

LIBERTY ALL STAR EQUITY FUND  
Form N-Q  
May 23, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-04809

LIBERTY ALL-STAR EQUITY FUND

(Exact name of registrant as specified in charter)

1290 Broadway, Suite 1100, Denver, Colorado 80203

(Address of principal executive offices) (Zip code)

Tané T. Tyler, Esq.

ALPS Fund Services, Inc.

1290 Broadway, Suite 1100

Denver, Colorado 80203

(Name and address of agent for service)

Registrant's telephone number, including area code: (303) 623-2577

Date of fiscal year end: December 31

Date of reporting period: January 1 - March 31, 2013

**Item 1 Schedule of Investments.**

	SHARES	MARKET VALUE
<b>COMMON STOCKS (97.51%)</b>		
<b>CONSUMER DISCRETIONARY (12.21%)</b>		
<b>Auto Components (1.89%)</b>		
Delphi Automotive PLC	158,925	\$ 7,056,270
Johnson Controls, Inc.	273,338	9,585,964
Magna International, Inc.	63,255	3,713,068
		20,355,302
<b>Diversified Consumer Services (0.58%)</b>		
Apollo Group, Inc., Class A <sup>(a)</sup>	362,856	6,310,066
<b>Hotels, Restaurants &amp; Leisure (2.06%)</b>		
Carnival Corp.	118,450	4,062,835
Marriott International, Inc., Class A	194,306	8,205,542
Orient-Express Hotels Ltd., Class A <sup>(a)</sup>	165,222	1,629,089
Starbucks Corp.	145,600	8,293,376
		22,190,842
<b>Household Durables (2.18%)</b>		
NVR, Inc. <sup>(a)</sup>	11,230	12,129,636
Toll Brothers, Inc. <sup>(a)</sup>	334,826	11,464,442
		23,594,078
<b>Internet &amp; Catalog Retail (1.44%)</b>		
Amazon.com, Inc. <sup>(a)</sup>	35,784	9,536,078
priceline.com, Inc. <sup>(a)</sup>	8,775	6,036,586
		15,572,664
<b>Media (1.34%)</b>		
Comcast Corp., Class A	49,880	2,095,459
Comcast Corp., Special Class A	19,944	790,181
Omnicom Group, Inc.	140,000	8,246,000
The Walt Disney Co.	59,372	3,372,330
		14,503,970
<b>Multi-Line Retail (0.20%)</b>		
Dollar General Corp. <sup>(a)</sup>	41,990	2,123,854
<b>Specialty Retail (1.51%)</b>		
Dick's Sporting Goods, Inc.	82,616	3,907,737
Staples, Inc.	646,750	8,685,852
Tiffany & Co.	15,770	1,096,646

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The TJX Cos., Inc.	56,425	2,637,869
		16,328,104
<b>Textiles, Apparel &amp; Luxury Goods (1.01%)</b>		
Burberry Group PLC <sup>(b)</sup>	64,627	2,606,407
Hugo Boss AG <sup>(a)(b)</sup>	22,166	494,302
NIKE, Inc., Class B	76,573	4,518,572
Ralph Lauren Corp.	19,293	3,266,498
		10,885,779
<b>CONSUMER STAPLES (5.81%)</b>		
<b>Beverages (1.85%)</b>		
The Coca-Cola Company	136,471	5,518,887
Diageo PLC <sup>(b)</sup>	48,987	6,164,524
Molson Coors Brewing Co., Class B	91,025	4,453,854
PepsiCo, Inc.	48,000	3,797,280
		19,934,545
<b>Food &amp; Staples Retailing (1.01%)</b>		
Costco Wholesale Corp.	61,664	6,543,167
CVS Caremark Corp.	80,000	4,399,200
		10,942,367

	SHARES	MARKET VALUE
<b>COMMON STOCKS (continued)</b>		
<b>Food Products (1.72%)</b>		
Archer-Daniels-Midland Co.	210,000	\$ 7,083,300
Kellogg Co.	48,000	3,092,640
Mead Johnson Nutrition Co.	75,000	5,808,750
Mondelez International, Inc., Class A	85,943	2,630,715
		18,615,405
<b>Household Products (0.66%)</b>		
The Procter & Gamble Co.	92,500	7,128,050
<b>Tobacco (0.57%)</b>		
Philip Morris International, Inc.	65,885	6,108,198
<b>ENERGY (14.41%)</b>		
<b>Energy Equipment &amp; Services (4.74%)</b>		
Baker Hughes, Inc.	142,025	6,591,380
National-Oilwell Varco, Inc.	50,600	3,579,950
Oceaneering International, Inc.	101,700	6,753,897
Schlumberger Ltd.	253,208	18,962,747
Tidewater, Inc.	143,000	7,221,500
Weatherford International Ltd. <sup>(a)</sup>	665,748	8,082,181
		51,191,655
<b>Oil, Gas &amp; Consumable Fuels (9.67%)</b>		
Anadarko Petroleum Corp.	43,330	3,789,209
Arch Coal, Inc.	1,398,480	7,593,746
BP PLC <sup>(b)</sup>	223,451	9,463,150
Chesapeake Energy Corp.	580,471	11,847,413
Chevron Corp.	61,000	7,248,020
Cobalt International Energy, Inc. <sup>(a)</sup>	257,430	7,259,526
ConocoPhillips	103,000	6,190,300
CONSOL Energy, Inc.	68,025	2,289,041
Devon Energy Corp.	243,583	13,742,953
Exxon Mobil Corp.	44,775	4,034,675
Occidental Petroleum Corp.	106,000	8,307,220
Peabody Energy Corp.	415,330	8,784,230
Royal Dutch Shell PLC <sup>(b)</sup>	130,762	8,520,452
WPX Energy, Inc. <sup>(a)</sup>	339,770	5,443,115
		104,513,050
<b>FINANCIALS (23.52%)</b>		
<b>Capital Markets (5.44%)</b>		
The Charles Schwab Corp.	658,300	11,645,327
Franklin Resources, Inc.	32,825	4,950,338

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The Goldman Sachs Group, Inc.	37,450	5,510,767
Invesco Ltd.	193,325	5,598,692
Morgan Stanley	437,060	9,606,579
State Street Corp.	269,175	15,905,551
UBS AG	359,525	5,533,090
		58,750,344
<b>Commercial Banks (4.26%)</b>		
BB&T Corp.	200,700	6,299,973
Huntington Bancshares, Inc.	334,911	2,474,992
KeyCorp	250,685	2,496,823
PNC Financial Services Group, Inc.	69,119	4,596,413
Regions Financial Corp.	737,768	6,042,320
SunTrust Banks, Inc.	506,413	14,589,759
Wells Fargo & Co.	255,925	9,466,666
		45,966,946

	SHARES	MARKET VALUE
<b>COMMON STOCKS (continued)</b>		
<b>Consumer Finance (1.09%)</b>		
American Express Co.	103,500	\$ 6,982,110
Capital One Financial Corp.	87,802	4,824,720
		11,806,830
<b>Diversified Financial Services (5.31%)</b>		
Bank of America Corp.	998,746	12,164,726
Citigroup, Inc.	428,904	18,974,713
JPMorgan Chase & Co.	552,370	26,215,480
		57,354,919
<b>Insurance (7.05%)</b>		
ACE Ltd.	198,910	17,697,023
The Allstate Corp.	234,700	11,516,729
American International Group, Inc. <sup>(a)</sup>	237,055	9,202,475
Assured Guaranty Ltd.	266,519	5,492,956
Axis Capital Holdings Ltd.	262,835	10,939,193
Genworth Financial, Inc., Class A <sup>(a)</sup>	209,959	2,099,590
MetLife, Inc.	364,850	13,871,597
Willis Group Holdings PLC	77,800	3,072,322
WR Berkley Corp.	51,556	2,287,540
		76,179,425
<b>Real Estate Investment Trusts (0.37%)</b>		
Camden Property Trust	57,977	3,981,860
<b>HEALTH CARE (9.39%)</b>		
<b>Biotechnology (0.15%)</b>		
Celgene Corp. <sup>(a)</sup>	14,032	1,626,449
<b>Health Care Equipment &amp; Supplies (2.66%)</b>		
Becton, Dickinson and Co.	75,650	7,232,897
Edwards Lifesciences Corp. <sup>(a)</sup>	55,584	4,566,781
Hologic, Inc. <sup>(a)</sup>	206,564	4,668,346
Intuitive Surgical, Inc. <sup>(a)</sup>	9,000	4,420,710
Zimmer Holdings, Inc.	105,000	7,898,100
		28,786,834
<b>Health Care Providers &amp; Services (2.24%)</b>		
Aetna, Inc.	31,075	1,588,554
Brookdale Senior Living, Inc. <sup>(a)</sup>	268,582	7,488,066
Express Scripts, Holding Co. <sup>(a)</sup>	74,624	4,302,074
Laboratory Corp. of America Holdings <sup>(a)</sup>	47,850	4,316,070

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WellPoint, Inc.	98,487	6,522,794
		24,217,558
<b>Health Care Technology (0.67%)</b>		
Cerner Corp. <sup>(a)</sup>	75,864	7,188,114
<b>Life Sciences Tools &amp; Services (0.86%)</b>		
Life Technologies Corp. <sup>(a)</sup>	75,700	4,892,491
Thermo Fisher Scientific, Inc.	57,000	4,359,930
		9,252,421
<b>Pharmaceuticals (2.81%)</b>		
Abbott Laboratories	97,525	3,444,583
Allergan, Inc.	75,100	8,383,413
Johnson & Johnson	88,500	7,215,405
Teva Pharmaceutical Industries Ltd. <sup>(b)</sup>	284,954	11,306,975
		30,350,376



	SHARES	MARKET VALUE
<b>COMMON STOCKS (continued)</b>		
<b>INDUSTRIALS (7.09%)</b>		
<b>Aerospace &amp; Defense (2.14%)</b>		
The Boeing Co.	34,125	\$ 2,929,631
L-3 Communications Holdings, Inc.	76,175	6,164,081
Northrop Grumman Corp.	72,650	5,096,398
Precision Castparts Corp.	36,100	6,845,282
Textron, Inc.	68,241	2,034,264
		23,069,656
<b>Airlines (0.30%)</b>		
US Airways Group, Inc. <sup>(a)</sup>	193,990	3,292,010
<b>Building Products (0.41%)</b>		
Masco Corp.	218,425	4,423,106
<b>Construction &amp; Engineering (0.51%)</b>		
Fluor Corp.	83,054	5,508,972
<b>Electrical Equipment (0.80%)</b>		
Emerson Electric Co.	120,000	6,704,400
Rockwell Automation, Inc.	23,001	1,986,137
		8,690,537
<b>Machinery (0.89%)</b>		
Joy Global, Inc.	70,169	4,176,459
Navistar International Corp. <sup>(a)</sup>	157,111	5,431,327
		9,607,786
<b>Professional Services (0.62%)</b>		
Verisk Analytics, Inc., Class A <sup>(a)</sup>	109,600	6,754,648
<b>Road &amp; Rail (0.54%)</b>		
CSX Corp.	235,578	5,802,286
<b>Trading Companies &amp; Distributors (0.68%)</b>		
Fastenal Co.	143,397	7,363,436
<b>Transportation Infrastructure (0.20%)</b>		
Aegean Marine Petroleum Network, Inc.	314,925	2,113,147
<b>INFORMATION TECHNOLOGY (20.39%)</b>		

**Communications Equipment (3.34%)**

Cisco Systems, Inc.	420,987	8,802,838
Harris Corp.	79,200	3,670,128
QUALCOMM, Inc.	352,074	23,571,354
		36,044,320

**Computers & Peripherals (4.35%)**

Apple, Inc.	27,700	12,260,851
Dell, Inc.	940,537	13,477,895
Hewlett-Packard Co.	571,025	13,613,236
NetApp, Inc. <sup>(a)</sup>	147,663	5,044,168
Stratasys Ltd. <sup>(a)</sup>	35,673	2,647,650
		47,043,800

**Electronic Equipment & Instruments (1.96%)**

Corning, Inc.	500,000	6,665,000
TE Connectivity Ltd.	346,775	14,540,276
		21,205,276

	SHARES	MARKET VALUE
<b>COMMON STOCKS (continued)</b>		
<b>Internet Software &amp; Services (3.68%)</b>		
eBay, Inc. <sup>(a)</sup>	32,979	\$ 1,788,121
Equinix, Inc. <sup>(a)</sup>	32,200	6,965,182
Google, Inc., Class A <sup>(a)</sup>	30,748	24,414,835
LinkedIn Corp., Class A <sup>(a)</sup>	37,100	6,531,826
		39,699,964
<b>IT Services (2.52%)</b>		
Cognizant Technology Solutions Corp., Class A <sup>(a)</sup>	75,600	5,791,716
Visa, Inc., Class A	85,765	14,566,328
The Western Union Co.	457,963	6,887,763
		27,245,807
<b>Semiconductors &amp; Semiconductor Equipment (1.05%)</b>		
Altera Corp.	114,804	4,072,098
ARM Holdings PLC <sup>(b)</sup>	155,000	6,567,350
MEMC Electronic Materials, Inc. <sup>(a)</sup>	151,092	664,805
		11,304,253
<b>Software (3.49%)</b>		
Citrix Systems, Inc. <sup>(a)</sup>	36,128	2,606,996
Microsoft Corp.	443,600	12,691,396
Oracle Corp.	178,675	5,778,350
Salesforce.com, Inc. <sup>(a)</sup>	69,447	12,419,207
VMware, Inc., Class A <sup>(a)</sup>	53,300	4,204,304
		37,700,253
<b>MATERIALS (2.49%)</b>		
<b>Chemicals (1.61%)</b>		
The Mosaic Co.	85,269	5,082,885
PPG Industries, Inc.	17,825	2,387,480
Praxair, Inc.	55,200	6,157,008
The Sherwin-Williams Co.	22,221	3,752,905
		17,380,278
<b>Metals &amp; Mining (0.88%)</b>		
Freeport-McMoRan Copper & Gold, Inc.	140,808	4,660,745
Silver Wheaton Corp.	155,600	4,878,060
		9,538,805
<b>TELECOMMUNICATION SERVICES (1.22%)</b>		
<b>Wireless Telecommunication Services (1.22%)</b>		

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American Tower Corp.	129,360	9,950,371
Vodafone Group PLC <sup>(b)</sup>	112,500	3,196,125
		13,146,496
<b>UTILITIES (0.98%)</b>		
<b>Electric Utilities (0.57%)</b>		
Entergy Corp.	80,975	5,120,859
FirstEnergy Corp.	24,409	1,030,060
		6,150,919
<b>Independent Power Producers &amp; Energy Traders (0.41%)</b>		
NRG Energy, Inc.	167,173	4,428,413
<b>TOTAL COMMON STOCKS</b>		
(COST OF \$943,096,404)		1,053,274,173

	PAR VALUE	MARKET VALUE
<b>SHORT TERM INVESTMENT (2.43%)</b>		
<b>REPURCHASE AGREEMENT (2.43%)</b>		
Repurchase agreement with State Street Bank & Trust Co., dated 03/28/13, due 04/01/13 at 0.01%, collateralized by Federal National Mortgage Association 3.05%, 01/01/42, market value of \$26,737,838 (Repurchase proceeds of \$26,201,029) (COST OF \$26,201,000)	\$ 26,201,000	\$ 26,201,000
<b>TOTAL INVESTMENTS (99.94%)</b>		
(COST OF \$969,297,404) <sup>(c)</sup>		1,079,475,173
<b>OTHER ASSETS IN EXCESS OF LIABILITIES (0.06%)</b>		664,105
<b>NET ASSETS (100.00%)</b>		\$ 1,080,139,278
<b>NET ASSET VALUE PER SHARE</b>		
(186,370,843 SHARES OUTSTANDING)		\$ 5.80

Notes to Schedule of Investments:

(a) Non-income producing security.

(b) American Depositary Receipt.

(c) Cost of investments for federal income tax purposes is \$979,175,647.

Gross unrealized appreciation and depreciation at March 31, 2013 based on cost of investments for federal income tax purposes is as follows:

Gross unrealized appreciation	\$ 196,620,390
Gross unrealized depreciation	(96,320,864)
<b>Net unrealized appreciation</b>	<b>\$ 100,299,526</b>

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets. These industry classifications are unaudited.

See Notes to Schedule of Investments.

## **LIBERTY ALL STAR EQUITY FUND**

### **Notes to Schedule of investments**

**March 30, 2013 (unaudited)**

#### **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.

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, 2013, the Fund only held American Depositary 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. 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, 2013. The Fund recognizes transfers between the levels as of the beginning of the annual period in which the transfer occurred.

<b>Valuation Inputs</b>				
<b>Investments in Securities at</b>				
<b>Value*</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common Stocks	\$ 1,053,274,173	\$	\$	\$ 1,053,274,173
Short Term Investment		26,201,000		26,201,000
Total	\$ 1,053,274,173	\$ 26,201,000	\$	\$ 1,079,475,173

\*See Schedule of Investments for industry classification.

For the period ended March 31, 2013, the Fund did not have any 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 during the period.

### **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 Directors 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.



**Item 2 - Controls and Procedures.**

- (a) The registrant's Principal Executive Officer and Principal Financial Officer have evaluated the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date.
  
- (b) There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) during registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3 Exhibits.**

Separate certifications for the registrant's Principal Executive Officer and Principal Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Ex99.CERT.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY ALL-STAR EQUITY FUND

By: /s/ William Parmentier  
**William Parmentier**  
**President (principal executive officer)**

Date: May 23, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ William Parmentier  
**William Parmentier**  
**President (principal executive officer)**

Date: May 23, 2013

By: /s/ Kimberly Storms  
**Kimberly Storms**  
**Treasurer (principal financial officer)**

Date: May 23, 2013