

LIBERTY ALL STAR EQUITY FUND  
Form N-Q  
May 21, 2010

**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, 2010

**Item 1 Schedule of Investments.**

**LIBERTY ALL-STAR EQUITY FUND****SCHEDULE OF INVESTMENTS***As of March 31, 2010 (Unaudited)*

|   | SHARES  | MARKET<br>VALUE |
|---|---------|-----------------|
| <b>COMMON STOCKS (97.82%)</b>                               |         |                 |
| <b>u CONSUMER DISCRETIONARY (11.41%)</b>                    |         |                 |
| <b>Auto Components (1.52%)</b>                              |         |                 |
| Johnson Controls, Inc.                                      | 122,000 | \$ 4,024,780    |
| Magna International, Inc., Class A <sup>(a)</sup>           | 179,315 | 11,090,633      |
|   |         | 15,115,413      |
| <b>Diversified Consumer Services (0.58%)</b>                |         |                 |
| Apollo Group, Inc., Class A <sup>(a)</sup>                  | 93,620  | 5,737,970       |
| <b>Hotels, Restaurants &amp; Leisure (1.16%)</b>            |         |                 |
| Carnival Corp.  | 220,330 | 8,566,430       |
| Yum! Brands, Inc.   | 78,600  | 3,012,738       |
|   |         | 11,579,168      |
| <b>Household Durables (1.21%)</b>                           |         |                 |
| DR Horton, Inc.   | 196,720 | 2,478,672       |
| Fortune Brands, Inc.  | 1,975   | 95,807          |
| NVR, Inc. <sup>(a)</sup>                                    | 10,285  | 7,472,053       |
| Pulte Group, Inc. <sup>(a)</sup>                            | 173,871 | 1,956,049       |
|   |         | 12,002,581      |
| <b>Internet &amp; Catalog Retail (1.19%)</b>                |         |                 |
| Amazon.com, Inc. <sup>(a)</sup>                             | 75,870  | 10,297,835      |
| priceline.com, Inc. <sup>(a)</sup>                          | 5,950   | 1,517,250       |
|   |         | 11,815,085      |
| <b>Media (2.22%)</b>  |         |                 |
| Liberty Media Corp., Capital Group, Series A <sup>(a)</sup> | 87,319  | 3,175,792       |
| The McGraw-Hill Cos., Inc.                                  | 190,800 | 6,802,020       |
| Omnicom Group, Inc.   | 182,850 | 7,096,409       |
| Scripps Networks Interactive, Inc., Class A                 | 52,290  | 2,319,061       |
| The Walt Disney Co.   | 76,889  | 2,684,195       |
|   |         | 22,077,477      |
| <b>Multi-Line Retail (1.60%)</b>                            |         |                 |
| J.C. Penney Co., Inc.                                       | 308,830 | 9,935,061       |
| Nordstrom, Inc.   | 57,832  | 2,362,437       |
| Target Corp.  | 68,218  | 3,588,267       |
|   |         | 15,885,765      |

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|                                 |         |            |
|---------------------------------|---------|------------|
| <b>Specialty Retail (1.93%)</b> |         |            |
| Best Buy Co., Inc.              | 77,319  | 3,289,150  |
| Guess?, Inc.                    | 45,711  | 2,147,503  |
| The Home Depot, Inc.            | 76,600  | 2,478,010  |
| The Sherwin-Williams Co.        | 79,350  | 5,370,408  |
| Staples, Inc.                   | 250,000 | 5,847,500  |
|                                 |         | 19,132,571 |

**uCONSUMER STAPLES (5.42%)****Beverages (0.19%)**

|                       |        |              |
|-----------------------|--------|--------------|
| The Coca-Cola Company | 35,000 | \$ 1,925,000 |
|-----------------------|--------|--------------|

**Food & Staples Retailing (2.18%)**

|                        |         |           |
|------------------------|---------|-----------|
| Costco Wholesale Corp. | 127,560 | 7,616,608 |
|------------------------|---------|-----------|

|                    |         |           |
|--------------------|---------|-----------|
| CVS Caremark Corp. | 121,300 | 4,434,728 |
|--------------------|---------|-----------|

|              |         |           |
|--------------|---------|-----------|
| Walgreen Co. | 178,500 | 6,620,565 |
|--------------|---------|-----------|

|                       |        |           |
|-----------------------|--------|-----------|
| Wal-Mart Stores, Inc. | 52,700 | 2,930,120 |
|-----------------------|--------|-----------|

|  |            |  |
|--|------------|--|
|  | 21,602,021 |  |
|--|------------|--|

**Food Products (0.98%)**

|                     |        |           |
|---------------------|--------|-----------|
| General Mills, Inc. | 39,518 | 2,797,479 |
|---------------------|--------|-----------|

|                   |         |           |
|-------------------|---------|-----------|
| Kraft Foods, Inc. | 133,150 | 4,026,456 |
|-------------------|---------|-----------|

|                                       |        |         |
|---------------------------------------|--------|---------|
| Smithfield Foods, Inc. <sup>(a)</sup> | 17,040 | 353,410 |
|---------------------------------------|--------|---------|

|                            |         |           |
|----------------------------|---------|-----------|
| Tyson Foods, Inc., Class A | 134,542 | 2,576,479 |
|----------------------------|---------|-----------|

|  |           |  |
|--|-----------|--|
|  | 9,753,824 |  |
|--|-----------|--|

**Household Products (0.95%)**

|                       |        |           |
|-----------------------|--------|-----------|
| Colgate-Palmolive Co. | 23,548 | 2,007,703 |
|-----------------------|--------|-----------|

|                          |         |           |
|--------------------------|---------|-----------|
| The Procter & Gamble Co. | 117,900 | 7,459,533 |
|--------------------------|---------|-----------|

|  |           |  |
|--|-----------|--|
|  | 9,467,236 |  |
|--|-----------|--|

**Personal Products (0.42%)**

|                     |         |           |
|---------------------|---------|-----------|
| Avon Products, Inc. | 123,975 | 4,199,033 |
|---------------------|---------|-----------|

**Tobacco (0.70%)**

|                                   |         |           |
|-----------------------------------|---------|-----------|
| Philip Morris International, Inc. | 132,509 | 6,911,669 |
|-----------------------------------|---------|-----------|

**uENERGY (11.70%)****Energy Equipment & Services (2.72%)**

|                                       |        |           |
|---------------------------------------|--------|-----------|
| FMC Technologies, Inc. <sup>(a)</sup> | 69,210 | 4,473,042 |
|---------------------------------------|--------|-----------|

|  |         |           |
|--|---------|-----------|
| Oceaneering International, Inc. <sup>(a)</sup> | 102,400 | 6,501,376 |
|--|---------|-----------|

|                   |         |           |
|-------------------|---------|-----------|
| Schlumberger Ltd. | 139,621 | 8,860,349 |
|-------------------|---------|-----------|

|                 |        |           |
|-----------------|--------|-----------|
| Tidewater, Inc. | 92,000 | 4,348,840 |
|-----------------|--------|-----------|

|   |         |           |
|---|---------|-----------|
| Weatherford International Ltd. <sup>(a)</sup> | 176,584 | 2,800,622 |
|---|---------|-----------|

|  |            |  |
|--|------------|--|
|  | 26,984,229 |  |
|--|------------|--|

**Oil, Gas & Consumable Fuels (8.98%)**

|                          |        |           |
|--------------------------|--------|-----------|
| Anadarko Petroleum Corp. | 71,710 | 5,222,640 |
|--------------------------|--------|-----------|

|              |        |           |
|--------------|--------|-----------|
| Apache Corp. | 37,100 | 3,765,650 |
|--------------|--------|-----------|

|                 |         |            |
|-----------------|---------|------------|
| Arch Coal, Inc. | 482,885 | 11,033,922 |
|-----------------|---------|------------|

|                       |        |           |
|-----------------------|--------|-----------|
| BP Plc <sup>(b)</sup> | 82,629 | 4,715,637 |
|-----------------------|--------|-----------|

|                         |         |            |
|-------------------------|---------|------------|
| Chesapeake Energy Corp. | 507,194 | 11,990,066 |
|-------------------------|---------|------------|

|               |        |           |
|---------------|--------|-----------|
| Chevron Corp. | 76,000 | 5,763,080 |
|---------------|--------|-----------|

|                |         |           |
|----------------|---------|-----------|
| ConocoPhillips | 129,000 | 6,600,930 |
|----------------|---------|-----------|

|                     |         |           |
|---------------------|---------|-----------|
| Consol Energy, Inc. | 120,945 | 5,159,514 |
|---------------------|---------|-----------|

|                    |         |           |
|--------------------|---------|-----------|
| Devon Energy Corp. | 105,000 | 6,765,150 |
|--------------------|---------|-----------|

|                   |         |           |
|-------------------|---------|-----------|
| Exxon Mobil Corp. | 121,400 | 8,131,372 |
|-------------------|---------|-----------|

|                            |        |           |
|----------------------------|--------|-----------|
| Occidental Petroleum Corp. | 74,000 | 6,255,960 |
|----------------------------|--------|-----------|

|                                       |         |           |
|---------------------------------------|---------|-----------|
| Petrohawk Energy Corp. <sup>(a)</sup> | 282,858 | 5,736,360 |
|---------------------------------------|---------|-----------|

|                     |         |           |
|---------------------|---------|-----------|
| Valero Energy Corp. | 406,950 | 8,016,915 |
|---------------------|---------|-----------|

|  |            |  |
|--|------------|--|
|  | 89,157,196 |  |
|--|------------|--|



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**uFINANCIALS (20.53%)**

**Capital Markets (3.98%)**

|                               |         |              |
|-------------------------------|---------|--------------|
| Bank of New York Mellon Corp. | 230,000 | \$ 7,102,400 |
| The Charles Schwab Corp.      | 222,600 | 4,160,394    |
| The Goldman Sachs Group, Inc. | 20,404  | 3,481,535    |
| Morgan Stanley                | 327,150 | 9,582,223    |
| State Street Corp.            | 201,500 | 9,095,710    |
| UBS AG <sup>(a)</sup>         | 374,100 | 6,090,348    |
|                               |         | 39,512,610   |

**Commercial Banks (2.93%)**

|                                    |         |            |
|------------------------------------|---------|------------|
| Comerica, Inc.                     | 106,625 | 4,056,015  |
| PNC Financial Services Group, Inc. | 250,476 | 14,953,417 |
| Wells Fargo & Co.                  | 324,570 | 10,100,619 |
|                                    |         | 29,110,051 |

**Consumer Finance (2.25%)**

|                             |         |            |
|-----------------------------|---------|------------|
| American Express Co.        | 135,000 | 5,570,100  |
| Capital One Financial Corp. | 92,125  | 3,814,896  |
| Mastercard, Inc., Class A   | 15,286  | 3,882,644  |
| Visa, Inc., Class A         | 99,600  | 9,066,588  |
|                             |         | 22,334,228 |

**Diversified Financial Services (5.23%)**

|   |           |            |
|---|-----------|------------|
| Bank of America Corp.                         | 1,458,371 | 26,031,922 |
| Citigroup, Inc. <sup>(a)</sup>                | 1,729,313 | 7,003,718  |
| IntercontinentalExchange, Inc. <sup>(a)</sup> | 68,218    | 7,652,695  |
| JPMorgan Chase & Co.                          | 251,275   | 11,244,556 |
|   |           | 51,932,891 |

**Insurance (5.21%)**

|  |         |            |
|--|---------|------------|
| ACE Ltd.   | 77,500  | 4,053,250  |
| Aflac, Inc.                                      | 19,690  | 1,068,970  |
| The Allstate Corp.                               | 382,535 | 12,359,706 |
| Assured Guaranty Ltd.                            | 228,219 | 5,013,972  |
| Axis Capital Holdings Ltd.                       | 167,350 | 5,231,361  |
| Brown & Brown, Inc.                              | 115,325 | 2,066,624  |
| Fidelity National Financial, Inc.                | 251,995 | 3,734,566  |
| Genworth Financial, Inc., Class A <sup>(a)</sup> | 144,215 | 2,644,903  |
| The Hartford Financial Services Group, Inc.      | 86,500  | 2,458,330  |
| RenaissanceRe Holdings Ltd.                      | 35,145  | 1,994,830  |
| Torchmark Corp.                                  | 130,325 | 6,973,691  |
| Willis Group Holdings Plc                        | 130,025 | 4,068,482  |
|  |         | 51,668,685 |

**Real Estate Investment Trusts (0.93%)**

|                                 |         |           |
|---------------------------------|---------|-----------|
| Annaly Capital Management, Inc. | 406,339 | 6,980,904 |
| Redwood Trust, Inc.             | 148,420 | 2,288,636 |
|                                 |         | 9,269,540 |

**uHEALTH CARE (10.28%)**

**Biotechnology (2.72%)**

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|                                      |         |            |
|--------------------------------------|---------|------------|
| Celgene Corp. <sup>(a)</sup>         | 68,684  | 4,255,661  |
| Genzyme Corp. <sup>(a)</sup>         | 60,000  | 3,109,800  |
| Gilead Sciences, Inc. <sup>(a)</sup> | 327,771 | 14,907,025 |
| Myriad Genetics, Inc. <sup>(a)</sup> | 198,368 | 4,770,750  |
|                                      |         | 27,043,236 |



**Health Care Equipment & Supplies (3.38%)**

|   |         |            |
|---|---------|------------|
| Boston Scientific Corp. <sup>(a)</sup>      | 11,245  | \$ 81,189  |
| Covidien Ltd.                               | 86,000  | 4,324,080  |
| Intuitive Surgical, Inc. <sup>(a)</sup>     | 14,700  | 5,117,511  |
| Medtronic, Inc.                             | 57,000  | 2,566,710  |
| NuVasive, Inc. <sup>(a)</sup>               | 22,601  | 1,021,565  |
| St. Jude Medical, Inc. <sup>(a)</sup>       | 109,656 | 4,501,379  |
| Varian Medical Systems, Inc. <sup>(a)</sup> | 157,700 | 8,725,541  |
| Zimmer Holdings, Inc. <sup>(a)</sup>        | 121,800 | 7,210,560  |
|   |         | 33,548,535 |

**Health Care Providers & Services (1.13%)**

|  |         |            |
|--|---------|------------|
| Aetna, Inc.                                  | 154,825 | 5,435,906  |
| Brookdale Senior Living, Inc. <sup>(a)</sup> | 142,594 | 2,970,233  |
| WellPoint, Inc. <sup>(a)</sup>               | 42,882  | 2,760,743  |
|  |         | 11,166,882 |

**Health Care Technology (0.62%)**

|                             |        |           |
|-----------------------------|--------|-----------|
| Cerner Corp. <sup>(a)</sup> | 72,332 | 6,152,560 |
|-----------------------------|--------|-----------|

**Life Sciences Tools & Services (0.65%)**

|  |         |           |
|--|---------|-----------|
| Life Technologies Corp. <sup>(a)</sup> | 123,400 | 6,450,118 |
|--|---------|-----------|

**Pharmaceuticals (1.78%)**

|  |         |            |
|--|---------|------------|
| Allergan, Inc.                                     | 81,000  | 5,290,920  |
| Bristol-Myers Squibb Co.                           | 208,442 | 5,565,401  |
| Johnson & Johnson                                  | 48,375  | 3,154,050  |
| Teva Pharmaceutical Industries Ltd. <sup>(b)</sup> | 58,732  | 3,704,815  |
|  |         | 17,715,186 |

**uINDUSTRIALS (9.67%)**

**Aerospace & Defense (3.29%)**

|  |         |            |
|--|---------|------------|
| Alliant Techsystems, Inc. <sup>(a)</sup> | 8,414   | 684,058    |
| The Boeing Co.                           | 156,565 | 11,368,185 |
| Honeywell International, Inc.            | 133,579 | 6,047,121  |
| L-3 Communications Holdings, Inc.        | 65,625  | 6,013,219  |
| Northrop Grumman Corp.                   | 130,525 | 8,558,524  |
|  |         | 32,671,107 |

**Air Freight & Logistics (1.26%)**

|  |         |            |
|--|---------|------------|
| C.H. Robinson Worldwide, Inc.                | 150,145 | 8,385,598  |
| Expeditors International of Washington, Inc. | 113,190 | 4,178,975  |
|  |         | 12,564,573 |

**Commercial Services & Supplies (1.20%)**

|  |         |            |
|--|---------|------------|
| The Dun & Bradstreet Corp.             | 28,000  | 2,083,760  |
| Monster Worldwide, Inc. <sup>(a)</sup> | 420,000 | 6,976,200  |
| Quanta Services, Inc. <sup>(a)</sup>   | 148,600 | 2,847,176  |
|  |         | 11,907,136 |

**Construction & Engineering (0.44%)**

Fluor Corp.

93,953

4,369,754

**Electrical Equipment (1.03%)**

|                           |         |              |
|---------------------------|---------|--------------|
| Cooper Industries Plc     | 85,600  | \$ 4,103,664 |
| Rockwell Automation, Inc. | 108,150 | 6,095,334    |
|                           |         | 10,198,998   |

**Industrial Conglomerates (1.13%)**

|                         |         |            |
|-------------------------|---------|------------|
| Textron, Inc.           | 205,458 | 4,361,874  |
| Tyco International Ltd. | 179,000 | 6,846,750  |
|                         |         | 11,208,624 |

**Machinery (1.32%)**

|   |         |            |
|---|---------|------------|
| Flowserve Corp.                             | 55,906  | 6,164,754  |
| Navistar International Corp. <sup>(a)</sup> | 85,871  | 3,841,010  |
| Terex Corp. <sup>(a)</sup>                  | 134,749 | 3,060,150  |
|   |         | 13,065,914 |

**uINFORMATION TECHNOLOGY (22.82%)****Communications Equipment (4.07%)**

|   |           |            |
|---|-----------|------------|
| Alcatel-Lucent <sup>(a)(b)</sup>                    | 1,321,733 | 4,123,807  |
| Brocade Communications Systems, Inc. <sup>(a)</sup> | 265,743   | 1,517,393  |
| Cisco Systems, Inc. <sup>(a)</sup>                  | 254,000   | 6,611,620  |
| Corning, Inc.                                       | 290,000   | 5,860,900  |
| Motorola, Inc. <sup>(a)</sup>                       | 212,775   | 1,493,680  |
| QUALCOMM, Inc.                                      | 414,242   | 17,394,022 |
| Research In Motion Ltd. <sup>(a)</sup>              | 45,600    | 3,372,120  |
|   |           | 40,373,542 |

**Computers & Peripherals (5.91%)**

|                            |           |            |
|----------------------------|-----------|------------|
| Apple, Inc. <sup>(a)</sup> | 107,861   | 25,339,785 |
| Dell, Inc. <sup>(a)</sup>  | 1,441,140 | 21,631,511 |
| Hewlett-Packard Co.        | 220,431   | 11,715,908 |
|                            |           | 58,687,204 |

**Electronic Equipment & Instruments (1.73%)**

|                            |         |            |
|----------------------------|---------|------------|
| Avnet, Inc. <sup>(a)</sup> | 214,940 | 6,448,200  |
| Tyco Electronics Ltd.      | 391,625 | 10,761,855 |
|                            |         | 17,210,055 |

**Internet Software & Services (2.36%)**

|                                      |         |            |
|--------------------------------------|---------|------------|
| Baidu, Inc. <sup>(a)(b)</sup>        | 3,362   | 2,007,114  |
| eBay, Inc. <sup>(a)</sup>            | 256,000 | 6,899,200  |
| Google, Inc., Class A <sup>(a)</sup> | 22,688  | 12,864,323 |
| Yahoo!, Inc. <sup>(a)</sup>          | 101,600 | 1,679,448  |
|                                      |         | 23,450,085 |

**IT Services (2.04%)**

|   |         |            |
|---|---------|------------|
| Cognizant Technology Solutions Corp. <sup>(a)</sup> | 149,600 | 7,626,608  |
| The Western Union Co.                               | 744,700 | 12,630,112 |
|   |         | 20,256,720 |

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**Semiconductors & Semiconductor Equipment (2.66%)**

|  |         |           |
|--|---------|-----------|
| Analog Devices, Inc.                         | 203,000 | 5,850,460 |
| ASML Holding N.V.                            | 46,435  | 1,643,799 |
| International Rectifier Corp. <sup>(a)</sup> | 348,013 | 7,969,498 |

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|   |           |                    |
|---|-----------|--------------------|
| Lam Research Corp. <sup>(a)</sup>                               | 135,455   | \$ 5,055,180       |
| Novellus Systems, Inc. <sup>(a)</sup>                           | 235,200   | 5,880,000          |
|   |           | 26,398,937         |
| <b>Software (4.05%)</b>   |           |                    |
| Adobe Systems, Inc. <sup>(a)</sup>                              | 275,240   | 9,735,239          |
| CA, Inc.  | 256,750   | 6,025,922          |
| Microsoft Corp.   | 398,763   | 11,671,793         |
| Oracle Corp.  | 327,022   | 8,401,195          |
| Salesforce.com, Inc. <sup>(a)</sup>                             | 58,200    | 4,332,990          |
|   |           | 40,167,139         |
| <b>uMATERIALS (2.53%)</b>                                       |           |                    |
| <b>Chemicals (1.75%)</b>  |           |                    |
| Monsanto Co.  | 170,193   | 12,155,184         |
| Praxair, Inc.   | 62,700    | 5,204,100          |
|   |           | 17,359,284         |
| <b>Metals &amp; Mining (0.78%)</b>                              |           |                    |
| Alcoa, Inc.   | 410,000   | 5,838,400          |
| United States Steel Corp.                                       | 30,915    | 1,963,721          |
|   |           | 7,802,121          |
| <b>uTELECOMMUNICATION SERVICES (0.33%)</b>                      |           |                    |
| <b>Wireless Telecommunication Services (0.33%)</b>              |           |                    |
| American Tower Corp., Class A <sup>(a)</sup>                    | 76,860    | 3,275,004          |
| <b>uUTILITIES (3.13%)</b>                                       |           |                    |
| <b>Electric Utilities (1.34%)</b>                               |           |                    |
| Allegheny Energy, Inc.  | 298,930   | 6,875,390          |
| Edison International  | 137,275   | 4,690,687          |
| FPL Group, Inc.   | 35,384    | 1,710,108          |
|   |           | 13,276,185         |
| <b>Gas Utilities (0.86%)</b>                                    |           |                    |
| EQT Corp.   | 208,461   | 8,546,901          |
| <b>Independent Power Producers &amp; Energy Traders (0.54%)</b> |           |                    |
| RRI Energy, Inc. <sup>(a)</sup>                                 | 1,463,010 | 5,398,507          |
| <b>Multi-Utilities (0.39%)</b>                                  |           |                    |
| Sempra Energy   | 77,150    | 3,849,785          |
| <b>TOTAL COMMON STOCKS (COST OF \$976,755,740)</b>              |           | <b>971,288,335</b> |
| <b>EXCHANGE TRADED FUND (0.07%)</b>                             |           |                    |
| <b>uEXCHANGE TRADED FUND (0.07%)</b>                            |           |                    |
| iShares Russell 1000 Value Index Fund                           |           |                    |
| (COST OF \$684,020)   | 11,940    | 729,176            |

|  | PAR VALUE     | MARKET VALUE   |
|--|---------------|----------------|
| <b>SHORT TERM INVESTMENT (2.04%)</b>   |               |                |
| <b>uREPURCHASE AGREEMENT (2.04%)</b>   |               |                |
| Repurchase agreement with State Street Bank & Trust Co., dated 03/31/10, due 04/01/10 at 0.010%, collateralized by several Fannie Mae and Freddie Mac instruments with various maturity dates, market value of \$20,653,283 (Repurchased proceeds of \$20,238,006)<br>(COST OF \$20,238,000) | \$ 20,238,000 | 20,238,000     |
| <b>TOTAL INVESTMENTS (99.93%)</b>  |               |                |
| <b>(COST OF 997,677,760)<sup>(C)</sup></b>   |               | 992,255,511    |
| <b>OTHER ASSETS IN EXCESS OF LIABILITIES (0.07%)</b>   |               | 697,250        |
| <b>NET ASSETS (100.00%)</b>  |               | \$ 992,952,761 |
| <b>NET ASSET VALUE PER SHARE (182,678,079 SHARES OUTSTANDING)</b>  |               | \$ 5.44        |

## Notes to Schedule of Investments:

- (a) Non-Income producing security.
- (b) American Depositary Receipt.
- (c) Cost of investments for federal income tax purposes is \$1,006,953,245.

Gross unrealized appreciation and depreciation at March 31, 2010 based on cost of investments for federal income tax purposes is as follows:

|                                    |                        |
|------------------------------------|------------------------|
| Gross unrealized appreciation      | \$ 113,048,064         |
| Gross unrealized depreciation      | (128,111,564)          |
| <b>Net unrealized depreciation</b> | <b>\$ (15,063,500)</b> |

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**NOTES TO QUARTERLY SCHEDULE OF INVESTMENTS**

**MARCH 31, 2010 (UNAUDITED)**

**NOTE 1. ORGANIZATION**

Liberty All-Star Equity Fund (the Fund) is a Massachusetts business trust registered under the Investment Company Act of 1940 (the Act), as amended, as a diversified, closed-end management investment company.

*Investment Goal*

The Fund seeks total investment return comprised of long-term capital appreciation and current income through investing primarily in a diversified portfolio of equity securities.

*Fund Shares*

The Fund may issue an unlimited number of shares of beneficial interest.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

*Security Valuation*

Equity securities are valued at the last sale price at the close of the principal exchange on which they trade, except for securities listed on the NASDAQ, 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), based upon market transactions for normal, institutional-size trading units of similar securities. 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 invests in foreign securities which may involve a number of risk factors and special considerations not present with investments in securities of U.S. corporations.

*Security Transactions*

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

### ***Foreign Currency Translation***

The books and records of the Fund are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates. Prevailing foreign exchange rates may generally be obtained at the close of the NYSE, normally 4:00 p.m. Eastern Time. As available and as provided by an appropriate pricing service, translation of foreign security and currency market values may also occur with the use of foreign exchange rates obtained at approximately 11:00 a.m. Eastern Time, which approximates the close of the London Exchange. The portion of unrealized and realized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed.

### ***Repurchase Agreements***

The Fund may engage 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. Premium and discount 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 the three-tier hierarchy established by the Financial Accounting Standards Board (FASB). 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. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

Level 1 Quoted prices in active markets for identical investments

Level 2 Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)



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The following is a summary of the inputs used to value the Fund's investments as of March 31, 2010.

| Valuation Inputs  | Investments in Securities |
|---|---------------------------|
| <b>Level 1-<br/>Quoted Prices</b>                       |                           |
| Common Stocks   | \$ 971,288,335            |
| Exchange Traded Fund                                    | 729,176                   |
| <b>Level 2-<br/>Other Significant Observable Inputs</b> |                           |
| Short Term Investment                                   | 20,238,000                |
| <b>Level 3-<br/>Significant Unobservable Inputs</b>     |                           |
| <b>Total</b>  | <b>\$ 992,255,511</b>     |

For the three months ended March 31, 2010, the Fund did not have significant unobservable inputs (Level 3) used in determining fair value. Therefore, a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value is not applicable.

### *Federal Income Tax Status*

For federal income tax purposes, the Fund currently qualifies, and intends to remain qualified, as a regulated investment company under the provisions of Subchapter M of the Internal Revenue Code by distributing substantially all of its investment company taxable net income including realized gain, not offset by capital loss carryforwards, if any, to its shareholders. Accordingly, no provision for federal income or excise taxes has been made.

In accordance with ASC 740 Accounting for Uncertainty in Income Taxes, (formerly FIN 48), the financial statement effects of a tax position taken or expected to be taken in a tax return are to be recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Management has concluded that the Fund has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of ASC 740. The Fund files income tax returns in the U.S. federal jurisdiction and Colorado. For the years ended December 31, 2006 through December 31, 2009 for the federal jurisdiction and for the years ended December 31, 2006 through December 31, 2009 for Colorado, the Fund's returns are still open to examination by the appropriate taxing authority.

### *Distributions to Shareholders*

The Fund currently has a policy of paying distributions on its shares of beneficial interest totaling approximately 6% of its net asset value per year. The distributions are payable in four quarterly distributions of 1.5% 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. Distributions to shareholders are recorded on ex-date.

### *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.

***Recent Accounting Pronouncements***

In June 2009, the FASB issued *FASB ASC 105 (formerly FASB Statement No. 168)*, establishing the FASB Accounting Standards Codification (ASC) as the source of authoritative generally accepted accounting principles (GAAP) to be applied by nongovernmental entities. FASB ASC 105 is effective for annual and interim periods ending after September 15, 2009, and the Company has updated its references to GAAP in this report in accordance with the provisions of this pronouncement. The implementation of FASB ASC 105 did not have a material effect on its financial position or results of operations.

In April 2009, the FASB issued [*FASB ASC 820-10-65 (formerly FASB Staff Position No. FAS 157-4)*], *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*. This standard applies to all assets and liabilities within the scope of accounting pronouncements that require or permit fair value measurements, with certain defined exceptions, and provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. ASC 820-10-65 is effective for interim reporting periods ending after June 15, 2009. The implementation of ASC 820-10-65 did not have a material effect on the Company's financial position or results of operations.

**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 21, 2010

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 21, 2010

By: /s/ JEREMY O. MAY  
**Jeremy O. May**  
**Treasurer (principal financial officer)**

Date: May 21, 2010