Liberty All-Star Mid Cap Fund
Form N-2/A
September 28, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 28, 2005

1933 Act File No. 333-123502
1940 Act File No. 811-21733

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form N-2

[X] REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
[X] Pre-Effective Amendment No. 2
[ ] Post-Effective Amendment No. ___

and

[X] REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
[X] Amendment No. 2

Liberty All-Star Mid-Cap Fund
(Exact Name of Registrant as Specified in Charter)

100 Federal Street
Boston Massachusetts 02111
(Address of Principal Executive Offices)

(800) 542-3863
(Registrant's Telephone Number, including Area Code)

William R. Parmentier, Jr.
100 Federal Street
Boston Massachusetts 02111
(Name and Address of Agent for Service)

Copies of Communications to:

Clifford Alexander, Esq.
Kathy Kresch Ingber, Esq.
Kirkpatrick & Lockhart Nicholson Graham LLP
1800 Massachusetts Avenue, N.W.
2nd Floor
Washington, DC 20036-1800

Approximate Date of Proposed Public Offering:

As soon as practicable after the effective date of this Registration Statement

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. [ ]

It is proposed that this filing will become effective (check appropriate box)

[ ] when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered (1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee (1)(2)
Shares of Beneficial Interest	50,000	$20.00	$1,000,000.00	$117.70

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Contents of Registration Statement

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. ALL-STAR MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SEC IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PROSPECTUS SUBJECT TO COMPLETION, DATED SEPTEMBER 28, 2005

SHARES

LIBERTY ALL-STAR(R) MID-CAP FUND

SHARES OF BENEFICIAL INTEREST

Investment Objective and Strategy. Liberty All-Star Mid-Cap Fund ("All-Star" or the "Fund") is a newly organized, multi-managed, diversified, closed-end management investment company. The investment objective of All-Star is to seek total investment return, primarily through long-term capital appreciation and secondarily through current income. Under normal market conditions, All-Star will seek its investment objective by investing primarily in a diversified portfolio of mid-cap equity securities. All-Star cannot assure you that it will achieve its investment objective.

All-Star will allocate its portfolio assets among a number of independent investment management organizations, each having a different investment style (each a "Portfolio Manager"). The Portfolio Managers will be recommended and monitored by All-Star's fund manager, Banc of America Investment Advisors, Inc., formerly known as Liberty Asset Management Company ("BAIA" or the "Fund Manager"), an indirect, wholly owned subsidiary of Bank of America Corporation, utilizing processes that BAIA has employed on behalf of registered closed-end fund clients since 1986. Under normal market conditions, BAIA expects to allocate between 40% and 60% of All-Star's net assets to Portfolio Managers that utilize a "growth" approach to investing and between 40% and 60% of All-Star's net assets to Portfolio Managers that utilize a "value" approach to investing.

NO PRIOR TRADING HISTORY. BECAUSE ALL-STAR IS NEWLY ORGANIZED, ITS SHARES HAVE NO HISTORY OF PUBLIC TRADING AND THERE HAS BEEN NO PUBLIC MARKET FOR THE SHARES. SHARES OF CLOSED-END FUNDS FREQUENTLY TRADE AT PRICES BELOW THEIR NET ASSET VALUE ("DISCOUNT"). THE RISK OF LOSS DUE TO THIS DISCOUNT MAY BE GREATER FOR INVESTORS EXPECTING TO SELL THEIR SHARES IN A RELATIVELY SHORT PERIOD OF TIME AFTER COMPLETION OF THE PUBLIC OFFERING. All-Star has applied to list its shares on the New York Stock Exchange ("Exchange"). The trading or "ticker" symbol is expected to be "ASM."

INVESTING IN ALL-STAR'S SHARES INVOLVES RISKS THAT ARE DESCRIBED UNDER "RISK FACTORS" BEGINNING ON PAGE 22 OF THIS PROSPECTUS.

	PER SHARE	TOTAL(1)	TOTAL ASSUMING FULL EXERCISE OF OVERALLOTMENT OPTION
Public Offering Price	$ 20.00	$	$
Sales Load	$ 0.90	$	$
Proceeds to All-Star (1)(2)	$ 19.10	$	$

(1) Total organizational expenses are estimated to be $. Total expenses of the offering are estimated to be $, or $ assuming full exercise of the over-allotment option, which represents $, or $ per share, respectively. The Fund Manager has agreed to pay All-Star's organizational expenses and to reimburse All-Star's offering expenses to the extent that the aggregate of All-Star's organizational and offering expenses exceed $0.04 per share.

(2) The underwriters have been granted an option, exercisable for 45 days from the date of this Prospectus, to purchase up to an additional shares at the public offering price, less the sales load, to cover over-allotments. If such option is exercised, the total price to the public, total sales load and total proceeds to All-Star, will be correspondingly increased as set forth in the table above.

Neither the U.S. 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.

The underwriters expect to deliver the shares to purchasers on or about , 2005.

BANC OF AMERICA SECURITIES LLC

NUVEEN INVESTMENTS LLC	ADVEST, INC.
FERRIS, BAKER WATTS INCORPORATED	KEYBANC CAPITAL MARKETS
RBC CAPITAL MARKETS	SUNTRUST ROBINSON HUMPHREY
WEDBUSH MORGAN SECURITIES	WELLS FARGO SECURITIES

, 2005

PORTFOLIO MANAGERS. It is anticipated that All-Star's investment portfolio initially will be allocated among the following investment management firms (referred to as "Portfolio Managers"):

- Fiduciary Management, Inc.
- M.A. Weatherbie & Co., Inc.
- Mazama Capital Management, Inc.
- Sasco Capital, Inc.
- Schneider Capital Management Corporation

From time to time, Portfolio Managers may be removed or added.

All-Star's address is 100 Federal Street, Boston, Massachusetts 02110, and its telephone number is 1-617-434-5949.

YOU SHOULD READ THIS PROSPECTUS, WHICH CONTAINS IMPORTANT INFORMATION ABOUT ALL-STAR THAT YOU SHOULD KNOW BEFORE INVESTING, AND RETAIN IT FOR FUTURE REFERENCE. A STATEMENT OF ADDITIONAL INFORMATION DATED , 2005, CONTAINING ADDITIONAL INFORMATION ABOUT ALL-STAR, HAS BEEN FILED WITH THE SEC AND IS INCORPORATED BY REFERENCE IN ITS ENTIRETY INTO THIS PROSPECTUS. THE TABLE OF CONTENTS OF THE STATEMENT OF ADDITIONAL INFORMATION APPEARS ON PAGE 41 OF THIS PROSPECTUS. INVESTORS MAY REQUEST A FREE COPY OF ALL-STAR'S STATEMENT OF ADDITIONAL INFORMATION, ADDITIONAL INFORMATION ABOUT ALL-STAR, OR MAKE SHAREHOLDER INQUIRIES BY CALLING 1-800-605-9971, WRITING TO THE ADDRESS PROVIDED ABOVE, OR ACCESSING www.all-starfunds.com. THE SEC MAINTAINS AN INTERNET WEBSITE AT www.sec.gov THAT CONTAINS THE STATEMENT OF ADDITIONAL INFORMATION AND OTHER INFORMATION REGARDING ALL-STAR.

THE SHARES OFFERED HEREBY DO NOT REPRESENT A DEPOSIT OBLIGATION OF, AND ARE NOT GUARANTEED OR ENDORSED BY, BANK OF AMERICA OR ANY OTHER BANK OR OTHER INSURED DEPOSITORY INSTITUTION AND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER GOVERNMENTAL AGENCY.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFERING OF ANY SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO ANY PERSON IN ANY STATE OR JURISDICTION OF THE UNITED STATES OR ANY COUNTRY WHERE SUCH OFFER WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS AS SET FORTH IN THE PROSPECTUS OR IN THE AFFAIRS OF THE FUND SINCE THE DATE HEREOF.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE INTO THIS PROSPECTUS. ALL-STAR HAS NOT, AND THE UNDERWRITERS HAVE NOT, AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT. ALL-STAR IS NOT, AND THE UNDERWRITERS ARE NOT, MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. THE INFORMATION APPEARING IN THIS PROSPECTUS IS GIVEN AS OF THE DATE OF THIS PROSPECTUS. ALL-STAR'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THE DATE OF THIS PROSPECTUS.

TABLE OF CONTENTS

PROSPECTUS SUMMARY

This summary highlights some information that is described more fully elsewhere in this Prospectus. It may not contain all of the information that you should consider before investing in the shares offered hereby. You should carefully review the more detailed information contained in this Prospectus and in the Statement of Additional Information ("SAI").

The Fund

Liberty All-Star Mid-Cap Fund ("All-Star" or the "Fund") newly organized, multi-managed, diversified, closed-end management investment company. All-Star will allocate its portfolio assets among a number of independent investment management organizations, each having a different investm style (each, a "Portfolio Manager"). The Portfolio Manage be recommended and monitored by All-Star's Fund Manager, America Investment Advisors, Inc., formerly known as Libe Asset Management Company ("BAIA" or the "Fund Manager"), utilizing processes that BAIA has employed on behalf of registered closed-end fund clients since 1986. See "The F

Investment Objective and Principal Investment Strategies

All-Star's investment objective is to seek total investme return, primarily through long-term capital appreciation secondarily through current income. Under normal market conditions, All-Star will seek its investment objective b investing primarily in a diversified portfolio of mid-cap securities. Mid-cap equity securities are securities of c whose market capitalizations are less than or equal to th highest market capitalization of companies included in th Russell Midcap(R) Index or the Standard & Poor's MidCap 4 ("S&P MidCap 400") (whichever capitalization is greater) greater than or equal to the lowest market capitalization companies included in these indices (whichever capitaliza lower). These indices may be revised from time to time.

New investments will be made by reference to the then-cur index ranges at the time of purchase. Thus, if a security in the mid-cap range at the time of purchase becomes larg it will continue to be treated as mid-cap for purposes of Fund's policies. However, if a small-cap security held in portfolio enters the mid-cap range at a later time, such shall be deemed to be a mid-cap security at that time. Se "Investment Objective and Principal Investment Strategies "Risk Factors."

All-Star will invest primarily in equity securities, whic primarily be common stocks but may also include preferred options on preferred stocks, securities convertible into stocks such as convertible bonds, securities having commo characteristics such as rights and warrants to purchase e securities, and American Depositary Receipts ("ADRs"). Al may lend its portfolio securities and engage in options a futures strategies (see "Investment Objective and Princip Investment Strategies"). Under normal market conditions, 80% of the value of All-Star's net assets will be investe mid-cap equity securities.

Although All-Star will, under normal market conditions, r
fully invested in equity securities, up to 20% of the val
All-Star's net assets may generally be invested in short-
money market instruments. All-Star may temporarily reduce
investments in equity securities and invest without limit
short-term money market instruments for defensive purpose
BAIA or a Portfolio Manager (with respect to the assets m
by that Portfolio Manager) deem that market conditions ar
that a more conservative approach to investment is desira
Taking a temporary defensive position may prevent All-Sta
achieving its investment objective.

All-Star's policy of investing under normal market condit
least 80% of the value of its net assets in mid-cap equit
securities is not fundamental and may be changed without
of All-Star's outstanding shares. All-Star may not change
policy unless it provides shareholders with at least 60 d
prior written notice. For purposes of this policy, net as
include any borrowings for investment purposes.

The Multi-Manager Concept

All-Star will allocate its portfolio assets among a numbe
Portfolio Managers, each having a different investment st
Portfolio Managers will be recommended and monitored by B
utilizing processes that BAIA has employed on behalf of
registered closed-end fund clients since 1986. From time
All-Star will rebalance the portfolio among the Portfolio
Managers to adjust to the desired allocations.

In BAIA's opinion, the multi-manager concept provides adv
over the use of a single manager because of the following
factors:

(i) most equity investment management firms consistent
employ a distinct investment style that causes them to em
stocks with particular characteristics;

(ii) because of changing investor preferences and chang
market conditions, any given investment style will genera
into and out of market favor and may result in better inv
performance under certain market conditions but less succ
performance under other conditions;

(iii) by allocating All-Star's portfolio among Portfolio
Managers employing different styles, the impact of any on
style on investment performance may be diluted, and the
investment performance of the total portfolio may be more
consistent and less volatile over the long term than if a
style were employed throughout the entire period; and

(iv) consistent performance at a given annual rate of r
over time produces a higher rate of return for the long t
more volatile performance having the same average annual
return.

BAIA, based on the foregoing principles and on its analys
evaluation of information regarding the personnel and inv
styles and performance of a universe of numerous professi
investment management firms, has selected for appointment

All-Star a group of Portfolio Managers representing a ble
different investment styles that, in its opinion, are app
to All-Star's investment objective. Under normal market
conditions, BAIA expects to allocate between 40% and 60%
All-Star's net assets to Portfolio Managers that utilize
"growth" approach to investing, and between 40% and 60% o
All-Star's net assets to Portfolio Managers that utilize
"value" approach to investing. These allocations are subj
change from time to time in the discretion of BAIA. Initi
60% of All-Star's net assets will be managed by Portfolio
Managers that use a "value" approach to investing and 40%
All-Star's net assets will be managed by Portfolio Manage
use a "growth" approach to investing.

BAIA will continuously monitor the performance and invest
styles of All-Star's Portfolio Managers and from time to
recommend changes of Portfolio Managers based on factors
changes in a Portfolio Manager's investment style or a de
by a Portfolio Manager from the investment style for whic
been selected, a deterioration in a Portfolio Manager's
performance relative to that of other investment manageme
practicing a similar style, or adverse changes in its own
or personnel. Portfolio Manager changes may also be made
change the mix of investment styles employed by the Portf
Managers.

The Offering

All-Star is offering shares of beneficial interest (t
"shares") at an offering price of $20.00 per share. The m
investment requirement is 100 shares. The shares are bein
offered by a group of underwriters represented by Banc of
Securities LLC. The underwriters have been granted an opt
purchase additional shares to cover over-allotments. See
"Underwriting."

Fund Manager

All-Star will enter into a management agreement with BAIA
Management Agreement") pursuant to which BAIA will be res
for determining All-Star's overall investment strategy an
selecting, evaluating, monitoring and rebalancing service
amongst the Portfolio Managers ("investment management se
as described under "The Multi-Manager Concept." Rebalanci
involves reallocating the portfolio among the Portfolio M
so that the combined weightings of the Portfolio Managers
consistent with BAIA's targeted strategic allocation focu
(growth vs. value) and investment process.

Pursuant to the Fund Management Agreement, BAIA will also
responsible for the provision of administrative services
All-Star, including the provision of office space, compen
of officers of All-Star who are also officers or employee
BAIA or its affiliates, and the supervision of transfer a
dividend disbursing, custodial and other services provide
All-Star. Certain of BAIA's administrative responsibiliti
be delegated to its affiliate, Columbia Management Adviso
("CMA").

The Fund Management Agreement provides that All-Star will
Fund Manager a monthly fund management fee at an annual r
1.00% of All-Star's average weekly net assets and a month
administration fee at an annual rate of 0.20% of its aver
weekly

net assets. Under each current portfolio management agree among All-Star, BAIA and a Portfolio Manager (each, a "Po Management Agreement"), BAIA will pay the Portfolio Manag aggregate monthly portfolio management fee at an annual r 0.60% of its average weekly net assets. Individual Portfo Managers may receive more or less compensation.

BAIA, organized in 1985, is an indirect, wholly owned sub of Bank of America Corporation. As of June 30, 2005, BAIA over $1.4 billion in assets. See "Management of All-Star.

Portfolio Managers

All-Star will allocate its portfolio assets among a numbe independent investment management organizations, each hav different investment style, as selected by BAIA from time time. It is anticipated that All-Star's investment portfo initially will be allocated among the following Portfolio Managers:

- Fiduciary Management, Inc.
- M.A. Weatherbie & Co., Inc.
- Mazama Capital Management, Inc.
- Sasco Capital, Inc.
- Schneider Capital Management Corporation

See "Management of All-Star."

Custodian and Transfer and Dividend Disbursing Agent

State Street Bank and Trust Company will serve as All-Sta custodian. Computershare Shareholder Services, Inc. will All-Star's transfer and dividend disbursing agent and reg See "Custodian and Transfer and Dividend Disbursing Agent

Automatic Dividend Reinvestment and Cash Purchase Plan

All dividend and capital gain and other distributions to will be automatically reinvested in additional shares of unless a shareholder does not participate in the Plan. In who hold shares through intermediaries may receive distri in cash or shares depending on procedures of the intermed See "Automatic Dividend Reinvestment and Cash Purchase Pl

Listing

All-Star has applied to list its shares on the New York S Exchange ("Exchange").

Symbol

All-Star's Exchange symbol is expected to be "ASM."

Closed-End Fund Discounts

Shares of closed-end funds frequently trade at a market p that is less than the value of the net assets attributabl those shares. The possibility that shares of All-Star wil at a discount from net asset value is a risk separate and distinct from the risk that All-Star's net asset value wi

decrease. The risk of purchasing shares of a closed-end f
might trade at a discount is more pronounced for investor
wish to sell their shares in a relatively short period of
because, for those investors, realization of a gain or lo
their investments is likely to be more dependent upon the
existence of a premium or discount than upon portfolio
performance. See "Closed-End Fund

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Structure" and "Repurchase of Shares; Tender Offers; Conv
to Open-End Status."

Special Risk Considerations

The following summarizes some of the risks that you shoul
consider before purchasing All-Star shares. A more detail
description of these and other risks of investing in All-
described under "Risk Factors" in this Prospectus and und
"Investment Objective and Policies" in the SAI.

NO OPERATING HISTORY. All-Star is a newly organized,
multi-managed, diversified, closed-end management investm
company with no history of operations.

INVESTMENT AND MARKET RISK. An investment in All-Star's s
subject to investment risk, including the possible loss o
entire amount that you invest. Your investment in the sha
represents an indirect investment in the securities owned
All-Star, most of which are anticipated to be traded on a
national securities exchange or in the over-the-counter m
The value of these securities, like other market investme
move up or down, sometimes rapidly and unpredictably. You
at any point in time may be worth less than your original
investment, even after taking into account the reinvestme
dividends and other distributions.

MARKET DISCOUNT RISK. Shares of closed-end management inv
companies such as All-Star frequently trade at a discount
their net asset value. This risk may be greater for inves
expecting to sell their shares of All-Star soon after the
completion of the public offering. The shares of All-Star
designed primarily for long-term investors, and investors
All-Star shares should not view All-Star as a vehicle for
purposes. See "Closed-End Fund Discounts" above.

COMMON STOCK RISK. All-Star is not limited in the percent
its assets that may be invested in common stocks and othe
securities, and therefore a risk of investing in the Fund
equity risk. Equity risk is the risk that the market valu
securities held by All-Star will fall due to general mark
economic conditions, perceptions regarding the industries
which the issuers of securities held by All-Star particip
the particular circumstances and performance of particula
companies whose securities All-Star holds. For example: a
adverse event, such as an unfavorable earnings report, ma
depress the value of equity securities of an issuer held
All-Star; the price of common stock of an issuer may be
particularly sensitive to general movements in the stock
or a drop in the stock market may depress the price of mo

all of the common stocks and other equity securities held
All-Star. In addition, common stock of an issuer in All-S
portfolio may decline in price if the issuer fails to mak
anticipated dividend payments because, among other reason
issuer of the security experiences a decline in its finan
condition. Common equity securities in which All-Star wil
are structurally subordinated to preferred stocks, bonds
other debt instruments in a company's capital structure,
of priority to corporate income, and therefore will be su
greater payment risk than preferred stocks or debt instru

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such issuers. In addition, while broad market measures of
stocks have historically generated higher average returns
fixed income securities, common stocks have also experien
significantly more volatility in those returns.

PREFERRED SECURITIES RISK. Preferred equity securities in
credit risk, which is the risk that a preferred equity se
will decline in price, or fail to pay dividends when expe
because the issuer experiences a decline in its financial
In addition to credit risk, investment in preferred equit
securities involves certain other risks. Certain preferre
securities contain provisions that allow an issuer under
conditions to skip distributions (in the case of "non-cum
preferred equity securities) or defer distributions (in t
of "cumulative" preferred equity securities). Preferred e
securities often contain provisions that allow for redemp
the event of certain tax or legal changes or at the issue
call. In the event of redemption, All-Star may not be abl
reinvest the proceeds at comparable rates of return. Pref
equity securities typically do not provide any voting rig
except in cases when dividends are in arrears beyond a ce
time period, which varies by issue. Preferred equity secu
are subordinated to bonds and other debt instruments in a
company's capital structure in terms of priority to corpo
income and liquidation payments, and therefore will be su
greater credit risk than those debt instruments. Preferre
securities may be significantly less liquid than many oth
securities, such as U.S. government securities, corporate
common stock.

CONVERTIBLE SECURITY RISK. Convertible securities general
lower interest or dividend yields than non-convertible
fixed-income securities of similar credit quality because
potential for capital appreciation. The market values of
convertible securities tend to decline as interest rates
and, conversely, to increase as interest rates decline. H
a convertible security's market value also tends to refle
market price of the common stock of the issuing company,
particularly when the stock price is greater than the con
security's conversion price. The conversion price is defi
the predetermined price or exchange ratio at which the
convertible security can be converted or exchanged for th
underlying common stock. As the market price of the under
common stock declines below the conversion price, the pri
the convertible security tends to be increasingly influen

by the yield of the convertible security than by the mark
of the underlying common stock. Thus, it may not decline
to the same extent as the underlying common stock, and
convertible securities generally have less potential for
loss than common stocks. However, mandatory convertible
securities generally do not limit the potential for loss
same extent as securities convertible at the option of th
holder. In the event of a liquidation of the issuing comp
holders of convertible securities would be paid before th
company's common stockholders. Consequently, an issuer's
convertible securities generally entail less risk than it
stock. However, convertible securities fall

below debt obligations of the same issuer in order of pre
or priority in the event of a liquidation and are typical
unrated or rated lower than such debt obligations. In add
contingent payment convertible securities allow the issue
claim deductions based on its nonconvertible cost of debt
generally will result in deductions in excess of the actu
payments made on the securities (and accordingly, holders
recognize income in amounts in excess of the cash payment
received). The convertible securities in which the Fund i
may be rated below investment grade. See "Risks of
Below-Investment Grade Quality Securities."

MID-CAP COMPANY RISK. All-Star will invest primarily in e
securities of mid-cap companies. Stocks of mid-sized comp
may trade less frequently, may trade in smaller volumes a
fluctuate more sharply in price than stocks of larger com
Mid-cap companies also carry additional risks because the
earnings and revenues tend to be less predictable.

INTEREST RATE RISK. Interest rate risk is the risk that
fixed-income securities, and to a lesser extent dividend-
common stocks, will decline in value because of changes i
interest rates. When market interest rates rise, the mark
of such securities generally will fall. Because All-Star
invest in certain preferred stocks and fixed-income secur
that pay a fixed rate of return, the net asset value and
price of All-Star's shares could decline if the market in
rate applicable to such investments were to rise.

CREDIT RISK. Credit risk is the risk that a security in t
Fund's portfolio will decline in price or fail to make di
or interest payments when due because the issuer of the s
experiences a decline in its financial status. Preferred
convertible securities are typically subordinated to bond
other debt instruments in a company's capital structure,
of priority to corporate income, and therefore will be su
greater credit risk than those debt instruments.

RISKS OF BELOW-INVESTMENT GRADE QUALITY SECURITIES. All-S
invest in convertible securities and debt securities that
rated below-investment grade. Below-investment grade qual
securities are commonly referred to as "junk bonds."
Below-investment grade quality securities are considered

predominantly speculative with respect to an issuer's cap
pay interest and repay principal and are susceptible to d
or decline in market value due to real or perceived adver
economic and business developments relating to the issuer
industry in general. The market value of these securities
to be volatile. Issuers of below-investment grade quality
securities may be highly leveraged and may not have avail
them more traditional methods of financing. Below-investm
grade quality securities are less liquid than investment
securities. There are fewer dealers in the market for hig
securities than for investment grade securities. The pric
quoted by different dealers may vary significantly and th
between the bid and ask price is generally much higher th
high-quality instruments. Under adverse market or economi
conditions, the secondary market for

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high-yield securities may contract further, independent o
specific adverse changes in the condition of a particular
and these instruments may become illiquid. As a result, t
could find it more difficult to sell these securities or
able to sell the securities only at prices lower than if
securities were widely traded. Prices realized upon the s
such lower-rated or unrated securities under these circum
may be less than the prices used in calculating the Fund'
asset value.

OPTIONS AND FUTURES STRATEGIES RISK. Options and futures
financial contracts whose value depends on or is derived
value of an underlying asset, reference rate or index (or
relationship between two indexes). All-Star may use optio
futures as a substitute for taking a position in an under
security or other asset and/or as part of a strategy desi
reduce exposure to other risks. All-Star's use of options
futures involves risks different from, and possibly great
the risks associated with investing in securities and oth
traditional investments. Options and futures are subject
number of risks described elsewhere in this Prospectus, s
illiquid securities risk, interest rate risk and credit r
They also involve the risk of mispricing or improper valu
and the risk that changes in the value of the options and
may not correlate perfectly with the underlying asset, ra
index. If All-Star invests in options and futures, it cou
more than the principal amount invested. The use of optio
futures also may affect the amount, character and timing
recognition for tax purposes of the gains and losses All-
realizes in connection therewith. In addition, suitable o
and futures transactions may not be available in all
circumstances, and there can be no assurance that All-Sta
engage in these transactions to reduce exposure to other
when that would be beneficial.

MANAGEMENT RISK. All-Star is subject to management risk b
it is an actively managed investment portfolio. BAIA and
Portfolio Managers will apply investment techniques and r
analyses in selecting Portfolio Managers and making inves
decisions for All-Star, but there can be no guarantee tha
will produce the desired results.

GROWTH STOCK RISK. Under normal market conditions, BAIA w
allocate between 40% and 60% of All-Star's net assets to
Portfolio Managers that utilize a "growth" approach to in
Over time, depending on market conditions, this allocatio
increase or decrease. Growth stocks are stocks of compani
believed to have above-average potential for growth in re
and earnings. In certain market conditions, prices of gro
stocks may be more sensitive to changes in current or exp
earnings than the prices of other stocks. Growth stocks m
perform as well as value stocks or the stock market in ge

VALUE STOCK RISK. Under normal market conditions, BAIA wi
allocate between 40% and 60% of All-Star's net assets to
Portfolio Managers that utilize a "value" approach to inv
Over time, depending on market conditions, this allocatio
increase or

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decrease. Value stocks are stocks of companies that may h
experienced adverse business or industry developments or
subject to special risks that have caused the stocks to b
favor and, in a Portfolio Manager's opinion, undervalued.
Portfolio Manager's assessment of a company's prospects i
the price of the company's stock may fall or may not appr
value the Portfolio Manager has placed on it.

FOREIGN SECURITIES RISK. All-Star may invest up to 25% of
assets in securities of foreign (non-U.S.) issuers. Inves
in foreign securities involve risks in addition to those
investments in U.S. issuers. These risks include politica
economic risks, currency fluctuations, higher transaction
less liquidity and greater volatility, delayed settlement
confiscatory taxation, withholding of taxes and less stri
investor protection and disclosure of standards in some f
markets. These risks can make investments in foreign issu
volatile and potentially less liquid than investments in
issuers.

TAX RISK. All-Star may invest in preferred securities,
convertible securities, or other securities the federal i
tax treatment of the income from which may not be clear o
subject to recharacterization by the Internal Revenue Ser
("IRS"). The tax treatment of amounts All-Star designates
"qualified dividend income" may be affected by IRS
interpretations of the Internal Revenue Code of 1986, as
(the "Code"), and future changes in the Code and the regu
thereunder. Moreover, unless legislative action is taken,
favorable tax treatment of qualified dividend income, as
the 15% maximum federal income tax rate on individuals' n
capital gain, will expire for taxable years commencing af
December 31, 2008. See "Tax Matters." If All-Star has sig
holdings in securities that generate qualified dividend i
its share price may be volatile while Congress considers
extension of that favorable tax treatment, depending on t
anticipated outcome of the legislation. There can be no a
as to what portion, if any, of All-Star's distributions w
constitute qualified dividend income.

COUNTERPARTY RISK. All-Star may be subject to credit risk respect to the counterparties to certain options, futures repurchase agreements entered into by All-Star. If a coun becomes bankrupt or otherwise fails to perform its obliga under a contract due to financial difficulties, All-Star experience significant delays in obtaining any recovery u contract in a bankruptcy or other reorganization proceedi All-Star may obtain only a limited recovery or may obtain recovery in such circumstances.

RIGHTS AND WARRANTS RISK. Rights and warrants are subject same market risks as common stocks, but are more volatile price. Rights and warrants do not carry the right to divi voting rights with respect to their underlying securities they do not represent any rights in the assets of the iss investment in rights or warrants may be considered specul In addition, the value of a right or warrant does not nec change with the

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value of the underlying security and a right or warrant c have value if it is not exercised prior to its expiration The purchase of warrants or rights involves the risk that All-Star could lose the purchase value of a right or warr the right to subscribe for additional shares is not exerc prior to the rights' or warrants' expiration. Also, the p of rights and warrants involves the risk that the effecti paid for the right or warrant added to the subscription p the related security may exceed the value of the subscrib security's market price such as when there is no movement price of the underlying security.

ILLIQUID SECURITIES RISK. All-Star may invest in securiti at the time of investment, are illiquid. Illiquid securit not readily marketable and may include some restricted securities. Illiquid securities involve the risk that the securities will not be able to be sold at the time desire All-Star or at prices approximating the value at which Al is carrying the securities on its books. The market price illiquid securities generally is more volatile than that liquid securities, which may adversely affect the price t All-Star pays for or recovers upon the sale of illiquid securities. Illiquid securities are also more difficult t and BAIA's judgment may play a greater role in the valuat process.

MARKET DISRUPTION RISK. Certain events have a disruptive on the securities markets, such as terrorist attacks (inc the terrorist attacks in the United States on September 1 2001), war and other geopolitical events. All-Star cannot the effects of similar events in the future on the U.S. e Securities of mid-cap companies tend to be more volatile securities of larger companies so that these events and a actions resulting from them may have a greater impact on prices and volatility of securities of mid-cap companies securities of larger companies.

INFLATION RISK. Inflation risk is the risk that the value
assets or income from investment will be worth less in th
as inflation decreases the value of money. As inflation
increases, the real value of the shares and distributions
decline.

DEFLATION RISK. Deflation risk is the risk that prices th
the economy decline over time, which may have an adverse
on the market valuation of companies, their assets and re
In addition, deflation may have an adverse effect on the
creditworthiness of issuers and may make issuer default m
likely, which may result in a decline in the value of All
portfolio.

Distributions

All-Star intends to implement a distribution policy under
All-Star would pay distributions on its shares totaling
approximately 6% of its net asset value per year, payable
semi-annual distributions of approximately 3% of its
net asset value. THESE FIXED DISTRIBUTIONS, WHICH WILL NO
NECESSARILY BE RELATED TO ALL-STAR'S NET INVESTMENT INCOM
REALIZED CAPITAL GAINS OR LOSSES, WILL BE TAXABLE IN ANY
YEAR, UP TO THE AMOUNT OF ALL-STAR'S CURRENT AND ACCUMULA
EARNINGS AND PROFITS, AS ORDINARY DIVIDEND INCOME, QUALIF
DIVIDEND INCOME (TAXABLE AT A MAXIMUM 15% FEDERAL INCOME
FOR INDIVIDUALS), OR

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LONG-TERM CAPITAL GAIN TO THE EXTENT THEY REFLECT SUCH IN
GAIN ALL-STAR EARNED FOR THAT YEAR. If, for any taxable y
total distributions made under All-Star's distribution po
exceed its net investment income and net realized capital
the excess will be treated as a non-taxable return of cap
each shareholder (up to the amount of the shareholder's b
his or her shares) and thereafter as gain from the sale o
The amount treated as a non-taxable return of capital wil
the shareholder's adjusted basis in his or her shares, th
increasing his or her potential gain or reducing his or h
potential loss on the subsequent sale of those shares.

Assuming that market conditions are favorable and other f
including All-Star's levels of net income and net realize
unrealized capital gains, are appropriate to facilitate t
All-Star anticipates implementing the distribution policy
second quarter of 2006. However, the timing is subject to
and depends on factors outside of All-Star's control. All
Board of Trustees ("Board") reserves the right to modify,
or delay implementation of this distribution policy if it
determines that such modification, termination or delay i
best interests of shareholders after taking into account
applicable factors. Until implementation, All-Star will d
income and capital gains in accordance with the 1940 Act
Code. All-Star does not believe that this will affect the
of BAIA or the Portfolio Managers to manage All-Star's as
pursuant to the strategies discussed herein. See "Investm
Objective and Principal Investment Strategies."

Subject to maintaining status as a RIC (as defined under
Matters" below), All-Star may, in the discretion of its B

retain for reinvestment, and not distribute, net income o
long-term capital gain in excess of net short-term capita
("net capital gain") for any taxable year to the extent t
net investment income and net realized gains exceed the a
distributed for that year under its distribution policy.
net capital gain will be taxed to All-Star as long-term c
gains. Under those circumstances, each shareholder will b
to include in gross income a proportionate share of that
will be able to claim a proportionate share of the federa
tax All-Star paid as a credit against his or her own fede
tax liability and will be entitled to increase the adjust
basis in his or her shares by the difference between the
taxed and the credit. See "Distributions."

All-Star will pay its distributions to shareholders in th
either cash or Fund shares. In order to receive distribut
additional Fund shares, a shareholder must participate in
All-Star's Automatic Dividend Reinvestment and Cash Purch
Each shareholder that holds shares through All-Star's tra
agent will automatically be a participant therein, unless
shareholder contacts the transfer agent and elects not to
participate. See "Automatic Dividend Reinvestment and Cas
Plan" and "Tax Matters." Shares may be newly issued or pu
the market depending on a variety of factors. Investors t
shares

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through a brokerage firm, bank or other intermediary as t
stockholder of record may receive distributions in cash o
shares depending on procedures of the intermediary. Inves
should contact their intermediary for more information.

All-Star and BAIA intend to apply to the Securities and E
Commission ("SEC") for an exemptive order to permit All-S
distribute capital gains as often as quarterly, in accord
the distribution policy. If the exemptive relief is grant
All-Star intends to make quarterly distributions (althoug
aggregate annual distribution would remain at 6% of All-S
assets). Although the SEC has granted this type of exempt
in the past, there can be no assurance that the SEC will
requested exemptive order.

Anti-Takeover Provisions

All-Star's Declaration of Trust and By-Laws have provisio
(commonly referred to as "anti-takeover provisions") that
intended to have the effect of limiting the ability of ot
entities or persons to acquire control of All-Star, to ca
engage in certain transactions, or to modify its structur
instance, the affirmative vote of at least 75% of All-Sta
is required to authorize All-Star's conversion from a clo
an open-end investment company, unless such conversion is
recommended by the Board, in which event such conversion
require the majority vote of All-Star's shareholders, as
the Investment Company Act of 1940, as amended (the "1940
similar shareholder vote is required to authorize a merge
a substantial part of the assets or similar transactions
persons beneficially owning 5% or more of All-Star's shar
approved by the Board under certain conditions. These pro
cannot be amended without a similar super-majority vote.

	addition, the Board is divided into three classes, each o has a term of three years and only one of which is electe annual meeting of shareholders. See "Description of Share "Anti-Takeover Provisions of the Declaration of Trust; Super-Majority Vote Requirement for Conversion to Open-En
Disposition of Shares	You will be free to dispose of your shares on the Exchang markets on which the shares may trade, but, because All-S closed-end fund, you do not have the right to redeem your

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

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SUMMARY OF FUND EXPENSES

SHAREHOLDER TRANSACTION EXPENSES

Sales Load (as a percentage of offering price)	4.5%
Expenses Borne by the Fund (as a percentage of offering price) (1)	0.20%
Automatic Dividend Reinvestment and Cash Purchase Plan Fees	None(2)

ANNUAL EXPENSES (as a percentage of net assets attributable to shares of beneficial interest)

Management Fees	1.00%
Administrative Fees	0.20%
Other Expenses (3)	0.27%
Total Annual Expenses	1.47%

EXAMPLE: You would pay the following expenses on an investment (at net asset value) of $1,000, assuming (i) total annual expenses of 1.47% of net assets attributable to shares of All-Star and (ii) a 5% annual return and reinvestment of all dividends and distributions at net asset value.

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$ 15	$ 46	$ 80	$ 176

THE FIGURES IN THE EXAMPLE ARE INTENDED TO ILLUSTRATE THE EFFECT OF ALL-STAR'S EXPENSES, BUT SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE RETURNS AND EXPENSES, WHICH MAY BE HIGHER OR LOWER THAN THOSE SHOWN. The Example above assumes that the estimated "Other Expenses" are accurate and that all distributions on the shares are reinvested at net asset value.

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(1) Total organizational expenses are estimated to be $. Total expenses of the offering are estimated to be $, or $ assuming full exercise of the over-allotment option, which represents $, or $ per share, respectively. The Fund Manager has agreed to pay All-Star's organizational expenses and to reimburse All-Star's offering expenses to the extent that the aggregate of All-Star's organizational and offering expenses exceed $0.04 per share.

(2) A shareholder that participates in the Fund's Automatic Dividend Reinvestment and Cash Purchase Plan account will incur brokerage charges in connection with Plan transactions and applicable service fees in connection with sales of shares held in the Plan and voluntary purchases within the Plan. Other transaction fees may apply.

(3) "Other Expenses" shown under the "Annual Expenses" table are estimated amounts for the current fiscal year (All-Star's first year of operations), unless otherwise indicated, and assume that All-Star issues 10,000,000 shares. If All-Star issues fewer shares, all other things being equal, these expenses would increase as a percentage of net assets.

The tables and Example above are intended to assist investors in understanding the various costs and expenses that an investor will bear directly and indirectly in purchasing and owning All-Star's shares. The "Shareholder Transaction Expenses" table shows the expenses that an investor will incur when buying shares of All-Star, whether in this offering, in the open market or through All-Star's Automatic Dividend Reinvestment and Cash Purchase Plan. The "Annual Expenses" table shows the costs and expenses, as a percentage of net assets, associated with an investment in the shares.

THE FUND

All-Star is a newly organized, multi-managed, diversified, closed-end management investment company. All-Star will allocate its portfolio assets among a number of independent investment management organizations each having a different investment style. All-Star is designed primarily for long-term investment and not as a trading vehicle. All-Star was organized as a Massachusetts business trust on March 22, 2005 and, as a newly organized entity, has no operating history or history of public trading. All-Star's address is 100 Federal Street, Boston, Massachusetts 02110 and its telephone number is 1-617-434-5949.

USE OF PROCEEDS

The net proceeds of this offering will be approximately $ ($ if the underwriters exercise the over-allotment option in full) after payment of the estimated offering expenses. Total organizational expenses are estimated to be $. Total expenses of the offering are estimated to be $, or $ assuming full exercise of the over-allotment option, which represents $ or $ per share, respectively. The Fund Manager has agreed to pay All-Star's organizational expenses and to reimburse All-Star's offering expenses to the extent that the aggregate of All-Star's organizational and offering expenses exceed $0.04 per share. The proceeds of the offering will be invested by All-Star's Portfolio Managers in portfolio securities in accordance with All-Star's investment objective and strategies. It is currently anticipated that the aggregate net proceeds of the offering will be invested within three months from the completion of the offering. Pending such investment, it is anticipated that the proceeds will be invested in short-term, high-quality money market instruments, including U.S. Government Securities that may include shares of money market funds managed by CMA or other affiliates of BAIA. Investments in shares of money market funds will be made in compliance with applicable 1940 Act limitations.

THE MULTI-MANAGER CONCEPT

All-Star will allocate its portfolio assets among a number of Portfolio Managers, each having a different investment style. The Portfolio Managers will be recommended and monitored by BAIA, utilizing processes that BAIA has employed on behalf of registered closed-end fund clients since 1986. From time to time, All-Star will rebalance the portfolio among the Portfolio Managers to adjust to the desired allocations.

In BAIA's opinion, the multi-manager concept provides advantages over the use of a single manager because of the following primary factors:

(i) most equity investment management firms consistently employ a distinct investment style which causes them to emphasize stocks with particular characteristics;

(ii) because of changing investor preferences and market fluctuations, any given investment style will generally move into and out of market favor and may result in better investment performance under certain market conditions but less successful performance under other conditions;

(iii) by allocating All-Star's portfolio among Portfolio Managers employing different styles, the impact of any one such style on investment performance may be diluted, and the investment performance of the total portfolio may be more consistent and less volatile over the long term than if a single style was employed throughout the entire period; and

(iv) consistent performance at a given annual rate of return over time produces a higher rate of return for the long term than more volatile performance having the same average annual rate of return.

BAIA, based on the foregoing principles and on its analysis and evaluation of information regarding the personnel and investment styles and performance of a universe of numerous professional investment management firms, has initially selected for appointment by All-Star a group of Portfolio Managers representing a blending of different investment styles which, in its opinion, are appropriate to achieve All-Star's investment objective.

BAIA continuously monitors the performance and investment styles of All-Star's Portfolio Managers and from time to time recommends to the Board of All-Star changes of Portfolio Managers based on factors such as changes in a Portfolio Manager's investment style or a departure by a Portfolio Manager from the investment style for which it had been selected, a deterioration in a Portfolio Manager's performance relative to that of other investment management firms practicing a similar style, or adverse changes in its ownership or personnel. Portfolio Manager changes may also be made to change the mix of investment styles employed by the Portfolio Managers.

Portfolio Manager changes, as well as the periodic rebalancings of All-Star's portfolio among the Portfolio Managers and the need to raise cash for its periodic distributions, may result in some portfolio turnover in excess of what would otherwise be the case. Increased portfolio turnover could cause All-Star to experience increased brokerage commission costs and may result in greater realization of capital gains, which are taxable to shareholders when distributed to them.

The Board, including a majority of the Independent Trustees, makes all decisions to remove or add a Portfolio Manager. Shareholder approval is not required in connection with the removal of a Portfolio Manager. However, both Board and shareholder approval initially will be required for the Fund and BAIA to hire a new Portfolio Manager. All-Star and BAIA intend to apply to the SEC for an exemptive order that would permit All-Star and BAIA, with the approval of the Board, to enter into a portfolio management agreement with a new or additional Portfolio Manager in advance of shareholder approval on terms and conditions substantially similar to All-Star's agreements with its other Portfolio Managers. Such new agreement would be subject to approval by shareholders at All-Star's next regularly scheduled annual shareholder meeting following the date of the new or additional portfolio management agreement. Although the SEC has granted this type of exemptive relief in the past, there can be no assurance that the SEC will grant the requested exemptive order.

All-Star anticipates that it initially will have five Portfolio Managers, each responsible for its portion of All-Star's assets as discussed below. From time to time, the number of Portfolio Managers and/or allocations to Portfolio Managers may change as circumstances change. For example, BAIA, subject to the oversight or approval of the Board, may determine to modify allocations among existing Portfolio Managers, remove Portfolio Managers or add Portfolio Managers. Under normal market conditions, BAIA expects to recommend to the Board an allocation of between 40% and 60% of the Fund's net assets to Portfolio Managers that utilize a "growth" approach to investing, and between 40% and 60% of the Fund's net assets to Portfolio Managers that utilize a "value" approach to investing. Initially, approximately 40% of the Fund's net assets is expected to be allocated to "growth" managers and approximately 60% to "value" managers. The projected initial allocations among the Portfolio Mangers is set forth below. Actual allocations may change depending on the size of the offering, market conditions and other factors. As described elsewhere in this Prospectus, Portfolio Managers may be removed and others may be added from time to time.

GROWTH MANAGERS

M.A. WEATHERBIE & CO., INC. ("M.A. WEATHERBIE")

M.A. Weatherbie will invest its portion of All-Star's portfolio primarily in companies with enduring competitive advantages and high, sustainable earnings growth, that are reasonably priced relative to their growth rate. Although the actual allocation may differ, it is currently expected that approximately 20% of All-Star's net assets will initially be allocated to M.A. Weatherbie.

MAZAMA CAPITAL MANAGEMENT, INC. ("MAZAMA")

Mazama will invest its portion of All-Star's portfolio primarily in companies that are gaining market share and are positioned to accelerate their revenue and earnings growth rates. Although the actual allocation may differ, it is currently expected that approximately 20% of All-Star's net assets will initially be allocated to Mazama.

VALUE MANAGERS

FIDUCIARY MANAGEMENT, INC. ("FIDUCIARY MANAGEMENT")

Fiduciary Management will invest its portion of All-Star's portfolio primarily in companies with durable business franchises with a high degree of recurring revenue that are selling at a discount to their intrinsic value. Although the actual allocation may differ, it is currently expected that approximately 30% of All-Star's net assets will initially be allocated to Fiduciary Management.

SASCO CAPITAL, INC. ("SASCO")

Sasco will invest its portion of All-Star's portfolio primarily in companies that are selling at large discounts to both their asset value and future earning power. Although the actual allocation may differ, it is currently expected that approximately 20% of All-Star's net assets will initially be allocated to Sasco.

SCHNEIDER CAPITAL MANAGEMENT CORPORATION ("SCHNEIDER")

Schneider will invest its portion of All-Star's portfolio primarily in companies that are overlooked and undervalued where the firm expects a rebound in earnings. Although the actual allocation may differ, it is currently expected that approximately 10% of All-Star's net assets will initially be allocated to Schneider.

INVESTMENT PHILOSOPHY AND PROCESS OF EACH PORTFOLIO MANAGER

M.A. WEATHERBIE & CO., INC.

M.A. Weatherbie is a growth manager. Its investment philosophy is to own smaller growth companies that can demonstrate both superior earnings growth and high investment quality over time and which are reasonably priced relative to their intrinsic value. M.A. Weatherbie refers to these companies as "foundation" growth stocks, as they are expected to consistently meet or exceed expectations.

M.A. Weatherbie believes that its portion of All-Star should be positioned to take advantage of pricing distortions that arise when growth companies temporarily disappoint investors. M.A. Weatherbie will invest up to a third of its portion of the Fund in "opportunity" growth stocks, i.e., companies where earnings have been temporarily depressed and it believes that change is under way which will re-accelerate earnings growth. M.A. Weatherbie believes that by focusing on "opportunity" growth stocks in addition to "foundation" growth stocks, its portion of All-Star will be positioned to capture earnings growth in two ways, adding incremental value.

MAZAMA CAPITAL MANAGEMENT, INC.

Mazama is a growth manager. At the heart of Mazama's investment philosophy is the belief that exceptional investment returns can be achieved by investing in a diversified portfolio of quality companies that have made recent investments in people, products, facilities and/or services and are now positioned to outperform expectations. Buying these quality, timely companies at a good valuation relative to their expected return on equity and earning-per-share growth rates enhances the opportunity for attractive gains and minimizes risk of downside price movements.

Mazama will manage its allocated portion of All-Star's portfolio using a bottom-up approach to security selection. The firm utilizes a proprietary model as the framework for security selection and portfolio construction decisions. Mazama uses the model to identify, track and evaluate portfolio investments. Mazama's security selection process begins by screening the universe of companies found in the Russell 3000(R) Index looking for companies with attractive growth characteristics and focusing on those with market capitalizations ranging from $3 billion to $20 billion. Mazama employs a Proprietary Price Performance model to identify a group of 300 to 400 companies that, in its judgment, may represent attractive investment opportunities. Eighty or more of those companies will be selected as investments appropriate for the portion of All-Star managed by Mazama. The model takes into account both quantitative and qualitative factors in order to identify companies that meet certain criteria. These factors include: (i) the quality of management and key personnel, (ii) the company's ability to meet or exceed earnings estimates, (iii) estimated return on equity divided by a company's forward price-to-earnings ratio, and (iv) estimated earnings growth divided by a company's forward price-to-earnings ratio. Companies passing the initial screening are further analyzed by Mazama using rigorous fundamental analysis.

Mazama's philosophy takes advantage of the market inefficiencies that exist within the universe of mid-cap equity securities. These inefficiencies include the fact that very few people have comprehensive, accurate information on these companies. Mazama has the ability to capitalize on that lack of broadly known information, because of the rigorous, fundamental research performed to uncover that information.

FIDUCIARY MANAGEMENT, INC.

Fiduciary Management is a value manager. Fiduciary Management has been managing money using the same investment philosophy and process for over 25 years. As a result, Fiduciary Management knows how portfolio companies have been valued over many market cycles. Fiduciary Management seeks to purchase the securities of durable companies at value prices in order to achieve superior investment results over a three- to four-year time horizon.

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To identify potential investments, Fiduciary Management runs a "screen" for companies that are undervalued relative to their historical valuation or their peer group. Fiduciary Management always analyzes the upside and downside risk of any investment. Fiduciary Management believes that the price of a security should be low enough that a client can profit--or simply avoid a loss.

Fiduciary Management focuses its fundamental research on three areas: (1) the evaluation of a company's business model; (2) a financial analysis of the company; and (3) an assessment of the company's management. Fiduciary Management's financial analysis includes a thorough review of a company's Return on Invested Capital ("ROIC"). The ROIC model helps Fiduciary Management cut through the earnings "noise" to get a true picture of a company's performance over time. Fiduciary Management also considers the company's business, whether the stock is trading at a reasonable valuation and the ownership and control of the company and its management team.

Companies that meet Fiduciary Management's investment criteria are presented to the investment policy committee for consideration. The investment policy committee is comprised of five senior investment professionals: Every member of the committee has an equal vote. To be approved for investment, a company must receive a unanimous vote of the investment committee. If one committee member votes against the company, the company is placed on Fiduciary Management's monitor list and a researcher is instructed to revisit any outstanding questions.

A new company will have an initial position size ranging between 1% and 4%. The exact weighting will be dependent on both its valuation (i.e., the level of the discount to the company's stock price to its intrinsic value) and the liquidity of the stock.

SASCO CAPITAL, INC.

Sasco is a value manager. Sasco's investment philosophy stems from the firm's belief that the best opportunities to add value come from identifying undervalued investment ideas, undertaking independent research and adopting a long term (3-year) investment view. Sasco's investment style is contrarian with a value discipline. Sasco's portfolio managers are contrarian investors because they look at underperforming, out-of-favor companies with "hidden jewels", likely to restructure. They are value investors because they invest in companies that are selling at large discounts to both their asset value and future earning power. Sasco's research leads the firm to research and value individual business segments where there is an opportunity for talented (and frequently new) management to fix, rebuild and grow the company, unleashing higher earnings that ultimately lead to higher stock prices. Sasco believes that out-of-favor companies that have fundamentally underperformed represent a real pocket of market inefficiency. These companies are frequently mispriced and offer relatively low price risk because expectations are quite minimal.

SCHNEIDER CAPITAL MANAGEMENT CORPORATION

Schneider is a value manager. Schneider believes that disciplined deep value investing, built on a solid-research driven foundation, delivers success over time. Schneider concentrates its efforts on identifying new investment ideas and identifying and anticipating dynamic positive market changes.

Schneider employs a five-point investment process based on new idea generation, independent analysis, a ranking system, portfolio construction, and a rigorous sell discipline. Utilizing a wide range of information sources, Schneider focuses on identifying promising new investment opportunities. Database screening is used on a limited basis, and high-priority companies are sent to Schneider's analysts for in-depth investigation. Schneider's analysis of investment opportunities includes the construction of comprehensive financial models, the identification of drivers for positive change, contacting management as necessary and developing objective earnings and valuation estimates. The output of Schneider's analysis is a target price and expected return for each company under consideration. Schneider determines a target price for current holdings and ranks expected returns from high to low. New purchases must rank above the median in appreciation potential to merit inclusion in the portfolio.

Schneider constructs a value portfolio with the intent that the best companies will have a meaningful performance impact. However, Schneider also employs a rigorous sell discipline to capitalize on success and minimize damage from mistakes. Sales are most often triggered when a stock approaches its pre-determined price target.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

All-Star's investment objective is to seek total investment return, primarily through long-term capital appreciation and secondarily through current income. Under normal market conditions, All-Star will seek its investment objective by investing primarily in a diversified portfolio of mid-cap equity securities. Mid-cap equity securities are securities of companies whose market capitalizations are less than or equal to the highest market capitalization of companies included in the Russell Midcap(R) Index or the S&P MidCap 400 (whichever capitalization is greater) and greater than or equal to the lowest market capitalization of companies included in these indices (whichever capitalization is lower). As of August 31, 2005, the Russell Midcap(R) Index included companies with capitalizations between approximately $906 million and $17.9 billion, and the S&P MidCap 400 included companies with capitalizations between approximately $261 million and $11.5 billion. The capitalization ranges of indices such as the Russell Midcap(R) Index and the S&P MidCap 400 change from time to time. New investments will be made by reference to the then-current index ranges at the time of purchase. Thus, if a security that is in the mid-cap range becomes large-cap, it will continue to be treated as mid-cap for purposes of the Fund's policies. However, if a small-cap security held in the portfolio enters the mid-cap range at a later time, such security shall be deemed to be a mid-cap security at that time.

All-Star will invest primarily in equity securities, which will primarily be common stocks, but may also include preferred stocks, options on preferred stock, securities convertible into common stocks such as convertible bonds, securities having common stock characteristics such as rights and warrants to purchase equity securities, and ADRs. All-Star may lend its portfolio securities and engage in options and futures strategies (see "Investment Practices"). Under normal market conditions, at least 80% of the value of All-Star's net assets will be invested in mid-cap equity securities. This policy is not fundamental and may be changed without a vote of All-Star's outstanding shares; provided that All-Star provides shareholders with at least 60 days prior written notice. For purposes of this policy, net assets include any borrowings for investment purposes.

Although All-Star will, under normal market conditions, remain fully invested in equity securities, up to 20% of the value of All-Star's net assets may generally be invested in short-term money market instruments, including certificates of deposit (negotiable certificates issued against bank deposits), other interest-bearing bank deposits such as savings and money market accounts, and bankers' acceptances (short-term bank-guaranteed credit instruments used to finance transactions in goods) of domestic branches of U.S. banks having assets of not less than $1 billion, obligations issued or guaranteed by the U.S. Government and its agencies and instrumentalities ("U.S. Government Securities") commercial paper (unsecured short-term promissory notes issued by corporations) rated not lower than A-1 by Standard & Poor's, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's") or Prime-1 by Moody's Investors Service, Inc. ("Moody's"), short-term corporate debt securities rated not lower than AA by Standard & Poor's or Aa by Moody's, and repurchase agreements with respect to the foregoing. All-Star may temporarily reduce its investments in equity securities and invest without limit in short-term money market instruments for defensive purposes when BAIA or the Portfolio Managers deem that market conditions are such that a more conservative approach to investment is desirable. Taking a temporary defensive position may prevent All-Star from achieving its objective.

All-Star may invest up to 25% of its net assets in securities of foreign (non-U.S.) issuers including American Depository Receipts and Global Depository Receipts.

INVESTMENT PRACTICES

The following describes the principal investment strategies in which one or more of All-Star's Portfolio Managers may engage, each of which may involve certain special risks.

LENDING OF PORTFOLIO SECURITIES

Consistent with applicable regulatory requirements, All-Star, in order to generate additional income, may lend its portfolio securities (principally to broker-dealers) where such loans are callable at any time and are continuously secured by collateral (cash or U.S. Government Securities) not less than the market value, determined daily, of the securities loaned. All-Star will receive amounts equal to the interest on the securities loaned. It will also be paid for having made the loan. Any cash collateral pursuant to these loans will be invested in short-term money market instruments. All-Star could be subjected to delays in recovering the loaned securities in the event of default or bankruptcy of the borrower. All-Star will limit such lending to not more than 1/3 of the value of All-Star's total assets.

REPURCHASE AGREEMENTS

All-Star may enter into repurchase agreements with banks or broker-dealer firms whereby such institutions sell U.S. Government Securities or other securities in which it may invest to All-Star and agree at the time of sale to repurchase them at a mutually agreed upon time and price. The resale price is greater than the purchase price, reflecting an agreed upon interest rate which is effective during the time between the purchase and resale and is not related to the stated interest rate on the purchased securities. All-Star requires the seller of the securities to maintain on deposit with All-Star's custodian bank securities in an amount at all times equal to or in excess of the value of the repurchase agreement. In the event that the seller of the security defaults on its repurchase obligation or becomes bankrupt, All-Star could receive less than the repurchase price on the sale of the securities to another party or could be subjected to delays in selling the securities. Not more than 10% of All-Star's net assets will be invested in repurchase agreements maturing in more than seven days.

SECURITIES OF OTHER INVESTMENT COMPANIES

All-Star may invest in the securities of other investment companies, including open-end mutual funds, closed-end funds, unit investment trusts, private investment companies and offshore investment companies. All-Star may also invest in investment companies that invest in the securities of mid-cap companies. An investment in an investment company involves risks similar to those of investing directly in the investment company's portfolio securities, including the risk that the value of the portfolio securities may fluctuate in accordance with changes in the financial condition of their issuers, the value of stocks and other securities generally, and other market factors.

In addition, investing in other investment companies involves certain other risks, costs, and expenses for All-Star. If All-Star invests in another investment company, All-Star will be charged its proportionate share of the advisory fees and other operating expenses of such investment company, which are in addition to the advisory fees and other operational expenses charged to All-Star. In addition, All-Star could incur a sales charge in connection with purchasing an investment company security or a redemption fee upon the redemption of such security. An investment in the shares of a closed-end investment company may also involve the payment of a substantial premium over, while sales of such shares may be made at a substantial discount from, the net asset value of the issuers' portfolio securities. Investments in securities of other investment companies will be made in compliance with applicable 1940 Act limitations. To the extent that All-Star invests in the securities of other investment companies, All-Star's shareholders will indirectly bear a pro rata share of the investment company's expenses in addition to the expenses associated with an investment in All-Star. All-Star may invest in investment companies managed by CMA or other affiliates of BAIA.

EXCHANGE-TRADED FUNDS

All-Star may invest in exchange traded funds ("ETFs"). ETFs are ownership interests in unit investment trusts, depositary receipts, and other pooled investment vehicles that are traded on an exchange and that hold a portfolio of securities or stocks (the "Underlying Securities"). The Underlying Securities are typically selected to correspond to the stocks or other securities that comprise a particular broad based, sector or international index, or that are otherwise representative of a particular industry sector. An investment in an ETF involves risks similar to investing directly in each of the Underlying Securities, including the risk that the value of the Underlying Securities may fluctuate in accordance with changes in the financial condition of their issuers, the value of stocks and other securities generally, and other market factors.

The performance of an ETF will be reduced by transaction and other expenses, including fees paid by the ETF to service providers. Investors in ETFs are eligible to receive their portion of dividends, if any, accumulated on the securities held in the portfolio, less fees and expenses of the ETF. Typically, ETFs are investment companies. However, the term is used in the industry in a broad way to include securities issued by entities that are not investment companies. To the extent an ETF is an investment company, the limitations applicable to All-Star's ability to purchase securities issued by other investment companies will apply.

OPTIONS AND FUTURES STRATEGIES

All-Star may seek to increase the current return of All-Star's portfolio by writing covered call or put options with respect to the types of securities in which All-Star is permitted to invest. Call options written by All-Star give the purchaser the right for a stated period to buy the securities on which the option was written from All-Star at a stated price; put options written by the Fund give the purchaser the right for a stated period to sell the securities on which the option was written to All-Star at a stated price. By writing a call option, All-Star

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limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option; by writing a put option, All-Star assumes the risk that it may be required to purchase the underlying security at a price in excess of its current market value.

All-Star may purchase put options to protect its portfolio holdings in the underlying security against a decline in market value. It may purchase call options to hedge against an increase in the prices of portfolio securities that it plans to purchase. By purchasing put or call options, All-Star, for the premium paid, acquires the right (but not the obligation) to sell (in the case of a put option) or purchase (in the case of a call option) the underlying security at the option exercise price regardless of the then-current market price.

All-Star may also seek to hedge against declines in the value of securities owned by it or increases in the price of securities it plans to purchase, or to gain or maintain market exposure, through the purchase of stock index futures and related options. For example, All-Star may purchase stock index futures and related options to enable a newly appointed Portfolio Manager to gain immediate exposure to underlying securities markets pending the investment of the portion of All-Star portfolio assigned to it. A stock index future is an agreement in which one party agrees to deliver to the other an amount of cash equal to a specific dollar amount times the difference between the value of the specific stock index at the close of the last trading day of the contract and the price at which the agreement is made.

Expenses and losses incurred as a result of the hedging strategies described above will reduce All-Star's current return.

Transactions in options and futures contracts may not achieve the intended goals of protecting portfolio holdings against market declines or gaining or maintaining market exposure, as applicable, to the extent that there is an imperfect correlation between the price movements of the options and futures contracts and those of the securities to be hedged. In addition, if a Portfolio Manager's prediction on stock market movements is inaccurate, All-Star may be worse off than if it had not engaged in such options or futures transactions. There is also no assurance that these strategies will be available at any time or that a Portfolio Manager will determine to use them.

See the SAI for additional information concerning options and futures transactions and the risk thereof.

RISK FACTORS

All-Star is a diversified, multi-managed closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. All-Star is not intended to be a complete investment program and there can be no assurance that All-Star will achieve its investment objective. 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 distributions.

NO OPERATING HISTORY

All-Star is a newly organized, multi-managed, diversified, closed-end management investment company with no history of operations.

INVESTMENT AND MARKET RISK

An investment in All-Star's shares is subject to investment risk, including the possible loss of the entire amount that you invest. Your investment in All-Star shares represents an indirect investment in the securities owned by All-Star, 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.

MARKET DISCOUNT RISK

In addition, shares of closed-end management investment companies such as All-Star frequently trade at a discount from their net asset value. This risk may be greater for investors expecting to sell their shares of All-Star soon after the completion of the public offering. The shares of All-Star were designed primarily for long-term investors, and investors in All-Star shares should not view All-Star as a vehicle for trading purposes.

COMMON STOCK RISK

All-Star 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 equity risk. Equity risk is the risk that the market value of securities held by All-Star will fall due to general market or economic conditions, perceptions regarding the industries in which the issuers of securities held by All-Star participate, and the particular circumstances and performance of particular companies whose securities All-Star holds. For example: an adverse event, such as an unfavorable earnings report, may depress the value of equity securities of an issuer held by All-Star; the price of common stock of an issuer may be particularly sensitive to general movements in the stock market; or a drop in the stock market may depress the price of most or all of the common stocks and other equity securities held by All-Star. In addition, common stock of an issuer in All-Star'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 All-Star 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 those returns.

PREFERRED SECURITIES RISK

Preferred equity securities involve credit risk, which is the risk that a preferred equity security will decline in price, or fail to pay dividends when expected, because the issuer experiences a decline in its financial status. In addition to credit risk, investment in preferred equity securities involves certain other risks. Certain preferred equity securities contain provisions that allow an issuer under certain conditions to skip distributions (in the case of "non-cumulative" preferred equity securities) or defer distributions (in the case of "cumulative" preferred equity securities). Preferred equity securities often contain provisions that allow for redemption in the event of certain tax or legal changes or at the issuers' call. In the event of redemption, All-Star may not be able to reinvest the proceeds at comparable rates of return. Preferred equity securities typically do not provide any voting rights, except in cases when dividends are in arrears beyond a certain time period, which varies by issue. Preferred equity securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt instruments. Preferred equity securities may be significantly less liquid than many other securities, such as U.S. government securities, corporate debt or common stock.

CONVERTIBLE SECURITY RISK

Convertible securities generally offer lower interest or dividend yields than non-convertible fixed-income securities of similar credit quality because of the potential for capital appreciation. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security's market value also tends to reflect the market price of the common stock of the issuing company, particularly when the stock price is greater than the convertible security's conversion price. The conversion price is defined as the predetermined price or exchange ratio at which the convertible security can be converted or exchanged for the underlying common stock. As the market price of the underlying common stock declines below the conversion price, the price of the convertible security tends to be increasingly influenced more by the yield of the convertible security than by the market price of the underlying common stock. Thus, it may not decline in price to the same extent as the underlying common stock, and convertible securities generally have less potential for gain or loss than common stocks. However, mandatory convertible securities (as discussed below) generally do not limit the potential for loss to the same extent as securities convertible at the option of the holder. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before that company's common stockholders. Consequently, an issuer's convertible securities generally entail less risk than its common stock. However, convertible securities fall below debt obligations of the same issuer in order of preference or priority in the event of a liquidation and are typically unrated or rated lower than such debt obligations. In addition, contingent payment convertible securities allow the issuer to claim deductions based on its nonconvertible cost of debt, which generally will result in deductions in excess of the actual cash payments made on the securities (and accordingly, holders will recognize income in amounts in excess of the cash payments received). The convertible securities in which the Fund invests may be rated below investment grade. See "Risks of Below-Investment Grade Quality Securities."

MID-CAP COMPANY RISK

All-Star will invest primarily in equity securities whose market capitalization at the time of purchase is equal to or less than the stock with the highest market capitalization in the index. Stocks of mid-sized companies may trade less frequently, may trade in smaller volumes and may fluctuate more sharply in price than stocks of larger companies. Mid-Cap companies also carry additional risks because their earnings and revenues tend to be less predictable.

INTEREST RATE RISK

Interest rate risk is the risk that fixed-income securities, and to a lesser extent dividend-paying common stocks, will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Because All-Star may invest in certain fixed-income securities that pay a fixed rate of return, the net asset value and market price of All-Star's shares could decline if the market interest rate applicable to such investments were to rise.

CREDIT RISK

Credit risk is the risk that a security in the Fund's portfolio will decline in price or fail to make dividend or interest payments when due because the issuer of the security experiences a decline in its financial status. Preferred and convertible securities are typically subordinated to 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 credit risk than those debt instruments.

RISKS OF BELOW-INVESTMENT GRADE QUALITY SECURITIES

All-Star may invest in convertible securities and debt securities that are rated below-investment grade. Below-investment grade quality debt securities are commonly referred to as "junk bonds." Below-investment grade quality securities are considered predominantly speculative with respect to an issuer's capacity to pay interest and repay principal and are susceptible to default or decline in market value due to real or perceived adverse economic and business developments relating to the issuer or the industry in general. The market value of these securities tends to be volatile. Issuers of below-investment grade quality debt securities may be highly leveraged and may not have available to them more traditional methods of financing. Below-investment grade quality securities are less liquid than investment grade securities. There are fewer dealers in the market for high-yield securities than for investment grade securities. The prices quoted by different dealers may vary significantly and the spread between the bid and ask price is generally much higher than for high-quality instruments. Under adverse market or economic conditions, the secondary market for high-yield securities may contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower-rated or unrated securities under these circumstances may be less than the prices used in calculating the Fund's net asset value.

OPTIONS AND FUTURES STRATEGIES RISK

Options and futures are financial contracts whose value depends on or is derived from the value of an underlying asset, reference rate or index (or relationship between two indexes). All-Star may use options and futures as a substitute for taking a position in an underlying security or other asset and/or as part of a strategy designed to reduce exposure to other risks. All-Star's use of options and futures involves risks different from, and possibly greater than, the risks associated with investing in securities and other traditional investments. Options and futures are subject to a number of risks described elsewhere in this Prospectus, such as illiquid securities risk, interest rate risk and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the options and futures may not correlate perfectly with the underlying asset, rate or index. If All-Star invests in options and futures, it could lose more than the principal amount invested. The use of options and futures also may affect the amount, character and timing of recognition for tax purposes of the gains and losses All-Star realizes in connection therewith. In addition, suitable options and futures transactions may not be available in all circumstances, and there can be no assurance that All-Star will engage in these transactions to reduce exposure to other risks when that would be beneficial.

MANAGEMENT RISK

All-Star is subject to management risk because it is an actively managed investment portfolio. BAIA and the Portfolio Managers will apply investment techniques and risk analyses in selecting Portfolio Managers and making investment decisions for All-Star, but there can be no guarantee that these will produce the desired results.

GROWTH STOCK RISK

Under normal market conditions, BAIA will allocate between 40% and 60% of All-Star's net assets to Portfolio Managers that utilize a "growth" approach to investing. Initially approximately 40% of All-Star's net assets is expected to be allocated to such Portfolio Managers. Over time, depending on market conditions, this allocation may increase or decrease. Growth stocks are stocks of companies believed to have above-average potential for growth in revenue and earnings. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. In certain market conditions, growth stocks may not perform as well as value stocks or the stock market in general.

VALUE STOCK RISK

Under normal market conditions, BAIA will allocate between 40% and 60% of All-Star's net assets to Portfolio Managers that utilize a "value" approach to investing. Initially, approximately 60% of All-Star's net assets is expected to be allocated to such Portfolio Managers. Over time, depending on market conditions, this allocation may increase or decrease. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in a Portfolio Manager's opinion, undervalued. If the Portfolio Manager's assessment of a company's prospects is wrong, the price of the company's stock may fall or may not approach the value the Portfolio Manager has placed on it.

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

All-Star 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 IRS.

The tax treatment of amounts All-Star designates as "qualified dividend income" may be affected by IRS interpretations of the Code,