and
4. To transact such other business, including any adjournment of the 2015 Annual Meetings, as may properly come before the 2015 Annual Meetings or any adjournments thereof.

The Boards of Trustees/Directors have fixed the close of business on May 29, 2015 as the record date for the determination of the shareholders of the Funds entitled to notice of, and to vote at, the 2015 Annual Meetings and any adjournments thereof.

YOUR VOTE AT THIS YEAR’S MEETINGS IS VERY IMPORTANT. An Equity Fund shareholder has submitted the proposal included in this Proxy Statement as Proposal 3, which the Board of Trustees of the Equity Fund strongly opposes. The Funds’ Boards of Trustees/Directors unanimously recommend that you vote FOR Proposals 1 and 2, and AGAINST Proposal 3.

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 2015 Annual Meeting(s). We urge you, whether or not you expect to attend the 2015 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 solicitations. 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. 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 the Funds at 1-800-241-1850.

Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual Meetings to be held on August 27, 2015: An electronic copy of this proxy statement and the annual reports are available at [www.all-starfunds.com](http://www.all-starfunds.com).

July 6, 2015

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LIBERTY ALL-STAR® EQUITY FUND (the "Equity Fund")  
LIBERTY ALL-STAR® GROWTH FUND, INC. (the "Growth Fund")  
(collectively, the "Funds")

PROXY STATEMENT

ANNUAL MEETINGS OF SHAREHOLDERS

August 27, 2015

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 2015 Annual Meetings of Shareholders of the Funds (the "2015 Annual Meetings") to be held at One Financial Center, 15<sup>th</sup> Floor, Boston, Massachusetts, 02111, at 9:00 a.m. Eastern time for the Equity Fund and at 10:00 a.m. Eastern time for the Growth Fund and at any adjournments thereof (such meetings and any adjournments being referred to collectively as the "Meetings"). Shareholders of record on May 29, 2015 are eligible to vote at the 2015 Annual Meetings.

The solicitation of proxies for use at the Meetings is being made by the Funds by the mailing on or about July 6, 2015 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 2015 Annual Meetings will be paid by the Funds. The Funds will reimburse brokerage firms and others for their expenses in forwarding solicitation material to shareholders.

The 2015 Annual Meetings are being held to vote on the matters described below:

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

If presented properly, to consider and vote upon a shareholder proposal.

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

PROPOSALS 1 and 2. ELECTION OF TRUSTEES AND DIRECTORS

Introduction

Each Fund's Board provides broad supervision over the affairs of its respective 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

Nominee	Title	Tenure
John A. Benning	Trustee since 2002	Tenure to end 2018
Edmund J. Burke	Trustee since 2006	Tenure to end 2018

Growth Fund

Nominee	Title	Tenure
Thomas W. Brock	Director since 2005	Tenure to end 2018
John J. Neuhauser	Director since 1998	Tenure to end 2018
Edmund J. Burke	Director since 2006	Tenure to end 2018

If elected, each of the above-named Trustees and Directors has consented to serve as Trustee or Director following the 2015 Annual 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. Each Board is responsible for and oversees the overall management and operations of its respective Fund, which includes the general oversight and review 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 such Fund's stated investment objective and policies. Each Board oversees its respective 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 Board. 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 reports 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 Committees 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' investment manager, oversees and regularly monitors the investments, operations and compliance of the Funds' investment sub-advisers (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 ("NAV") 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 the respective Board. As summarized below, the Audit Committees oversee specific matters related to oversight of the Funds' Auditors. The members and responsibilities of each Board 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 its respective Fund in light of, among other factors, such 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 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 years of birth 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 (YEAR OF BIRTH) AND ADDRESS*	POSITION WITH EQUITY FUND, TERM OF OFFICE AND LENGTH OF SERVICE	POSITION WITH GROWTH FUND, TERM OF OFFICE AND LENGTH OF SERVICE	PRINCIPAL OCCUPATION(S) DURING PAST FIVE YEARS	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE/DIRECTOR**	OTHER DIRECTORSHIPS HELD
Independent Trustees/Directors					
John A. Benning Year of Birth: 1934	Trustee since 2002; Term expires 2015	Director since 2002; Term expires 2017	Retired since December, 1999	2	None
Thomas W. Brock Year of Birth: 1947	Trustee since 2005; Term	Director since 2005; Term	Director, Silver Bay Realty (December 2012 – present);	2	Director, Silver Bay Realty (December 2012-present)



expires 2017	expires 2015	Former Chief Executive Officer, Stone Harbor Investment Partners LP (April 2006-2012); Adjunct Professor, Columbia University Graduate School of Business (since 1998)
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George R. Gaspari Year of Birth: 1940	Trustee since 2006; Term expires 2017	Director since 2006; Term expires 2016	Financial Services Consultant (1996-2012)	2	Trustee (since 1999) and Chairman – Audit Committee (since January 2015), The Select Sector SPDR Trust
Richard W. Lowry Year of Birth: 1936	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 Year of Birth: 1943	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. Rantow Year of Birth: 1938	Trustee and Chairman – Audit Committee since 2006; Term expires 2016	Director since 2006; Term expires 2017	Retired, Ernst & Young Partner (independent registered public accounting firm)(1993); Chief Financial Officer, Miller Sports (1993-1998)	2	Trustee, Clough Funds (3 registered investment companies)
Interested Trustee/Director					
Edmund J. Burke Year of Birth: 1961	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 Director, ALPS Holdings, Inc. (2005-2011); 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	27	President (since 2006), Trustee and Chairman (since 2009), Financial Investors Trust (25 registered investment companies); Trustee and President Clough Funds (3 registered investment companies). Mr. Burke is deemed an affiliate of the Funds as defined under the 1940 Act by virtue of the positions he holds with ALPS Holdings, Inc.

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

The Fund Complex for the Funds includes any registered investment company advised by ALPS Advisors, Inc. or any registered investment company sub-advised by Cornerstone Capital Management LLC, Matrix Asset Advisors, Inc., Pzena Investment Management, LLC, Schneider Capital Management Corporation, Weatherbie Capital, LLC, TCW Investment Management Company and Sustainable Growth Advisers, LP.

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.

#### Independent Trustees/Directors

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 and institutional asset management services, and multiple years of service as a Trustee of the Equity Fund and Director of the Growth Fund.

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

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 Trustee of the Equity Fund and Director of the Growth 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 Trustee of the Equity Fund, a Director of the Growth Fund, and Chairman of the Audit Committee of the Equity Fund and the Growth Fund.

#### Interested Trustee/Director

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 Trustee of the Equity Fund and a Director of the Growth Fund.

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During the fiscal year ended December 31, 2014, the Boards held four meetings, and the Audit Committee held five meetings. Each of these Board and Committee meetings was held jointly by the Funds. All sitting Trustees/Directors were present at all meetings, except for the August 2014 meetings of the Audit Committees as Messrs. Benning and Brock did not attend. 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' 2014 annual meetings of the shareholders.

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 Boards elect 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 (Year of Birth) and Address*	Position with Funds	Year First Elected or Appointed to Office	Principal Occupation(s) During Past Five Years
William R. Parmentier, Jr. Year of Birth: 1952	President	1999	Chief Investment Officer, ALPS Advisors, Inc. (since 2006); President of the 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 Year of Birth: 1964	Senior Vice President	1999	Senior Vice President of the 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 Year of Birth: 1961	Vice President	2006	Chief Executive Officer and President of ALPS Holdings, Inc., a DST Company (since November 2011); CEO and Director, ALPS Holdings, Inc. (2005-2011); 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 2013). Mr. Burke is deemed an affiliate of the Funds as defined under the 1940 Act.

<p>Kimberly R. Storms Year of Birth: 1972</p>	<p>Treasurer</p>	<p>2013</p>	<p>Director of Fund Administration (since 2004) and Senior Vice President of ALPS Fund Services, Inc. (since 2009). Ms. Storms is currently Treasurer of Financial 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.</p>
<p>Melanie Zimdars Year of Birth: 1976</p>	<p>Chief Compliance Officer</p>	<p>2009</p>	<p>Ms. Zimdars is Vice President and Deputy Chief Compliance Officer with ALPS. Prior to joining ALPS in September 2009, Ms. Zimdars served as Principal Financial Officer, Treasurer and Secretary for the Wasatch Funds from February 2007 to December 2008. From November 2006 to February 2007, she served as Assistant Treasurer for the Wasatch Funds and served as a Senior Compliance Officer for Wasatch Advisors, Inc. from 2005 to 2007. Ms. Zimdars is currently the CCO for ALPS Variable Investment Trust, ALPS ETF Trust, Broadview Opportunity Trust, the Funds, PowerShares QQQ Trust and BLDRS Index Funds Trust. Ms. Zimdars is deemed to be an affiliate of the Funds as defined under the 1940 Act.</p>
<p>Alex J. Marks Year of Birth: 1974</p>	<p>Secretary</p>	<p>2015</p>	<p>Employee of ALPS Fund Services, Inc. since June 2011. Mr. Marks is currently the Secretary of the ALPS Variable Investment Trust, and was previously Assistant Secretary of the Funds (2011-2015). 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.</p>

The address of each office, other than Messrs. Parmentier and Haley is: c/o ALPS Fund Services, Inc., 1290 \*Broadway, Suite 1100, Denver, CO 80203. The address of Messrs. Parmentier and Haley is c/o ALPS Advisors, Inc., One Financial Center, 15th Floor, Boston, MA 02111.

#### 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 NYSE Listing Standards for trustees/directors of closed-end investment companies) of the Funds and who are also not "interested persons" (as defined under 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. Rantzow is each Fund's "audit committee financial expert," as defined in the rules promulgated by the SEC, and as required by NYSE 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](http://www.all-starfunds.com). The principal function 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 19, 2015, 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 Public Company Accounting Oversight Board ("PCAOB") Auditing 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 Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, (iv) has considered the compatibility of non-audit services with the independence of the independent registered public accounting firm, (v) has discussed with D&T its independence, and (vi) has 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 Funds for accounting, financial management or internal control purposes. Members of the Audit Committees 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' respective charter, the Audit Committees recommended to the Board of Trustees/Directors that the audited financial statements for the Fund be included in the Funds' 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 of the Funds has a nominating committee or compensation committee. The Boards do not believe that either a nominating committee or compensation committee is necessary because there has been minimal turnover in the Trustees/Directors serving on the Board of each Fund.

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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 ("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 adviser, 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 Boards 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, 2014, 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.

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Independent Trustees/Directors	Aggregate Compensation from the Equity Fund	Aggregate Compensation from the Growth Fund	Total Compensation from the Fund Complex
John A. Benning	\$24,870	\$7,630	\$32,500
Thomas W. Brock	\$24,870	\$7,630	\$32,500
George R. Gaspari	\$25,638	\$7,862	\$33,500
Richard W. Lowry	\$34,249	\$10,501	\$44,750
John J. Neuhauser	\$25,638	\$7,862	\$33,500
Richard C. Rantzow	\$28,508	\$8,742	\$37,250

Interested Trustee/Director

Edmund J. Burke	\$0	\$0	\$0
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Share Ownership

The following table shows the dollar range of equity securities beneficially owned by each Trustee/Director as of December 31, 2014 (i) in each of the Funds and (ii) in all funds overseen by the Trustee/Director in the Fund Complex.

Name of Trustee/Director	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*
Independent Trustees/Directors			
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

Interested Trustee/Director

Edmund J. Burke	None	None	None
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All Trustees and Executive Officers as a group