

LIBERTY ALL STAR EQUITY FUND  
Form N-Q  
May 25, 2016

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)

Alex J. Marks  
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, 2016 – March 31, 2016

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Item 1 – Schedule of Investments.

Liberty All-Star® Equity Fund  
 Schedule of Investments  
 As of March 31, 2016 (unaudited)

|   | SHARES  | MARKET<br>VALUE |
|---|---------|-----------------|
| <b>COMMON STOCKS (97.95%)</b>               |         |                 |
| <b>CONSUMER DISCRETIONARY (14.11%)</b>      |         |                 |
| Auto Components (0.62%)                     |         |                 |
| Johnson Controls, Inc.                      | 172,000 | \$6,702,840     |
| Automobiles (0.48%)                         |         |                 |
| Ford Motor Co.                              | 385,900 | 5,209,650       |
| Hotels, Restaurants & Leisure (1.78%)       |         |                 |
| Chipotle Mexican Grill, Inc. <sup>(a)</sup> | 10,038  | 4,727,597       |
| Royal Caribbean Cruises Ltd.                | 71,346  | 5,861,074       |
| Starbucks Corp.                             | 146,900 | 8,769,930       |
|   |         | 19,358,601      |
| Household Durables (1.36%)                  |         |                 |
| Lennar Corp., Class A <sup>(b)</sup>        | 136,000 | 6,576,960       |
| PulteGroup, Inc.                            | 443,476 | 8,297,436       |
|   |         | 14,874,396      |
| Internet & Catalog Retail (2.53%)           |         |                 |
| Amazon.com, Inc. <sup>(a)</sup>             | 31,893  | 18,932,961      |
| The Priceline Group, Inc. <sup>(a)</sup>    | 6,739   | 8,686,301       |
|   |         | 27,619,262      |
| Media (3.08%)                               |         |                 |
| CBS Corp., Class B <sup>(b)</sup>           | 49,081  | 2,703,873       |
| Grupo Televisa SAB <sup>(c)</sup>           | 83,604  | 2,295,766       |
| The Interpublic Group of Cos., Inc.         | 128,075 | 2,939,321       |
| News Corp., Class A                         | 305,600 | 3,902,512       |
| News Corp., Class B                         | 112,445 | 1,489,896       |
| Omnicom Group, Inc.                         | 64,775  | 5,391,223       |
| Time Warner, Inc.                           | 84,000  | 6,094,200       |
| The Walt Disney Co.                         | 87,641  | 8,703,628       |
|   |         | 33,520,419      |
| Specialty Retail (3.35%)                    |         |                 |
| The Home Depot, Inc.                        | 138,031 | 18,417,476      |
| Lowe's Cos., Inc.                           | 98,000  | 7,423,500       |
| Ross Stores, Inc.                           | 71,290  | 4,127,691       |
| Staples, Inc.                               | 597,507 | 6,590,502       |
|   |         | 36,559,169      |
| Textiles, Apparel & Luxury Goods (0.91%)    |         |                 |
| Coach, Inc.                                 | 42,915  | 1,720,462       |
| NIKE, Inc., Class B                         | 43,448  | 2,670,748       |
| Under Armour, Inc., Class A <sup>(a)</sup>  | 52,600  | 4,462,058       |
| VF Corp.                                    | 16,206  | 1,049,501       |
|   |         | 9,902,769       |



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|   | SHARES  | MARKET<br>VALUE |
|---|---------|-----------------|
| COMMON STOCKS (continued)                     |         |                 |
| CONSUMER STAPLES (7.95%)                      |         |                 |
| Beverages (0.91%)                             |         |                 |
| Diageo PLC <sup>(c)</sup>                     | 40,800  | \$4,401,096     |
| Monster Beverage Corp. <sup>(a)</sup>         | 40,900  | 5,455,242       |
|   |         | 9,856,338       |
| Food & Staples Retailing (3.24%)              |         |                 |
| Costco Wholesale Corp.                        | 39,275  | 6,188,955       |
| CVS Health Corp.                              | 145,400 | 15,082,342      |
| Walgreens Boots Alliance, Inc.                | 83,100  | 7,000,344       |
| Wal-Mart Stores, Inc.                         | 102,925 | 7,049,333       |
|   |         | 35,320,974      |
| Food Products (2.98%)                         |         |                 |
| Archer-Daniels-Midland Co.                    | 290,100 | 10,533,531      |
| The Hershey Co.                               | 36,500  | 3,361,285       |
| The Kraft Heinz Co.                           | 90,200  | 7,086,112       |
| Mondelez International, Inc., Class A         | 287,600 | 11,538,512      |
|   |         | 32,519,440      |
| Personal Products (0.82%)                     |         |                 |
| Coty, Inc., Class A <sup>(b)</sup>            | 119,000 | 3,311,770       |
| Unilever NV                                   | 126,100 | 5,634,148       |
|   |         | 8,945,918       |
| ENERGY (8.71%)                                |         |                 |
| Energy Equipment & Services (1.44%)           |         |                 |
| Halliburton Co.                               | 438,500 | 15,663,220      |
| Oil, Gas & Consumable Fuels (7.27%)           |         |                 |
| Anadarko Petroleum Corp.                      | 141,572 | 6,593,008       |
| BP PLC <sup>(b)(c)</sup>                      | 202,301 | 6,105,444       |
| California Resources Corp.                    | 8,875   | 9,141           |
| Cenovus Energy, Inc.                          | 337,675 | 4,389,775       |
| Chevron Corp.                                 | 77,600  | 7,403,040       |
| ConocoPhillips                                | 166,900 | 6,721,063       |
| Continental Resources, Inc. <sup>(a)</sup>    | 37,878  | 1,149,976       |
| Devon Energy Corp.                            | 66,016  | 1,811,479       |
| Exxon Mobil Corp.                             | 79,550  | 6,649,585       |
| Hess Corp.                                    | 41,743  | 2,197,769       |
| Marathon Oil Corp.                            | 229,700 | 2,558,858       |
| Murphy Oil Corp.                              | 219,475 | 5,528,575       |
| Occidental Petroleum Corp.                    | 94,800  | 6,487,164       |
| Phillips 66                                   | 80,300  | 6,953,177       |
| Pioneer Natural Resources Co.                 | 28,600  | 4,025,164       |
| Royal Dutch Shell PLC, Class A <sup>(c)</sup> | 220,157 | 10,666,607      |
|   |         | 79,249,825      |

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|  | SHARES  | MARKET<br>VALUE |
|--|---------|-----------------|
| COMMON STOCKS (continued)                              |         |                 |
| FINANCIALS (19.12%)                                    |         |                 |
| Capital Markets (5.04%)                                |         |                 |
| Affiliated Managers Group, Inc. <sup>(a)</sup>         | 38,921  | \$6,320,771     |
| Ameriprise Financial, Inc.                             | 22,318  | 2,098,115       |
| Bank of New York Mellon Corp.                          | 170,500 | 6,279,515       |
| The Charles Schwab Corp. <sup>(b)</sup>                | 361,948 | 10,141,783      |
| Franklin Resources, Inc.                               | 186,375 | 7,277,944       |
| The Goldman Sachs Group, Inc.                          | 40,750  | 6,396,935       |
| Morgan Stanley   | 255,400 | 6,387,554       |
| State Street Corp.                                     | 82,925  | 4,852,771       |
| UBS Group AG   | 325,600 | 5,216,112       |
|  |         | 54,971,500      |
| Commercial Banks (3.69%)                               |         |                 |
| Banco Bilbao Vizcaya Argentaria SA <sup>(b)(c)</sup>   | 559,300 | 3,646,636       |
| BB&T Corp.   | 190,800 | 6,347,916       |
| BOK Financial Corp. <sup>(b)</sup>                     | 44,400  | 2,425,128       |
| Cullen/Frost Bankers, Inc. <sup>(b)</sup>              | 44,600  | 2,457,906       |
| First Republic Bank                                    | 149,114 | 9,936,957       |
| M&T Bank Corp.   | 35,400  | 3,929,400       |
| Mitsubishi UFJ Financial Group, Inc. <sup>(b)(c)</sup> | 682,100 | 3,130,839       |
| The PNC Financial Services Group, Inc.                 | 41,062  | 3,472,614       |
| Regions Financial Corp.                                | 614,950 | 4,827,357       |
|  |         | 40,174,753      |
| Consumer Finance (1.23%)                               |         |                 |
| Visa, Inc., Class A                                    | 175,160 | 13,396,237      |
| Diversified Financial Services (3.11%)                 |         |                 |
| Bank of America Corp.                                  | 927,950 | 12,545,884      |
| Citigroup, Inc.  | 176,731 | 7,378,519       |
| JPMorgan Chase & Co.                                   | 146,275 | 8,662,405       |
| Voya Financial, Inc.                                   | 178,950 | 5,327,342       |
|  |         | 33,914,150      |
| Insurance (4.19%)                                      |         |                 |
| The Allstate Corp.                                     | 109,500 | 7,377,015       |
| American International Group, Inc.                     | 93,575  | 5,057,729       |
| Axis Capital Holdings Ltd.                             | 95,400  | 5,290,884       |
| Chubb Ltd.   | 120,900 | 14,405,235      |
| Marsh & McLennan Cos., Inc.                            | 121,800 | 7,404,222       |
| Metlife, Inc.  | 140,725 | 6,183,456       |
|  |         | 45,718,541      |
| Real Estate Investment Trusts (1.86%)                  |         |                 |
| American Tower Corp.                                   | 120,450 | 12,330,466      |

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|   | SHARES  | MARKET<br>VALUE |
|---|---------|-----------------|
| COMMON STOCKS (continued)                         |         |                 |
| Real Estate Investment Trusts (continued)         |         |                 |
| Equinix, Inc.                                     | 23,991  | \$7,934,064     |
|   |         | 20,264,530      |
| HEALTH CARE (15.71%)                              |         |                 |
| Biotechnology (5.06%)                             |         |                 |
| AbbVie, Inc.                                      | 107,900 | 6,163,248       |
| Alexion Pharmaceuticals, Inc. <sup>(a)</sup>      | 87,334  | 12,158,639      |
| Amgen, Inc.                                       | 31,500  | 4,722,795       |
| Baxalta, Inc.                                     | 177,500 | 7,171,000       |
| BioMarin Pharmaceutical, Inc. <sup>(a)</sup>      | 50,173  | 4,138,269       |
| Celgene Corp. <sup>(a)</sup>                      | 82,830  | 8,290,455       |
| Gilead Sciences, Inc.                             | 65,521  | 6,018,759       |
| Puma Biotechnology, Inc. <sup>(a)(b)</sup>        | 72,956  | 2,142,718       |
| Vertex Pharmaceuticals, Inc. <sup>(a)</sup>       | 54,738  | 4,351,124       |
|   |         | 55,157,007      |
| Health Care Equipment & Supplies (1.51%)          |         |                 |
| Baxter International, Inc.                        | 242,875 | 9,977,305       |
| Medtronic PLC                                     | 86,200  | 6,465,000       |
|   |         | 16,442,305      |
| Health Care Providers & Services (3.21%)          |         |                 |
| Acadia Healthcare Co., Inc. <sup>(a)</sup>        | 61,400  | 3,383,754       |
| Cardinal Health, Inc.                             | 83,200  | 6,818,240       |
| Cigna Corp.                                       | 45,056  | 6,183,486       |
| Envision Healthcare Holdings, Inc. <sup>(a)</sup> | 259,498 | 5,293,759       |
| Express Scripts Holding Co. <sup>(a)</sup>        | 85,200  | 5,852,388       |
| Quest Diagnostics, Inc.                           | 104,400 | 7,459,380       |
|   |         | 34,991,007      |
| Health Care Technology (1.55%)                    |         |                 |
| Athenahealth, Inc. <sup>(a)(b)</sup>              | 49,700  | 6,897,366       |
| Cerner Corp. <sup>(a)</sup>                       | 127,400 | 6,747,104       |
| HMS Holdings Corp. <sup>(a)</sup>                 | 225,087 | 3,229,998       |
|   |         | 16,874,468      |
| Life Sciences Tools & Services (0.58%)            |         |                 |
| Illumina, Inc. <sup>(a)</sup>                     | 39,100  | 6,338,501       |
| Pharmaceuticals (3.80%)                           |         |                 |
| Abbott Laboratories                               | 107,925 | 4,514,503       |
| Allergan PLC <sup>(a)</sup>                       | 22,000  | 5,896,660       |
| Johnson & Johnson                                 | 66,000  | 7,141,200       |
| Merck & Co., Inc.                                 | 134,100 | 7,095,231       |
| Novartis AG <sup>(c)</sup>                        | 58,200  | 4,216,008       |
| Perrigo Co. PLC                                   | 48,905  | 6,256,416       |

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|  | SHARES  | MARKET<br>VALUE |
|--|---------|-----------------|
| COMMON STOCKS (continued)                |         |                 |
| Pharmaceuticals (continued)              |         |                 |
| Pfizer, Inc.                             | 211,400 | \$6,265,896     |
|  |         | 41,385,914      |
| INDUSTRIALS (7.49%)                      |         |                 |
| Aerospace & Defense (1.81%)              |         |                 |
| General Dynamics Corp.                   | 43,300  | 5,688,321       |
| Northrop Grumman Corp.                   | 36,100  | 7,144,190       |
| Raytheon Co.                             | 56,100  | 6,879,543       |
|  |         | 19,712,054      |
| Airlines (0.23%)                         |         |                 |
| Delta Air Lines, Inc.                    | 51,577  | 2,510,768       |
| Building Products (0.40%)                |         |                 |
| Masco Corp.                              | 139,435 | 4,385,231       |
| Commercial Services & Supplies (0.67%)   |         |                 |
| Waste Management, Inc.                   | 124,400 | 7,339,600       |
| Industrial Conglomerates (0.42%)         |         |                 |
| General Electric Co.                     | 142,100 | 4,517,359       |
| Machinery (2.96%)                        |         |                 |
| Deere & Co.                              | 43,000  | 3,310,570       |
| Dover Corp.                              | 106,975 | 6,881,702       |
| Illinois Tool Works, Inc.                | 47,000  | 4,814,680       |
| Oshkosh Corp.                            | 104,500 | 4,270,915       |
| Parker-Hannifin Corp.                    | 69,375  | 7,706,175       |
| Stanley Black & Decker, Inc.             | 50,400  | 5,302,584       |
|  |         | 32,286,626      |
| Road & Rail (0.35%)                      |         |                 |
| J.B. Hunt Transport Services, Inc.       | 45,390  | 3,823,653       |
| Trading Companies & Distributors (0.65%) |         |                 |
| HD Supply Holdings, Inc. <sup>(a)</sup>  | 212,983 | 7,043,348       |
| INFORMATION TECHNOLOGY (20.35%)          |         |                 |
| Communications Equipment (0.90%)         |         |                 |
| Cisco Systems, Inc.                      | 259,900 | 7,399,353       |
| Palo Alto Networks, Inc. <sup>(a)</sup>  | 15,006  | 2,448,079       |
|  |         | 9,847,432       |
| Computers & Peripherals (0.36%)          |         |                 |
| HP, Inc.                                 | 315,950 | 3,892,504       |

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|  | SHARES  | MARKET<br>VALUE |
|--|---------|-----------------|
| COMMON STOCKS (continued)                        |         |                 |
| Electronic Equipment & Instruments (0.40%)       |         |                 |
| Corning, Inc.                                    | 209,425 | \$4,374,888     |
| Internet Software & Services (5.57%)             |         |                 |
| Alphabet, Inc., Class A <sup>(a)</sup>           | 18,752  | 14,305,901      |
| Alphabet, Inc., Class C <sup>(a)</sup>           | 20,100  | 14,973,495      |
| CoStar Group, Inc. <sup>(a)</sup>                | 21,189  | 3,987,134       |
| Criteo SA <sup>(a)(c)</sup>                      | 57,727  | 2,391,052       |
| Facebook, Inc., Class A <sup>(a)</sup>           | 188,260 | 21,480,466      |
| Pandora Media, Inc. <sup>(a)(b)</sup>            | 396,105 | 3,545,140       |
|  |         | 60,683,188      |
| IT Services (1.05%)                              |         |                 |
| PayPal Holdings, Inc. <sup>(a)</sup>             | 92,000  | 3,551,200       |
| Xerox Corp.                                      | 706,400 | 7,883,424       |
|  |         | 11,434,624      |
| Semiconductors & Semiconductor Equipment (2.72%) |         |                 |
| ARM Holdings PLC <sup>(c)</sup>                  | 121,300 | 5,299,597       |
| Intel Corp.                                      | 393,300 | 12,723,255      |
| Microchip Technology, Inc.                       | 14,517  | 699,720         |
| NXP Semiconductors NV <sup>(a)</sup>             | 66,972  | 5,429,420       |
| Texas Instruments, Inc.                          | 95,000  | 5,454,900       |
|  |         | 29,606,892      |
| Software (8.36%)                                 |         |                 |
| Adobe Systems, Inc. <sup>(a)</sup>               | 104,200 | 9,773,960       |
| CA, Inc.   | 237,100 | 7,300,309       |
| Imperva, Inc. <sup>(a)</sup>                     | 42,617  | 2,152,158       |
| Microsoft Corp.                                  | 273,213 | 15,089,554      |
| Mobileye NV <sup>(a)(b)</sup>                    | 311,991 | 11,634,144      |
| Oracle Corp.                                     | 311,625 | 12,748,579      |
| Salesforce.com, Inc. <sup>(a)</sup>              | 273,354 | 20,181,726      |
| ServiceNow, Inc. <sup>(a)</sup>                  | 92,100  | 5,634,678       |
| Splunk, Inc. <sup>(a)</sup>                      | 108,200 | 5,294,226       |
| Tableau Software, Inc., Class A <sup>(a)</sup>   | 27,963  | 1,282,663       |
|  |         | 91,091,997      |
| Technology Hardware, Storage & Equipment (0.99%) |         |                 |
| Hewlett Packard Enterprise Co.                   | 315,950 | 5,601,793       |
| Seagate Technology                               | 152,375 | 5,249,319       |
|  |         | 10,851,112      |
| MATERIALS (1.65%)                                |         |                 |
| Chemicals (1.12%)                                |         |                 |
| The Dow Chemical Co.                             | 99,100  | 5,040,226       |
| EI du Pont de Nemours & Co.                      | 114,100 | 7,224,812       |
|  |         | 12,265,038      |



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|  | SHARES                  | MARKET<br>VALUE |
|--|-------------------------|-----------------|
| COMMON STOCKS (continued)  |                         |                 |
| Construction Materials (0.53%)   |                         |                 |
| Martin Marietta Materials, Inc.  | 36,000                  | \$5,742,360     |
| TELECOMMUNICATION SERVICES (1.35%)   |                         |                 |
| Diversified Telecommunication (1.35%)  |                         |                 |
| AT&T, Inc.   | 188,000                 | 7,363,960       |
| Verizon Communications, Inc.   | 136,900                 | 7,403,552       |
|  |                         | 14,767,512      |
| UTILITIES (1.51%)  |                         |                 |
| Electric Utilities (0.85%)   |                         |                 |
| Edison International   | 100,000                 | 7,189,000       |
| ITC Holdings Corp.   | 46,013                  | 2,004,787       |
|  |                         | 9,193,787       |
| Gas Utilities (0.33%)  |                         |                 |
| National Fuel Gas Co.  | 72,000                  | 3,603,600       |
| Independent Power and Renewable Energy Producers (0.33%)   |                         |                 |
| AES Corp.  | 307,000                 | 3,622,600       |
| TOTAL COMMON STOCKS<br>(COST OF \$976,610,546)   |                         | 1,067,527,907   |
|  | PAR<br>VALUE/<br>SHARES | MARKET<br>VALUE |
| SHORT TERM INVESTMENTS (4.32%)   |                         |                 |
| REPURCHASE AGREEMENT (2.06%)   |                         |                 |
| Repurchase agreement with State Street Bank & Trust Co., dated 3/31/16, due 04/01/16 at 0.01%, collateralized by United States Treasury Bond, 2.125%, 09/30/21, market value of \$22,880,167 and par value of \$22,020,000. (Repurchase proceeds of \$22,418,006). |                         |                 |
| (COST OF \$22,418,000)   | \$22,418,000            | \$22,418,000    |
| INVESTMENTS PURCHASED WITH COLLATERAL FROM SECURITIES<br>LOANED (2.26%)  |                         |                 |
| State Street Navigator Securities Lending Prime Portfolio, 0.50%   |                         |                 |
| (COST OF \$24,597,929)   | 24,597,929              | 24,597,929      |
| TOTAL SHORT TERM INVESTMENTS<br>(COST OF \$47,015,929)   |                         | 47,015,929      |
| TOTAL INVESTMENTS (102.27%)<br>(COST OF \$1,023,626,475) <sup>(d)</sup>  |                         | \$1,114,543,836 |

|   |                 |
|---|-----------------|
| LIABILITIES IN EXCESS OF OTHER ASSETS (-2.27%)                | (24,695,007 )   |
| NET ASSETS (100.00%)  | \$1,089,848,829 |
| NET ASSET VALUE PER SHARE<br>(185,475,952 SHARES OUTSTANDING) | \$5.88          |

(a) Non-income producing security.

(b) Security, or a portion of the security position, is currently on loan. The total market value of securities on loan is \$24,665,539.

(c) American Depositary Receipt.

(d) Cost of investments for federal income tax purposes is \$1,026,878,690.

Gross unrealized appreciation and depreciation at March 31, 2016 based on cost of investments for federal income tax purposes is as follows:

|                               |               |
|-------------------------------|---------------|
| Gross unrealized appreciation | \$158,606,493 |
| Gross unrealized depreciation | (70,941,347 ) |
| Net unrealized appreciation   | \$87,665,146  |

See Notes to Schedule of Investments

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Liberty All-Star® Equity Fund  
Notes to Schedule of Investments  
As of March 31, 2016 (unaudited)

#### 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 Stock Market LLC (“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.

Cash collateral from securities lending activity is reinvested in the State Street Navigator Securities Lending Prime Portfolio, a registered investment company under the Investment Company Act of 1940 (the “1940 Act”), which operates as a money market fund in compliance with Rule 2a-7 under the 1940 Act. Shares of registered investment companies are valued daily at that investment company’s net asset value per share. Repurchase agreements are valued at cost, which approximates fair value.

The Fund’s investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Fund’s Board of Trustees (the “Board”). When market quotations are not readily available, or in management’s judgment they do not accurately reflect fair value of a security, or an event occurs after the market close but before the Fund is priced that materially affects the value of a security, the security will be valued by the Advisor, ALPS Advisors, Inc. (the “Advisor”), using fair valuation procedures established by the Board. Examples of potentially significant events that could materially impact a Fund’s net asset value include, but are not limited to: single issuer events such as corporate actions, reorganizations, mergers, spin-offs, liquidations, acquisitions and buyouts; corporate announcements on earnings or product offerings; regulatory news; and litigation and multiple issuer events such as governmental actions; natural disasters or armed conflicts that affect a country or a region; or significant market fluctuations. Potential significant events are monitored by the Advisor, Sub-Advisers and/or the Valuation Committee through independent reviews of market indicators, general news sources and communications from the Fund’s custodian. As of March 31, 2016, the Fund held no securities that were fair valued.

#### 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.

#### 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.

#### 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.



Repurchase agreements are entered into by the Fund under a Master Repurchase Agreement (“MRA”) which permits the Fund, under certain circumstances, including an event of default (such as bankruptcy or insolvency), to offset payables and/or receivables under the MRA with collateral held and/or posted to the counterparty and create one single net payment due or from the Fund.

#### Lending of Portfolio Securities

The Fund may lend its portfolio securities only to borrowers that are approved by the Fund’s securities lending agent, State Street Bank & Trust Co. (“SSB”). The Fund will limit such lending to not more than 30% of the value of its total assets. The borrower pledges and maintains with the Fund collateral consisting of cash (U.S. Dollar only), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, or by irrevocable bank letters of credit issued by a person other than the borrower or an affiliate of the borrower. The initial collateral received by the Fund is required to have a value of no less than 102% of the market value of the loaned securities for securities traded on U.S. exchanges and a value of no less than 105% of the market value for all other securities. The collateral is maintained thereafter, at a market value equal to no less than 100% of the current value of the securities on loan. The market value of the loaned securities is determined at the close of each business day and any additional required collateral is delivered to the Fund on the next business day. During the term of the loan, the Fund is entitled to all distributions made on or in respect of the loaned securities. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

Any cash collateral received is reinvested in a money market fund managed by SSB as disclosed in the Fund’s Schedule of Investments. Non-cash collateral, in the form of securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, is not disclosed in the Fund’s Schedule of Investments as it is held by the lending agent on behalf of the Fund, and the Fund does not have the ability to re-hypothecate these securities. As of March 31, 2016, the market value of securities on loan was \$24,665,539, and the total cash collateral and non-cash collateral received was \$24,597,929 and \$911,603, respectively.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Fund benefits from a borrower default indemnity provided by SSB. SSB’s indemnity allows for full replacement of securities lent wherein SSB will purchase the unreturned loaned securities on the open market by applying the proceeds of the collateral, or to the extent such proceeds are insufficient or the collateral is unavailable, SSB will purchase the unreturned loan securities at SSB’s expense. However, the Fund could suffer a loss if the value of the investments purchased with cash collateral falls below the value of the cash collateral received.

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#### 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.

Valuation techniques used to value the Fund's investments by major category are as follows:

Equity securities that are valued based on unadjusted quoted prices in active markets are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the mean of quoted bid and ask prices on such day and are generally categorized as Level 2 in the hierarchy. Repurchase agreements are valued at cost, which approximates fair value, and are categorized as Level 2 in the hierarchy.

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.
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The following is a summary of the inputs used to value the Fund's investments as of March 31, 2016:

| Investments in Securities at<br>Value*                          | Valuation Inputs |              |    | Level<br>3 | Total           |
|---|------------------|--------------|----|------------|-----------------|
|   | Level 1          | Level 2      |    |            |                 |
| Common Stocks   | \$1,067,527,907  | \$-          | \$ | -          | \$1,067,527,907 |
| Short Term Investment   | -                | 22,418,000   | -  | -          | 22,418,000      |
| Investments Purchased with Collateral from Securities<br>Loaned | 24,597,929       | -            | -  | -          | 24,597,929      |
| Total   | \$1,092,125,836  | \$22,418,000 | \$ | -          | \$1,114,543,836 |

\* See Schedule of Investments for industry classifications.

The Fund recognizes transfers between levels as of the end of the period. For the period ended March 31, 2016, 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 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.

Item 2 - Controls and Procedures.

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 (a) 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date.

There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under (b) 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.

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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 24, 2016

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 24, 2016

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

Date: May 24, 2016