

LIBERTY ALL STAR EQUITY FUND
Form N-Q
May 30, 2007

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
(Address of principal executive offices)

80203
(Zip code)

Tané T. Tyler

Liberty All-Star Equity Fund

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: March 31, 2007

Item 1 Schedule of Investments.**LIBERTY ALL-STAR EQUITY FUND****Schedule of Investments as of March 31, 2007 (Unaudited)**

| COMMON STOCKS (96.62%) | SHARES | MARKET VALUE |
|---------------------------------------------------|---------------|---------------------|
| CONSUMER DISCRETIONARY (13.57%) | | |
| Auto Components (0.87%) | | |
| Magna International, Inc., Class A | 109,850 | \$ 8,250,834 |
| Visteon Corp. (a) | 401,500 | 3,428,810 |
| | | 11,679,644 |
| Hotels, Restaurants & Leisure (1.33%) | | |
| Carnival Corp. | 52,675 | 2,468,351 |
| Marriott International, Inc., Class A | 125,600 | 6,149,376 |
| McDonald's Corp. | 205,000 | 9,235,250 |
| | | 17,852,977 |
| Household Durables (1.90%) | | |
| Centex Corp. | 153,575 | 6,416,364 |
| Pulte Homes, Inc. | 408,270 | 10,802,824 |
| Whirlpool Corp. | 98,800 | 8,389,108 |
| | | 25,608,296 |
| Internet & Catalog Retail (1.12%) | | |
| Amazon.Com, Inc. (a) | 378,800 | 15,072,452 |
| Media (3.80%) | | |
| Comcast Corp., Class A (a) | 277,500 | 7,067,925 |
| Liberty Global, Inc., Series C (a) | 48,630 | 1,490,023 |
| Liberty Media Holding Corp., Capital Series A (a) | 47,804 | 5,286,644 |
| News Corp. | 293,300 | 6,781,096 |
| Omnicom Group, Inc. | 33,900 | 3,470,682 |
| Time Warner, Inc. | 582,000 | 11,477,040 |
| The Walt Disney Co. | 262,100 | 9,024,103 |
| XM Satellite Radio Holdings, Inc., Class A (a) | 498,600 | 6,441,912 |
| Yell Group PLC | 2,050 | 24,124 |
| | | 51,063,549 |
| Multi-line Retail (2.43%) | | |
| Dollar General Corp. | 477,000 | 10,088,550 |
| JC Penney Co., Inc. | 113,800 | 9,349,808 |
| Kohl's Corp. (a) | 108,100 | 8,281,541 |
| Target Corp. | 83,600 | 4,954,136 |
| | | 32,674,035 |
| Specialty Retail (2.12%) | | |
| AutoZone, Inc. (a) | 38,675 | 4,955,814 |
| GameStop Corp. (a) | 98,750 | 3,216,287 |
| The Gap, Inc. | 475,000 | 8,174,750 |
| Home Depot, Inc. | 156,325 | 5,743,381 |
| TJX Companies, Inc. | 236,650 | 6,380,084 |
| | | 28,470,316 |
| CONSUMER STAPLES (4.48%) | | |
| Beverages (0.56%) | | |
| The Coca-Cola Company | 158,100 | 7,588,800 |

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Food & Staples Retailing (2.05%)

| | | |
|-----------------------|---------|------------|
| CVS/Caremark Corp. | 73,000 | 2,492,220 |
| Walgreen Co. | 84,950 | 3,898,356 |
| Wal-Mart Stores, Inc. | 451,575 | 21,201,446 |
| | | 27,592,022 |

Food Products (0.82%)

| | | |
|-------------------|---------|-----------|
| Kraft Foods, Inc. | 122,050 | 3,864,103 |
|-------------------|---------|-----------|

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| | | |
|------------------------------------------------|---------|------------|
| Sara Lee Corp. | 247,000 | 4,179,240 |
| Smithfield Foods, Inc. (a) | 15,800 | 473,210 |
| Tyson Foods, Inc., Class A | 126,050 | 2,446,630 |
| | | 10,963,183 |
| Household Products (1.05%) | | |
| Colgate-Palmolive Co. | 80,200 | 5,356,558 |
| The Procter & Gamble Co. | 137,800 | 8,703,448 |
| | | 14,060,006 |
| ENERGY (6.82%) | | |
| Energy Equipment & Services (1.46%) | | |
| Schlumberger Ltd. | 284,430 | 19,654,113 |
| Oil, Gas & Consumable Fuels (5.36%) | | |
| Arch Coal, Inc. | 211,000 | 6,475,590 |
| BP PLC (b) | 88,200 | 5,710,950 |
| Cameco Corp. | 102,200 | 4,184,068 |
| ChevronTexaco Corp. | 140,500 | 10,391,380 |
| ConocoPhillips | 143,000 | 9,774,050 |
| Consol Energy, Inc. | 266,300 | 10,420,319 |
| Devon Energy Corp. | 52,000 | 3,599,440 |
| Exxon Mobil Corp. | 148,700 | 11,219,415 |
| Massey Energy Co. | 426,050 | 10,220,939 |
| | | 71,996,151 |
| FINANCIALS (25.11%) | | |
| Capital Markets (1.97%) | | |
| The Bank of New York Co., Inc. | 103,100 | 4,180,705 |
| Franklin Resources, Inc. | 24,100 | 2,912,003 |
| Merrill Lynch & Co., Inc. | 47,300 | 3,862,991 |
| Morgan Stanley | 197,375 | 15,545,255 |
| | | 26,500,954 |
| Commercial Banks (1.22%) | | |
| Comerica, Inc. | 117,925 | 6,971,726 |
| Commerce Bancorp, Inc. | 283,010 | 9,446,874 |
| Popular, Inc. | 250 | 4,140 |
| | | 16,422,740 |
| Consumer Finance (0.92%) | | |
| American Express Co. | 69,200 | 3,902,880 |
| Capital One Financial Corp. | 29,290 | 2,210,223 |
| SLM Corp. | 151,760 | 6,206,984 |
| | | 12,320,087 |
| Diversified Financial Services (4.51%) | | |
| Bank of America Corp. | 195,000 | 9,948,900 |
| Citigroup, Inc. | 441,425 | 22,662,760 |
| JPMorgan Chase & Co. | 580,350 | 28,077,333 |
| | | 60,688,993 |
| Insurance (9.63%) | | |
| Allstate Corp. | 182,500 | 10,960,950 |
| American International Group, Inc. | 297,350 | 19,987,867 |
| AON Corp. | 140,650 | 5,339,074 |
| Fidelity National Financial, Inc. | 273,839 | 6,574,875 |

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| | | |
|-----------------------------------------|---------|------------------|
| First American Corp. | 154,550 | 7,838,776 |
| Genworth Financial, Inc., Class A | 208,350 | 7,279,749 |
| Hartford Financial Services Group, Inc. | 53,700 | 5,132,646 |
| Lincoln National Corp. | 61,500 | 4,169,085 |
| MetLife, Inc. | 273,100 | 17,246,265 |
| The Progressive Corp. | 766,620 | 16,727,648 |
| RenaissanceRe Holdings Ltd. | 57,800 | 2,898,092 |
| Torchmark Corp. | 166,300 | 10,907,617 |
| UnumProvident Corp. | | 66,575 1,533,222 |

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| | | |
|-----------------------------------------------------|-----------|-------------|
| XL Capital Ltd., Class A | 184,075 | 12,877,887 |
| | | 129,473,753 |
| Real Estate Investment Trusts (0.73%) | | |
| Annaly Capital Management, Inc. | 638,000 | 9,876,240 |
| Thriffs & Mortgage Finance (6.13%) | | |
| Countrywide Financial Corp. | 727,725 | 24,480,669 |
| Fannie Mae | 481,516 | 26,281,143 |
| Freddie Mac | 328,950 | 19,569,236 |
| Hudson City Bancorp | 86,050 | 1,177,164 |
| IndyMac Bancorp, Inc. | 102,450 | 3,283,522 |
| Radian Group, Inc. | 14,475 | 794,388 |
| Washington Mutual, Inc. | 168,650 | 6,810,087 |
| | | 82,396,209 |
| HEALTH CARE (12.40%) | | |
| Biotechnology (3.14%) | | |
| Amgen, Inc. (a) | 17,684 | 988,182 |
| Genentech, Inc. (a) | 115,900 | 9,517,708 |
| Genzyme Corp. (a) | 114,800 | 6,890,296 |
| Gilead Sciences, Inc. (a) | 157,300 | 12,033,450 |
| MedImmune, Inc. (a) | 351,800 | 12,802,002 |
| | | 42,231,638 |
| Health Care Equipment & Supplies (2.36%) | | |
| Baxter International, Inc. | 36,800 | 1,938,256 |
| Becton Dickinson & Co. | 56,600 | 4,351,974 |
| Boston Scientific Corp. (a) | 597,075 | 8,681,471 |
| Stryker Corp. | 47,600 | 3,156,832 |
| Varian Medical Systems, Inc. (a) | 147,900 | 7,053,351 |
| Zimmer Holdings, Inc. (a) | 76,305 | 6,517,210 |
| | | 31,699,094 |
| Health Care Providers & Services (1.98%) | | |
| AmerisourceBergen Corp. | 104,625 | 5,518,969 |
| Omnicare, Inc. | 212,250 | 8,441,182 |
| WellPoint, Inc. (a) | 156,800 | 12,716,480 |
| | | 26,676,631 |
| Health Care Technology (0.41%) | | |
| Cerner Corp. (a) | 100,600 | 5,477,670 |
| Pharmaceuticals (4.51%) | | |
| Bristol-Myers Squibb Co. | 363,925 | 10,102,558 |
| Johnson & Johnson | 179,225 | 10,800,098 |
| Pfizer, Inc. | 779,375 | 19,687,013 |
| Teva Pharmaceutical Industries Ltd. (b) | 283,000 | 10,592,690 |
| Wyeth | 190,000 | 9,505,700 |
| | | 60,688,059 |
| INDUSTRIALS (11.56%) | | |
| Aerospace & Defense (3.64%) | | |
| The Boeing Co. | 55,525 | 4,936,728 |
| Bombardier, Inc., Class B (a) | 1,015,375 | 4,098,438 |
| General Dynamics Corp. | 131,400 | 10,038,960 |
| Goodrich Corp. | 69,100 | 3,557,268 |

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| | | |
|----------------------------------------------|---------|------------|
| Lockheed Martin Corp. | 125,900 | 12,214,818 |
| Precision Castparts Corp. | 29,600 | 3,079,880 |
| Rockwell Collins, Inc. | 107,000 | 7,161,510 |
| United Technologies Corp. | 58,400 | 3,796,000 |
| | | 48,883,602 |
| Air Freight & Logistics (0.89%) | | |
| CH Robinson Worldwide, Inc. | 132,142 | 6,309,780 |
| Expeditors International of Washington, Inc. | 137,090 | 5,664,559 |
| | | 11,974,339 |

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| | | |
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| Airlines (0.02%) | | |
| Southwest Airlines Co. | 15,775 | 231,893 |
| Industrial Conglomerates (3.47%) | | |
| 3M Co. | 126,500 | 9,668,395 |
| General Electric Co. | 514,200 | 18,182,112 |
| Tyco International Ltd. | 597,000 | 18,835,350 |
| | | 46,685,857 |
| Machinery (2.81%) | | |
| AGCO Corp. (a) | 259,100 | 9,578,927 |
| Danaher Corp. | 120,800 | 8,631,160 |
| Deere & Co. | 54,800 | 5,953,472 |
| Navistar International Corp. (a) | 298,925 | 13,675,819 |
| | | 37,839,378 |
| Road & Rail (0.73%) | | |
| CSX Corp. | 85,100 | 3,408,255 |
| Union Pacific Corp. | 63,000 | 6,397,650 |
| | | 9,805,905 |
| INFORMATION TECHNOLOGY (18.58%) | | |
| Communications Equipment (3.82%) | | |
| Alcatel-Lucent (b) | 901,648 | 10,657,479 |
| Cisco Systems, Inc. (a) | 720,800 | 18,402,024 |
| Motorola, Inc. | 130,725 | 2,309,911 |
| QUALCOMM, Inc. | 470,500 | 20,071,530 |
| | | 51,440,944 |
| Computers & Peripherals (2.89%) | | |
| Dell, Inc. (a) | 669,875 | 15,547,799 |
| EMC Corp. (a) | 559,900 | 7,754,615 |
| Network Appliance, Inc. (a) | 425,615 | 15,543,460 |
| | | 38,845,874 |
| Electronic Equipment & Instruments (1.32%) | | |
| AU Optronics Corp. (b) | 524,078 | 7,494,315 |
| Celestica, Inc. (a) | 328,775 | 2,015,391 |
| Vishay Intertechnology, Inc. (a) | 590,000 | 8,248,200 |
| | | 17,757,906 |
| Internet Software & Services (2.25%) | | |
| eBay, Inc. (a) | 324,800 | 10,767,120 |
| Google, Inc., Class A (a) | 35,700 | 16,356,312 |
| VeriSign, Inc. (a) | 23,425 | 588,436 |
| Yahoo!, Inc. (a) | 79,770 | 2,496,003 |
| | | 30,207,871 |
| IT Services (3.06%) | | |
| Accenture Ltd. | 137,600 | 5,303,104 |
| Affiliated Computer Services, Inc. (a) | 131,375 | 7,735,360 |
| BearingPoint, Inc. (a) | 516,480 | 3,956,237 |
| Computer Sciences Corp. (a) | 50,950 | 2,656,023 |
| Fidelity National Information Services, Inc. | 32,775 | 1,489,952 |
| First Data Corp. | 446,000 | 11,997,400 |
| The Western Union Co. | 365,000 | 8,011,750 |
| | | 41,149,826 |

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Semiconductors & Semiconductor Equipment (1.20%)

| | | |
|-----------------------------------|---------|------------|
| Analog Devices, Inc. | 69,800 | 2,407,402 |
| Intel Corp. | 385,000 | 7,365,050 |
| International Rectifier Corp. (a) | 102,703 | 3,924,282 |
| Novellus Systems, Inc. (a) | 74,800 | 2,395,096 |
| | | 16,091,830 |

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------|
| Software (4.04%) | | |
| Autodesk, Inc. (a) | 244,560 | 9,195,456 |
| CA, Inc. | 330,675 | 8,567,789 |
| Microsoft Corp. | 632,875 | 17,638,226 |
| Oracle Corp. (a) | 416,575 | 7,552,505 |
| Salesforce.com, Inc. (a) | 223,250 | 9,559,565 |
| Symantec Corp. (a) | 102,200 | 1,768,060 |
| | | 54,281,601 |
| MATERIALS (0.56%) | | |
| Chemicals (0.54%) | | |
| Cytec Industries, Inc. | 32,975 | 1,854,514 |
| Praxair, Inc. | 84,700 | 5,332,712 |
| | | 7,187,226 |
| Paper & Forest Products (0.02%) | | |
| Louisiana-Pacific Corp. | 15,325 | 307,419 |
| TELECOMMUNICATION SERVICES (1.28%) | | |
| Wireless Telecommunication Services (1.28%) | | |
| America Movil SA de CV (b) | 218,700 | 10,451,673 |
| China Mobile Ltd. (b) | 51,800 | 2,323,230 |
| Sprint Nextel Corp. | 233,400 | 4,425,264 |
| | | 17,200,167 |
| UTILITIES (2.26%) | | |
| Electric Utilities (1.51%) | | |
| Reliant Energy, Inc. (a) | 998,725 | 20,294,092 |
| Multi-Utilities (0.75%) | | |
| Sempra Energy | 78,675 | 4,799,962 |
| Wisconsin Energy Corp., Series C | 110,200 | 5,346,904 |
| | | 10,146,866 |
| TOTAL COMMON STOCKS | | |
| (Cost \$1,168,585,451) | | 1,299,060,208 |
| PREFERRED STOCKS (0.03%) | | |
| | SHARES | MARKET VALUE |
| CONSUMER DISCRETIONARY (0.03%) | | |
| Automobiles (0.03%) | | |
| General Motors Corp., Series C (Cost \$349,505) | 19,550 | 443,785 |
| SHORT TERM INVESTMENTS (3.35%) | | |
| REPURCHASE AGREEMENT (3.35%) | | |
| Repurchase agreement with State Street Bank & Trust Co., dated 03/30/2007, due 04/02/2007 at 4.95%, collateralized by several U.S. Treasury Bonds with various maturity dates, market value of \$45,974,912 (repurchase proceeds of \$45,072,585) (Cost \$45,054,000) | PAR VALUE \$ 45,054,000 | MARKET VALUE \$ 45,054,000 |
| TOTAL INVESTMENTS (100.00%) | | |
| (Cost \$1,213,988,956) (c) | | 1,344,557,993 |
| LIABILITIES IN EXCESS OF OTHER ASSETS (0.00%) | | |
| | | (60,712) |
| NET ASSETS (100.00%) | | \$ 1,344,497,281 |

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NET ASSET VALUE PER SHARE (156,669,818 SHARES OUTSTANDING)

\$ 8.58

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Notes to Schedule of Investments:

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- (a) Non-Income producing security
- (b) ADR - American Depository Receipt
- (c) Cost of investments for federal income tax purposes is \$1,225,433,807

Gross unrealized appreciation and depreciation at March 31, 2007 based on cost of investments for federal income tax purposes is as follows:

| | | |
|--------------------------------|-------------|-------------|
| Gross unrealized appreciation: | \$ | 174,403,815 |
| Gross unrealized depreciation: | (55,279,629 |) |
| Net unrealized appreciation: | \$ | 119,124,186 |

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Notes to Statement of Investments

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 longterm 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. Actual results could differ from those estimates. 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.

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.

Repurchase Agreements

The Fund may engage in repurchase agreement transactions with institutions that the Fund's investment adviser 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. If the Fund no longer owns the applicable securities, any distributions received in excess of income are recorded as realized gains.

Federal Income Tax Status

Consistent with the Fund's policy to qualify as a regulated investment company and to distribute all of its taxable income to shareholders, no federal income tax has been accrued.

Distributions to Shareholders

The Fund currently has a policy of paying distributions on its shares of beneficial interest totaling approximately 10% of its net asset value per year. The distributions are payable in four quarterly distributions of 2.5% 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.

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 30, 2007

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 30, 2007

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

Date: May 30, 2007