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.

	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.

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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.

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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.

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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.

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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	An investment in shares is subject to investment risk, including the possible loss of the entire amount that you invest. Your investment in shares represents an indirect investment in the securities owned by the Fund, most of which are anticipated to be traded on a national securities exchange or in the over-the-counter markets. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. Your shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of dividends and other distributions.
Issuer Risk	The value of common and preferred stocks may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods and services.

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Common Stock Risk	The Fund is not limited in the percentage of its assets that may be invested in common stocks and other equity securities, and therefore a risk of investing in the Fund is common stock or equity risk. Equity risk is the risk that the market value of securities held by the Fund will fall due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by the Fund participate, and the particular circumstances and performance of particular companies whose securities the Fund holds. In addition, common stock of an issuer in the Fund's portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the security experiences a decline in its financial condition. Common equity securities in which the Fund will invest are structurally subordinated to preferred stocks, bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income, and therefore will be subject to greater payment risk than preferred stocks or debt instruments of such issuers. In addition, while broad market measures of common stocks have historically generated higher average returns than fixed income securities, common stocks have also experienced significantly more volatility in their returns.
Management Risk	The Fund is subject to management risk because it is an actively managed investment portfolio. AAI will apply investment techniques and risk analyses in selecting Portfolio Managers and the Portfolio Managers will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.
Growth Stock Risk	Growth stocks are stocks of companies believed to have above-average potential for growth in revenue and earnings. In certain market conditions, prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as the stock market in general.
Foreign Securities Risk	Investments in foreign securities involve risks in addition to those of investments in U.S. issuers. These risks include political and economic risks, currency fluctuations, higher transaction costs, less liquidity and greater volatility, delayed settlement, confiscatory taxation, withholding of taxes and less stringent investor protection and disclosure of standards in some foreign markets. These risks can make investments in foreign issuers more volatile and potentially less liquid than investments in U.S. issuers.
Tax Risk	The Fund may invest in preferred securities, convertible securities, or other securities the federal income tax treatment of the income from which may not be clear or may be subject to recharacterization by the Internal Revenue Service ("IRS"). The tax treatment of distributions the Fund reports as "qualified dividend income" may be affected by IRS interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), and future changes in the Code and the regulations thereunder. There can be no assurance as to what portion, if any, of the Fund's distributions will constitute qualified dividend income.
Inflation Risk	Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the shares and distributions can decline.
Deflation Risk	Deflation risk is the risk that prices throughout the economy decline over time, which may have an adverse effect on the market valuation of companies, their assets and revenues. In addition, deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Fund's portfolio.

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Small and Mid-Cap Stock Risk	The Fund may invest in companies of any market capitalization. The Fund considers small companies to be those with a market capitalization up to $2 billion and medium-sized companies to be those with a market capitalization between $2 billion and $10 billion. Smaller and medium-sized company stocks may be more volatile than, and perform differently from, larger company stocks. There may be less trading in the stock of a smaller or medium-sized company, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks. Smaller and medium-sized companies may have fewer business lines; changes in any one line of business, therefore, may have a greater impact on a smaller or medium-sized company's stock price than is the case for a larger company. As a result, the purchase or sale of more than a limited number of shares of a small or medium-sized company may affect its market price. The Fund may need a considerable amount of time to purchase or sell its positions in these securities. In addition, smaller or medium-sized company stocks may not be well known to the investing public and may be held primarily by insiders or institutional investors.
Market Disruption and Geopolitical Risk	Ongoing U.S. military activities and political developments, as well as the continuing threat of terrorist attacks, could have significant adverse effects on the U.S. economy, the stock market and world economies and markets generally. A disruption of financial markets or terrorist attacks could adversely affect the Fund's service providers and/or the Fund's operations as well as interest rates, secondary trading, credit risk, inflation and other factors relating to the common shares. The Fund cannot predict the effects or likelihood of similar events in the future on the U.S. and world economies, the value of the common shares or the NAV of the Fund. Assets of companies, including those held in the Fund's portfolio, could be direct targets, or indirect casualties, of an act of terrorism. The U.S. government has issued warnings that assets of utility companies and energy sector companies, specifically the United States' pipeline infrastructure, may be the future target of terrorist organizations.
Legislation and Regulatory Risk	At any time after the date of this Prospectus, legislation or additional regulations may be enacted that could negatively affect the assets of the Fund or the issuers of such assets. Changing approaches to regulation may have a negative impact on the entities and/or securities in which the Fund invests. Legislation or regulation may also change the way in which the Fund itself is regulated. New or amended regulations may be imposed by the Commodity Futures Trading Commission, the SEC, the Board of Governors of the Federal Reserve System or other financial regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect the Fund. In particular, these agencies are empowered to promulgate a variety of new rules pursuant to recently enacted financial reform legislation in the United States. There can be no assurance that future legislation, regulation or deregulation will not have a material adverse effect on the Fund or will not impair the ability of the Fund to achieve its investment objective. The Fund also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules.

Anti-takeover Provisions

The Fund's Agreement and Articles of Incorporation, dated December 16, 1985 (the "Articles of Incorporation"), as amended, includes provisions that could have the effect of inhibiting the Fund's possible conversion to open-end status and limiting the ability of other entities or persons to acquire control of the Board. In certain circumstances, these provisions might also inhibit the ability of shareholders to sell their common shares at a premium over prevailing market prices. See "Description of Shares — Anti-Takeover Provisions of the Articles of Incorporation and By-Laws; Super-majority Vote Requirement for Conversion to Open-End Status."

Distributions

The Fund's current distribution policy is to pay distributions on its shares totaling approximately 8% of its NAV per year, payable in four quarterly installments of 2% of the Fund's NAV at the close of the NYSE on the Friday prior to each quarterly declaration date. Sources of distributions to shareholders may include ordinary dividends, long-term capital gains and return of capital. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during its fiscal year and may be subject to changes based on Treasury regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. If the Fund's net investment income and net realized capital gains for any year exceed the amount distributed under the distribution policy, the Fund may, in its discretion, retain and not distribute capital gains and pay income tax thereon to the extent of such excess. See "Distributions; Automatic Dividend Reinvestment and Cash Purchase Plan."

You should carefully consider your ability to assume the foregoing risks before making an additional investment in the Fund. An investment in shares of the Fund is not appropriate for all investors.

EXPENSES

Shareholder Transaction Expenses

These are the expenses that an investor incurs when buying shares, whether pursuant to the Offer, in the open-market or through the Fund's Automatic Dividend Reinvestment and Cash Purchase Plan, as amended ("Plan").

Sales Load	None(1)
Automatic Dividend Reinvestment and Cash Purchase Plan Fees	$1.25 per voluntary cash investment

(1)No sales load or commission will be payable in connection with the Offer. Purchases of shares through brokers in secondary market transactions are subject to brokers' commissions and charges.

Annual Expenses (as a percentage of net assets attributable to shares)

Management Fees	0.80%
Other Expenses	0.39%
Total Annual Expenses*	1.19%

*The numbers shown under the Annual Expenses table are projections based on the Fund's actual expenses for the year ended December 31, 2017, and on its projected net assets assuming the Offer is fully subscribed for at the Estimated Purchase Price of $6.07 per share. See "Financial Highlights" for the Fund's actual ratio of expenses to average net assets for the year ended December 31, 2017.

Example: You would pay the following expenses on an investment (at NAV) of $1,000, assuming a 5% annual return and reinvestment of all dividends and distributions at NAV.

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$12	$38	$65	$144

The example should not be considered a representation of future expenses or rate of return. Actual expenses may be higher or lower than those shown. The example assumes that the estimated “Other Expenses” set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at net asset value. Moreover, the Fund’s actual rate of return may be greater or less than the hypothetical 5% annual return shown in the example.

FINANCIAL HIGHLIGHTS

The selected financial data below sets forth per common share operating performance data, total investment return, ratios and supplemental data for the years ended December 31, 2008 through December 31, 2017. The financial information set forth below for the years ended December 31, 2008 through December 31, 2017 was audited by Deloitte & Touche LLP, the Fund's independent registered public accounting firm. The financial information set forth below for the fiscal period ended June 30, 2018, is unaudited. This financial information should be read in conjunction with the financial statements of the Fund incorporated by reference into this Prospectus and the SAI. See "Financial Statements" in the Statement of Additional Information.

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	For the Six Months Ended June 30, 2018 (Unaudited)	For the Year Ended December 31, 2017	2016	2015	2014
PER SHARE OPERATING PERFORMANCE:					
Net asset value at beginning of period	$5.67	$4.80	$4.99	$5.69	$5.91
INCOME FROM INVESTMENT OPERATIONS:					
Net investment loss[(a)]	(0.01)	(0.02)	(0.02)	(0.03)	(0.04)
Net realized and unrealized gain on investments	0.49	1.31	0.19	0.10	0.15
Total from Investment Operations	0.48	1.29	0.17	0.07	0.11
LESS DISTRIBUTIONS TO SHAREHOLDERS:					
Net investment income	(0.23)	—	—	—	—
Net realized gain on investments	—	(0.42)	(0.36)	(0.77)	(0.33)
Tax return of capital	—	—	—	—	—
Total Distributions	(0.23)	(0.42)	(0.36)	(0.77)	(0.33)
Change due to tender offer[(e)]	—	—	—	—	—
Net asset value at end of period	$5.92	$5.67	$4.80	$4.99	$5.69
Market price at end of period	$6.62	$5.54	$4.18	$4.58	$5.16
TOTAL INVESTMENT RETURN FOR SHAREHOLDERS:[(b)]					
Based on net asset value	8.6%[(c)]	28.6%	4.8%	3.9%	2.4%
Based on market price	24.3%[(c)]	44.3%	(0.6%)	5.1%	(2.3%)
RATIOS AND SUPPLEMENTAL DATA:					
Net assets at end of period (millions)	$162	$154	$126	$124	$138
Ratio of expenses to average net assets after waiver/reimbursement	—	—	—	—	—
Ratio of expenses to average net assets before waiver/reimbursement	—	—	—	—	—
Ratio of expenses to average net assets	1.26%[(d)]	1.26%	1.35%	1.30%	1.34%
Ratio of net investment loss to average net assets	(0.48%)[(d)]	(0.46%)	(0.34%)	(0.45%)	(0.77%)
Portfolio turnover rate	21%[(c)]	40%	100%	58%	63%

(a)Calculated using average shares outstanding during the period.

(b)Calculated assuming all distributions are reinvested at actual reinvestment prices. The net asset value and market price returns will differ depending upon the level of any discount from or premium to net asset value at which the Fund’s shares traded during the period. Past performance is not a guarantee of future results.

(c)Not annualized.

(d)Annualized.

(e)Effect of Fund’s tender offer for shares at a price below net asset value, net of costs.