

LIBERTY ALL STAR EQUITY FUND

Form N-30B-2

May 30, 2012

Fellow Shareholders:

April 2012

Building on gains posted in the final quarter of 2011, the stock market got 2012 off to a highly positive start with an impressive first quarter performance. The S&P 500® Index registered its strongest first quarter return since 1998, while the technology-oriented NASDAQ Composite Index posted its best first quarter since 1991.

The exceptional performance came as somewhat of a surprise to many equity analysts and market watchers. The U.S. economy continued to grow, albeit slowly. There were no serious solutions forthcoming to address the U.S. budget deficit. The fundamental economic problems plaguing the Euro Zone remained, and there were fears of a hard landing in China. But the stock market rolled into the new year with momentum behind it, and there were some bright spots in an improving employment picture, higher consumer spending and fears of a potential Euro Zone collapse eased once the European Central Bank finally embarked on its version of quantitative easing.

By quarter's end, the net outcome was a 12.59 percent return for the S&P 500 Index and a 12.43 percent gain for the Lipper Large-Cap Core Mutual Fund Average. Liberty All-Star® Equity Fund fully participated in the market's advance, as it solidly outperformed key benchmarks. For the quarter, the Fund returned 14.87 percent with shares valued at net asset value (NAV), 15.07 percent with shares valued at NAV with dividends reinvested and 18.73 percent with shares valued at market price (with dividends reinvested). This strong performance ranked the Fund in the top 11 percent of funds in the Lipper Large-Cap Core Mutual Fund universe. The discount at which Fund shares are priced relative to their NAV also improved, as it narrowed to a range of 12.0 to 15.3 percent from a high of 16.8 percent in the final quarter of 2011.

Some of the very factors that hindered the Fund's relative performance in 2011 helped it in the past quarter. Financials and technology, for example, were strong performers for the Fund in the first quarter after lagging last year. The Fund's strong quarter illustrates a point we made in the 2011 annual report—specifically, that things can change quickly. The Fund ranked in the 62nd percentile of the Lipper Large-Cap Core universe in the last quarter of 2011; a quarter later, it ranked in the 11th percentile, as previously mentioned. Investors may find it challenging at times

President's Letter

Liberty All-Star® Equity Fund

to remain patient in this environment, especially when events outside our control on the other side of the world have such a profound impact on our markets here at home.

We are hopeful that 2012 will be a good one for investors, especially after the extreme volatility experienced during 2011. We cannot expect the first quarter's double-digit returns to continue throughout the year. Indeed, the second quarter opened as weakly as the first quarter opened strongly. We believe the Fund is well positioned for the vast majority of market environments, and we remain positive on the outlook for the year. Thank you for your continued support of the Fund.

Sincerely,

William R. Parmentier, Jr.

President and Chief Executive Officer

Liberty All-Star® Equity Fund

The views expressed in the President's letter reflect the views of the President as of April 2012 and may not reflect his views on the date this report is first published or anytime thereafter. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the Fund disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for the Fund are based on numerous factors, may not be relied on as an indication of trading intent.

| Year | Per Share Distributions | Month Completed | Rights Offerings Shares Needed to | | Tax Credits* |
|-------------------------|----------------------------|--------------------|--------------------------------------|-----------------------|--------------|
| | | | Purchase One Additional Share | Subscription Price | |
| 1988 | \$0.64 | | | | |
| 1989 | 0.95 | | | | |
| 1990 | 0.90 | | | | |
| 1991 | 1.02 | | | | |
| 1992 | 1.07 | April | 10 | \$10.05 | |
| 1993 | 1.07 | October | 15 | 10.41 | \$0.18 |
| 1994 | 1.00 | September | 15 | 9.14 | |
| 1995 | 1.04 | | | | |
| 1996 | 1.18 | | | | 0.13 |
| 1997 | 1.33 | | | | 0.36 |
| 1998 | 1.40 | April | 20 | 12.83 | |
| 1999 | 1.39 | | | | |
| 2000 | 1.42 | | | | |
| 2001 | 1.20 | | | | |
| 2002 | 0.88 | May | 10 | 8.99 | |
| 2003 | 0.78 | | | | |
| 2004 | 0.89 | July | 10** | 8.34 | |
| 2005 | 0.87 | | | | |
| 2006 | 0.88 | | | | |
| 2007 | 0.90 | December | 10 | 6.51 | |
| 2008 | 0.65 | | | | |
| 2009 | 0.31*** | | | | |
| 2010 | 0.31 | | | | |
| 2011 | 0.34 | | | | |
| 2012 | | | | | |
| 1 st Quarter | 0.08 | | | | |

* The Fund's net investment income and net realized capital gains exceeded the amount to be distributed under the Fund's distribution policy. In each case, the Fund elected to pay taxes on the undistributed income and passed through a proportionate tax credit to shareholders.

** The number of shares offered was increased by an additional 25% to cover a portion of the over-subscription requests.

*** Effective with the second quarter distribution, the annual distribution rate was changed from 10 percent to 6 percent.

DISTRIBUTION POLICY

Liberty All-Star® Equity Fund's current policy is to pay distributions on its shares totaling approximately 6 percent of its net asset value per year, payable in four quarterly installments of 1.5 percent of the Fund's net asset value at the close of the New York Stock Exchange on the Friday prior to each quarterly declaration date. The fixed distributions are not related to the amount of the Fund's net investment income or net realized capital gains or losses and may be taxed as ordinary income up to the amount of the Fund's current and accumulated earnings and profits. If, for any calendar year, the total distributions made under the distribution policy exceed the Fund's net investment income and net realized capital gains, the excess will generally be treated as a non-taxable return of capital, reducing the shareholder's adjusted basis in his or her shares. If the Fund's net investment income and net realized capital gains for any year exceed the amount distributed under the distribution policy, the Fund may, in its discretion, retain and not distribute net realized capital gains and pay income tax thereon to the extent of such excess. The Fund retained such excess gains in 1993, 1996 and 1997.

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Top 20 Holdings & Economic Sectors
 March 31, 2012 (Unaudited)

Liberty All-Star® Equity Fund

| Top 20 Holdings* | Percent of Net Assets |
|-------------------------------|-----------------------|
| Apple, Inc. | 3.58% |
| JPMorgan Chase & Co. | 2.54 |
| QUALCOMM, Inc. | 2.04 |
| Wells Fargo & Co. | 2.00 |
| Google, Inc., Class A | 1.71 |
| Exxon Mobil Corp. | 1.59 |
| Cisco Systems, Inc. | 1.58 |
| Dell, Inc. | 1.51 |
| Staples, Inc. | 1.41 |
| The Allstate Corp. | 1.39 |
| ACE Ltd. | 1.38 |
| State Street Corp. | 1.30 |
| Salesforce.com, Inc. | 1.25 |
| SunTrust Banks, Inc. | 1.22 |
| Microsoft Corp. | 1.20 |
| TE Connectivity Ltd. | 1.14 |
| BP PLC | 1.00 |
| Hewlett-Packard Co. | 1.00 |
| Visa, Inc., Class A | 0.99 |
| American Tower Corp., Class A | 0.96 |
| | 30.79% |

| Economic Sectors* | Percent of Net Assets |
|----------------------------|-----------------------|
| Information Technology | 24.61% |
| Financials | 21.27 |
| Energy | 13.79 |
| Consumer Discretionary | 10.89 |
| Health Care | 7.81 |
| Industrials | 7.74 |
| Consumer Staples | 6.12 |
| Materials | 2.96 |
| Telecommunication Services | 1.48 |
| Utilities | 1.45 |
| Other Net Assets | 1.88 |
| | 100.00% |

* Because the Fund is actively managed, there can be no guarantee that the Fund will continue to hold securities of the indicated issuers and sectors in the future.

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Liberty All-Star® Equity Fund

Major Stock Changes in the Quarter

The following are the major (\$3 million or more) stock changes - both purchases and sales that were made in the Fund's portfolio during the first quarter of 2012.

| Security Name | Purchases (Sales) | Shares as of 3/31/12 |
|---------------------------------|-------------------|----------------------|
| Purchases | | |
| Citigroup, Inc. | 100,173 | 248,979 |
| Exxon Mobil Corp. | 36,610 | 189,382 |
| Invesco Ltd. | 159,025 | 159,025 |
| Joy Global, Inc. | 44,551 | 44,551 |
| VF Corp. | 33,769 | 33,769 |
| Sales | | |
| Amazon.com, Inc. | (16,877) | 27,480 |
| Analog Devices, Inc. | (172,000) | 0 |
| Cisco Systems, Inc. | (234,918) | 770,342 |
| Gilead Sciences, Inc. | (77,159) | 103,649 |
| J.C. Penney Co., Inc. | (164,010) | 26,955 |
| Medco Health Solutions, Inc. | (54,627) | 32,325 |
| Robert Half International, Inc. | (107,833) | 0 |
| Rockwell Automation, Inc. | (38,868) | 58,566 |
| The Sherwin-Williams Co. | (42,850) | 0 |

Investment Managers/

Portfolio Characteristics

Liberty All-Star® Equity Fund

THE FUND'S ASSETS ARE APPROXIMATELY EQUALLY DISTRIBUTED AMONG THREE VALUE MANAGERS AND TWO GROWTH MANAGERS:

MANAGERS' DIFFERING INVESTMENT STRATEGIES ARE REFLECTED IN PORTFOLIO CHARACTERISTICS

The portfolio characteristics table below is a regular feature of the Fund's shareholder reports. It serves as a useful tool for understanding the value of a multi-managed portfolio. The characteristics are different for each of the Fund's five investment managers. These differences are a reflection of the fact that each pursues a different investment style. The shaded column highlights the characteristics of the Fund as a whole, while the final column shows portfolio characteristics for the S&P 500® Index.

PORTFOLIO CHARACTERISTICS *As of March 31, 2012 (Unaudited)*

| | | | | | | S&P 500® | |
|---|-----------|------|--------|-------------|------|------------|-------|
| | SCHNEIDER | ZEN | MATRIX | CORNERSTONE | CWO | TOTAL FUND | INDEX |
| Number of Holdings | 41 | 37 | 36 | 49 | 32 | 162 | 500 |
| Percent of Holdings in Top 10 | 48% | 39% | 38% | 40% | 45% | 20% | 21% |
| Weighted Average Market Capitalization (billions) | \$40 | \$61 | \$69 | \$109 | \$90 | \$74 | \$110 |
| Average Five-Year Earnings Per Share Growth | (7)% | (2)% | 0% | 22% | 24% | 8% | 9% |
| Dividend Yield | 1.4% | 2.4% | 2.0% | 1.1% | 0.7% | 1.5% | 2.0% |
| Price/Earnings Ratio** | 14x | 11x | 12x | 17x | 25x | 15x | 16x |
| Price/Book Value Ratio | 1.3x | 2.0x | 2.2x | 4.7x | 5.9x | 3.2x | 3.8x |

* Certain holdings are held by more than one manager.

** Excludes negative earnings.

Liberty All-Star® Equity Fund

Schedule of Investments

| | SHARES | MARKET VALUE |
|---|---------|--------------|
| COMMON STOCKS (98.12%) | | |
| CONSUMER DISCRETIONARY (10.89%) | | |
| Auto Components (1.31%) | | |
| Johnson Controls, Inc. | 230,082 | \$ 7,473,063 |
| Magna International, Inc. | 127,175 | 6,071,335 |
| | | 13,544,398 |
| Diversified Consumer Services (0.36%) | | |
| Apollo Group, Inc., Class A ^(a) | 96,550 | 3,730,692 |
| Hotels, Restaurants & Leisure (1.36%) | | |
| Carnival Corp. | 273,825 | 8,784,306 |
| Marriott International, Inc., Class A | 75,401 | 2,853,928 |
| Orient-Express Hotels Ltd., Class A ^(a) | 236,091 | 2,408,128 |
| | | 14,046,362 |
| Household Durables (1.79%) | | |
| KB Home | 303,710 | 2,703,019 |
| NVR, Inc. ^(a) | 11,955 | 8,683,275 |
| Toll Brothers, Inc. ^(a) | 294,001 | 7,053,084 |
| | | 18,439,378 |
| Internet & Catalog Retail (1.30%) | | |
| Amazon.com, Inc. ^(a) | 27,480 | 5,564,975 |
| priceline.com, Inc. ^(a) | 10,975 | 7,874,562 |
| | | 13,439,537 |
| Media (1.06%) | | |
| Omnicom Group, Inc. | 123,450 | 6,252,743 |
| The Walt Disney Co. | 106,907 | 4,680,388 |
| | | 10,933,131 |
| Multi-Line Retail (0.46%) | | |
| Dollar General Corp. ^(a) | 81,857 | 3,781,793 |
| J.C. Penney Co., Inc. | 26,955 | 955,016 |
| | | 4,736,809 |
| Specialty Retail (2.22%) | | |
| Dick's Sporting Goods, Inc. | 60,126 | 2,890,858 |
| Ross Stores, Inc. | 30,262 | 1,758,222 |
| Staples, Inc. | 897,825 | 14,526,809 |
| Tiffany & Co. | 17,407 | 1,203,346 |
| The TJX Cos., Inc. | 63,506 | 2,521,823 |
| | | 22,901,058 |
| Textiles, Apparel & Luxury Goods (1.03%) | | |

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| | | |
|-----------------------------------|--------|------------|
| Burberry Group PLC ^(b) | 85,711 | 4,108,985 |
| Coach, Inc. | 20,410 | 1,577,285 |
| VF Corp. | 33,769 | 4,929,599 |
| | | 10,615,869 |

See Notes to Schedule of Investments.

First Quarter Report (Unaudited) | March 31, 2012

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| | SHARES | MARKET VALUE |
|---|---------|--------------|
| COMMON STOCKS (continued) | | |
| CONSUMER STAPLES (6.12%) | | |
| Beverages (1.64%) | | |
| The Coca-Cola Company | 31,000 | \$ 2,294,310 |
| Diageo PLC ^(b) | 64,681 | 6,241,717 |
| Molson Coors Brewing Co., Class B | 137,750 | 6,233,187 |
| PepsiCo, Inc. | 33,000 | 2,189,550 |
| | | 16,958,764 |
| Food & Staples Retailing (1.32%) | | |
| Costco Wholesale Corp. | 50,200 | 4,558,160 |
| CVS Caremark Corp. | 80,000 | 3,584,000 |
| Walgreen Co. | 162,000 | 5,425,380 |
| | | 13,567,540 |
| Food Products (1.53%) | | |
| Archer-Daniels-Midland Co. | 160,000 | 5,065,600 |
| General Mills, Inc. | 107,120 | 4,225,884 |
| Mead Johnson Nutrition Co. | 78,900 | 6,507,672 |
| | | 15,799,156 |
| Household Products (0.51%) | | |
| The Procter & Gamble Co. | 78,000 | 5,242,380 |
| Personal Products (0.69%) | | |
| Avon Products, Inc. | 210,668 | 4,078,533 |
| The Estee Lauder Cos., Inc., Class A | 49,009 | 3,035,617 |
| | | 7,114,150 |
| Tobacco (0.43%) | | |
| British American Tobacco PLC ^(b) | 44,208 | 4,474,734 |
| ENERGY (13.79%) | | |
| Energy Equipment & Services (3.01%) | | |
| FMC Technologies, Inc. ^(a) | 112,920 | 5,693,427 |
| Oceaneering International, Inc. | 109,800 | 5,917,122 |
| Schlumberger Ltd. | 130,384 | 9,117,753 |
| Tidewater, Inc. | 135,000 | 7,292,700 |
| Weatherford International Ltd. ^(a) | 200,845 | 3,030,751 |
| | | 31,051,753 |
| Oil, Gas & Consumable Fuels (10.78%) | | |
| Anadarko Petroleum Corp. | 29,771 | 2,332,260 |
| Arch Coal, Inc. | 720,055 | 7,711,789 |
| BP PLC ^(b) | 229,792 | 10,340,640 |
| Chesapeake Energy Corp. | 118,571 | 2,747,290 |

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| | | |
|--|---------|-----------|
| Chevron Corp. | 63,000 | 6,756,120 |
| Cobalt International Energy, Inc. ^(a) | 234,788 | 7,050,684 |
| ConocoPhillips | 107,300 | 8,155,873 |

See Notes to Schedule of Investments.

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Liberty All-Star® Equity Fund

Schedule of Investments

| | SHARES | MARKET VALUE |
|--|-----------|--------------|
| COMMON STOCKS (continued) | | |
| Oil, Gas & Consumable Fuels (continued) | | |
| Consol Energy, Inc. | 162,870 | \$ 5,553,867 |
| Devon Energy Corp. | 105,000 | 7,467,600 |
| Exxon Mobil Corp. | 189,382 | 16,425,101 |
| Hess Corp. | 60,051 | 3,540,006 |
| Occidental Petroleum Corp. | 78,800 | 7,504,124 |
| Peabody Energy Corp. | 306,630 | 8,880,005 |
| Royal Dutch Shell PLC, Class A ^(b) | 124,753 | 8,748,928 |
| Valero Energy Corp. | 308,550 | 7,951,333 |
| | | 111,165,620 |
| FINANCIALS (21.27%) | | |
| Capital Markets (4.92%) | | |
| The Charles Schwab Corp. | 536,100 | 7,703,757 |
| Franklin Resources, Inc. | 39,125 | 4,852,674 |
| The Goldman Sachs Group, Inc. | 65,351 | 8,127,704 |
| Invesco Ltd. | 159,025 | 4,241,197 |
| Morgan Stanley | 352,675 | 6,926,537 |
| State Street Corp. | 295,175 | 13,430,462 |
| UBS AG ^(a) | 389,825 | 5,465,346 |
| | | 50,747,677 |
| Commercial Banks (5.26%) | | |
| BB&T Corp. | 150,000 | 4,708,500 |
| Huntington Bancshares, Inc. | 413,581 | 2,667,597 |
| PNC Financial Services Group, Inc. | 108,704 | 7,010,321 |
| Regions Financial Corp. | 1,008,835 | 6,648,223 |
| SunTrust Banks, Inc. | 520,838 | 12,588,654 |
| Wells Fargo & Co. | 605,390 | 20,668,015 |
| | | 54,291,310 |
| Consumer Finance (0.61%) | | |
| American Express Co. | 108,000 | 6,248,880 |
| Diversified Financial Services (3.74%) | | |
| Bank of America Corp. | 344,350 | 3,295,430 |
| Citigroup, Inc. | 248,979 | 9,100,182 |
| JPMorgan Chase & Co. | 569,415 | 26,181,702 |
| | | 38,577,314 |
| Insurance (6.36%) | | |
| ACE Ltd. | 194,720 | 14,253,504 |
| The Allstate Corp. | 434,595 | 14,306,867 |
| American International Group, Inc. ^(a) | 164,375 | 5,067,681 |
| Aon PLC | 11,048 | 542,015 |
| Assured Guaranty Ltd. | 274,144 | 4,528,859 |
| Axis Capital Holdings Ltd. | 185,950 | 6,167,961 |
| Brown & Brown, Inc. | 9,629 | 228,978 |
| Fidelity National Financial, Inc., Class A | 233,275 | 4,205,948 |

See Notes to Schedule of Investments.
First Quarter Report (Unaudited) | March 31, 2012

Schedule of Investments

Liberty All-Star[®] Equity Fund

| | SHARES | MARKET VALUE |
|---|---------|--------------|
| COMMON STOCKS (continued) | | |
| Insurance (continued) | | |
| Genworth Financial, Inc., Class A ^(a) | 218,309 | \$ 1,816,331 |
| MetLife, Inc. | 257,725 | 9,626,029 |
| RenaissanceRe Holdings Ltd. | 64,330 | 4,871,711 |
| | | 65,615,884 |
| Real Estate Investment Trusts (0.38%) | | |
| Sunstone Hotel Investors, Inc. ^(a) | 408,063 | 3,974,534 |
| HEALTH CARE (7.81%) | | |
| Biotechnology (0.49%) | | |
| Gilead Sciences, Inc. ^(a) | 103,649 | 5,063,254 |
| Health Care Equipment & Supplies (2.45%) | | |
| Intuitive Surgical, Inc. ^(a) | 7,500 | 4,063,125 |
| NuVasive, Inc. ^(a) | 154,007 | 2,593,478 |
| St. Jude Medical, Inc. | 158,000 | 7,000,980 |
| Varian Medical Systems, Inc. ^(a) | 54,900 | 3,785,904 |
| Zimmer Holdings, Inc. | 122,000 | 7,842,160 |
| | | 25,285,647 |
| Health Care Providers & Services (1.30%) | | |
| Brookdale Senior Living, Inc. ^(a) | 322,517 | 6,037,518 |
| Express Scripts, Inc. ^(a) | 38,975 | 2,111,666 |
| Medco Health Solutions, Inc. ^(a) | 32,325 | 2,272,447 |
| WellPoint, Inc. | 39,584 | 2,921,299 |
| | | 13,342,930 |
| Health Care Technology (0.78%) | | |
| Cerner Corp. ^(a) | 105,664 | 8,047,370 |
| Life Sciences Tools & Services (0.58%) | | |
| Life Technologies Corp. ^(a) | 122,000 | 5,956,040 |
| Pharmaceuticals (2.21%) | | |
| Abbott Laboratories | 143,130 | 8,772,438 |
| Allergan, Inc. | 77,900 | 7,433,997 |
| Johnson & Johnson | 39,000 | 2,572,440 |
| Teva Pharmaceutical Industries Ltd. ^(b) | 90,000 | 4,055,400 |
| | | 22,834,275 |
| INDUSTRIALS (7.74%) | | |
| Aerospace & Defense (2.99%) | | |
| The Boeing Co. | 60,540 | 4,502,360 |

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| | | |
|--|---------|-----------|
| General Dynamics Corp. | 44,060 | 3,233,123 |
| Huntington Ingalls Industries, Inc. ^(a) | 21,862 | 879,727 |
| L-3 Communications Holdings, Inc. | 93,425 | 6,611,687 |
| Northrop Grumman Corp. | 117,100 | 7,152,468 |

See Notes to Schedule of Investments.

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Liberty All-Star® Equity Fund

Schedule of Investments

| | SHARES | MARKET VALUE |
|---|---------|--------------|
| COMMON STOCKS (continued) | | |
| Aerospace & Defense (continued) | | |
| Precision Castparts Corp. | 37,000 | \$ 6,397,300 |
| Textron, Inc. | 73,063 | 2,033,343 |
| | | 30,810,008 |
| Air Freight & Logistics (1.11%) | | |
| C.H. Robinson Worldwide, Inc. | 101,345 | 6,637,084 |
| Expeditors International of Washington, Inc. | 104,490 | 4,859,830 |
| | | 11,496,914 |
| Building Products (0.56%) | | |
| Fortune Brands Home & Security, Inc. ^(a) | 62,075 | 1,369,995 |
| Masco Corp. | 325,475 | 4,351,601 |
| | | 5,721,596 |
| Construction & Engineering (0.51%) | | |
| Fluor Corp. | 87,651 | 5,262,566 |
| Electrical Equipment (0.70%) | | |
| Cooper Industries PLC | 40,343 | 2,579,935 |
| Rockwell Automation, Inc. | 58,566 | 4,667,710 |
| | | 7,247,645 |
| Machinery (0.95%) | | |
| Joy Global, Inc. | 44,551 | 3,274,498 |
| Navistar International Corp. ^(a) | 143,731 | 5,813,919 |
| Rexnord Corp. ^(a) | 34,630 | 730,693 |
| | | 9,819,110 |
| Road & Rail (0.44%) | | |
| CSX Corp. | 212,655 | 4,576,336 |
| Trading Companies & Distributors (0.31%) | | |
| Fastenal Co. | 59,097 | 3,197,148 |
| Transportation Infrastructure (0.17%) | | |
| Aegean Marine Petroleum Network, Inc. | 251,080 | 1,734,963 |
| INFORMATION TECHNOLOGY (24.61%) | | |
| Communications Equipment (4.62%) | | |
| Acme Packet, Inc. ^(a) | 153,609 | 4,227,320 |
| Cisco Systems, Inc. | 770,342 | 16,292,733 |
| Harris Corp. | 135,000 | 6,085,800 |
| QUALCOMM, Inc. | 309,885 | 21,078,378 |

47,684,231

Computers & Peripherals (6.10%)

| | | |
|----------------------------|---------|------------|
| Apple, Inc. ^(a) | 61,650 | 36,957,325 |
| Dell, Inc. ^(a) | 940,670 | 15,615,122 |

See Notes to Schedule of Investments.

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Schedule of Investments

Liberty All-Star[®] Equity Fund

| | SHARES | MARKET VALUE |
|--|---------|---------------|
| COMMON STOCKS (continued) | | |
| Computers & Peripherals (continued) | | |
| Hewlett-Packard Co. | 432,825 | \$ 10,314,220 |
| | | 62,886,667 |
| Electronic Equipment & Instruments (2.21%) | | |
| Avnet, Inc. ^(a) | 119,935 | 4,364,434 |
| Corning, Inc. | 475,000 | 6,688,000 |
| TE Connectivity Ltd. | 319,325 | 11,735,194 |
| | | 22,787,628 |
| Internet Software & Services (4.06%) | | |
| Baidu, Inc. ^{(a)(b)} | 52,808 | 7,697,822 |
| eBay, Inc. ^(a) | 219,494 | 8,097,134 |
| Google, Inc., Class A ^(a) | 27,590 | 17,691,812 |
| Monster Worldwide, Inc. ^(a) | 442,000 | 4,309,500 |
| OpenTable, Inc. ^(a) | 102,058 | 4,130,287 |
| | | 41,926,555 |
| IT Services (2.99%) | | |
| Cognizant Technology Solutions Corp., Class A ^(a) | 81,500 | 6,271,425 |
| Computer Sciences Corp. | 180,900 | 5,416,146 |
| Visa, Inc., Class A | 86,579 | 10,216,322 |
| The Western Union Co. | 510,132 | 8,978,323 |
| | | 30,882,216 |
| Semiconductors & Semiconductor Equipment (0.94%) | | |
| ARM Holdings PLC ^(b) | 167,000 | 4,724,430 |
| MEMC Electronic Materials, Inc. ^(a) | 477,380 | 1,723,342 |
| Texas Instruments, Inc. | 95,929 | 3,224,174 |
| | | 9,671,946 |
| Software (3.69%) | | |
| CA, Inc. | 150,400 | 4,145,024 |
| Citrix Systems, Inc. ^(a) | 26,938 | 2,125,678 |
| Microsoft Corp. | 384,600 | 12,403,350 |
| Salesforce.com, Inc. ^(a) | 83,503 | 12,902,048 |
| VMware, Inc., Class A ^(a) | 57,700 | 6,483,749 |
| | | 38,059,849 |
| MATERIALS (2.96%) | | |
| Chemicals (1.81%) | | |
| LyondellBasell Industries N.V. | 7,500 | 327,375 |
| The Mosaic Co. | 99,037 | 5,475,756 |
| PPG Industries, Inc. | 63,050 | 6,040,190 |
| Praxair, Inc. | 59,600 | 6,832,544 |

18,675,865

Metals & Mining (1.15%)

| | | |
|--------------------------------------|---------|-----------|
| Alcoa, Inc. | 407,000 | 4,078,140 |
| Freeport-McMoRan Copper & Gold, Inc. | 101,406 | 3,857,484 |

See Notes to Schedule of Investments.

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Liberty All-Star® Equity Fund

Schedule of Investments

| | SHARES | MARKET VALUE |
|--|---------------|------------------|
| COMMON STOCKS (continued) | | |
| Metals & Mining (continued) | | |
| Silver Wheaton Corp. | 119,200 | \$ 3,957,440 |
| | | 11,893,064 |
| TELECOMMUNICATION SERVICES (1.48%) | | |
| Wireless Telecommunication Services (1.48%) | | |
| American Tower Corp., Class A | 157,360 | 9,916,827 |
| Vodafone Group PLC ^(b) | 193,000 | 5,340,310 |
| | | 15,257,137 |
| UTILITIES (1.45%) | | |
| Electric Utilities (0.93%) | | |
| Entergy Corp. | 102,700 | 6,901,440 |
| FirstEnergy Corp. | 57,869 | 2,638,248 |
| | | 9,539,688 |
| Gas Utilities (0.23%) | | |
| EQT Corp. | 50,041 | 2,412,476 |
| Independent Power Producers & Energy Traders (0.29%) | | |
| GenOn Energy, Inc. ^(a) | 1,440,250 | 2,995,720 |
| TOTAL COMMON STOCKS | | |
| (COST OF \$945,597,775) | | 1,012,285,774 |
| PAR VALUE | | |
| SHORT TERM INVESTMENT (1.99%) | | |
| REPURCHASE AGREEMENT (1.99%) | | |
| Repurchase agreement with State Street Bank & Trust Co., dated 03/31/12, due 04/02/12 at 0.01%, collateralized by Fannie Mae 3.07% 01/01/42, market value of \$20,992,161 (Repurchase proceeds of \$20,567,017) (COST OF \$20,567,000) | \$ 20,567,000 | 20,567,000 |
| TOTAL INVESTMENTS (100.11%) | | |
| (COST OF \$966,164,775) ^(c) | | 1,032,852,774 |
| LIABILITIES IN EXCESS OF OTHER ASSETS (-0.11%) | | |
| | | (1,121,447) |
| NET ASSETS (100.00%) | | |
| | | \$ 1,031,731,327 |
| NET ASSET VALUE PER SHARE | | |
| (182,678,079 SHARES OUTSTANDING) | | \$ 5.65 |

- (a) Non-income producing security.
- (b) American Depositary Receipt.
- (c) Cost of investments for federal income tax purposes is \$975,894,078.

See Notes to Schedule of Investments.

First Quarter Report (Unaudited) | March 31, 2012

Gross unrealized appreciation and depreciation at March 31, 2012 based on cost of investments for federal income tax purposes is as follows:

| | |
|-------------------------------|----------------|
| Gross unrealized appreciation | \$ 168,831,605 |
| Gross unrealized depreciation | (111,872,909) |
| Net unrealized appreciation | \$ 56,958,696 |

See Notes to Schedule of Investments.

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Security Valuation

Equity securities including common stocks and exchange traded funds are valued at the last sale price at the close of the principal exchange on which they trade, except for securities listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) exchange, which are valued at the NASDAQ official closing price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Debt securities generally are valued by pricing services approved by the Fund's Board of Trustees (the Board). The services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. Debt securities for which quotations are readily available are valued at an over-the-counter or exchange bid quotation.

Short-term debt obligations maturing in more than 60 days for which market quotations are readily available are valued at current market value. Short-term debt obligations maturing within 60 days are valued at amortized cost, which approximates market value.

Investments for which market quotations are not readily available are valued at fair value as determined in good faith under consistently applied procedures approved by and under the general supervision of the Board.

Foreign Securities

The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible reevaluation of currencies, the inability to repatriate foreign currency, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers. For the period ended March 31, 2012, the Fund only held American Depository Receipts and did not hold any securities denominated in foreign currencies.

Security Transactions

Security transactions are recorded on trade date. Cost is determined and gains/(losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Repurchase Agreements

The Fund engages in repurchase agreement transactions with institutions that the Fund's investment advisor has determined are creditworthy. The Fund, through its custodian, receives delivery of underlying securities collateralizing a repurchase agreement. Collateral is at least equal, at all times, to the value of the repurchase obligation including interest. A repurchase agreement transaction involves certain risks in the event of default or insolvency of the counterparty. These risks include possible delays or restrictions upon a Fund's ability to dispose of the underlying securities and a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights.

Income Recognition

Interest income is recorded on the accrual basis. Premiums and discounts are amortized and accreted, respectively, on all debt securities. Corporate actions and dividend income are recorded on the ex-date.

The Fund estimates components of distributions from real estate investment trusts (REITs). Distributions received in excess of income are recorded as a reduction of the cost of the related investments. Once the REIT reports annually the tax character of its distributions, the Fund revises its estimates. If the Fund no longer owns the applicable securities, any distributions received in excess of income are recorded as realized gains.

Fair Value Measurements

The Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

Various inputs are used in determining the value of the Fund's investments as of the end of the reporting period.

When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

- | | |
|----------------|---|
| Level 1 | Unadjusted quoted prices in active markets for identical investments, unrestricted assets or liabilities that a Fund has the ability to access at the measurement date; |
| Level 2 | Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and |
| Level 3 | Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date. |

The following is a summary of the inputs used to value the Fund's investments as of March 31, 2012. The Fund recognizes transfers between the levels as of the beginning of the annual period in which the transfer occurred.

| Investments in Securities at Value* | Valuation Inputs | | | Total |
|-------------------------------------|------------------|---------------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Common Stocks | \$ 1,012,285,774 | \$ | \$ | \$ 1,012,285,774 |
| Short Term Investment | | 20,567,000 | | 20,567,000 |
| Total | \$ 1,012,285,774 | \$ 20,567,000 | \$ | \$ 1,032,852,774 |

*See Schedule of Investments for industry classifications

For the period ended March 31, 2012, the Fund did not have any significant transfers between Level 1 and Level 2 securities. The Fund did not have any securities which used significant unobservable inputs (Level 3) in determining fair value.

Indemnification

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund. Also, under the Fund's organizational documents and by contract, the Trustees and Officers of the Fund are indemnified against certain liabilities that may arise out of their duties to the Fund. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be minimal.

Description of Lipper Benchmark

and Market Indices

Liberty All-Star[®] Equity Fund

Lipper Large-Cap Core Mutual Fund Average

The average of funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) above Lipper's U.S. domestic equity large-cap floor. These funds typically have an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500[®] Index.

S&P 500[®] Index

A representative sample of 500 leading companies in leading industries of the U.S. economy. Focuses on the large-cap segment of the market with approximately 75% coverage of U.S. equities.

NASDAQ Composite Index[®]

Measures all NASDAQ domestic and international based common type stocks listed on the NASDAQ Stock Market.

You cannot invest directly in an index.

