

LIBERTY ALL STAR EQUITY FUND
Form N-CSRS
September 02, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

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)

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 – June 30, 2016

Item 1. Report of Shareholders.

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A SINGLE INVESTMENT...

A DIVERSIFIED CORE PORTFOLIO

A single fund that offers:

- ▲ diversified, multi-managed portfolio of growth and value stocks
- ▲ Exposure to many of the industries that make the U.S. economy one of the world's most dynamic
- ▲ Access to institutional quality investment managers
- ▲ Objective and ongoing manager evaluation
- ▲ Active portfolio rebalancing
- ▲ A quarterly fixed distribution policy
- ▲ Actively managed, exchange-traded closed-end fund listed on the New York Stock Exchange (ticker symbol: USA)

LIBERTY ALL-STAR® EQUITY FUND

(Unaudited)

Fellow Shareholders: July 2016

Although equity markets were volatile and driven by differing factors as the first half of 2016 progressed, the second quarter closed much as the first quarter did—with modest gains. To start the year, U.S. equities posted their worst 10-day opening-year decline in history, only to rebound beginning in mid-February and ultimately close the quarter with a 1.35 percent gain for the S&P 500® Index. The second quarter was calm by comparison until a poor jobs report for May rattled investors, only to be followed by the “Brexit” referendum in which voters in the U.K. said they favored leaving the European Union. Once again, however, a rally over the last few trading days of the quarter—the strongest weekly gains of the year to date—propelled U.S. stocks to a 2.46 percent gain, as measured by the S&P 500. The widely-followed Dow Jones Industrial Average (DJIA) gained 2.07 percent in the second quarter while the NASDAQ Composite Index returned -0.23 percent. For the full first half, the S&P 500 returned 3.84 percent, the DJIA returned 4.31 percent and the NASDAQ Composite returned -2.66 percent.

For much of the second quarter, stocks ebbed and flowed, alternately helped and hurt by the mix of business, economic and political news. Investors were concerned by reports in mid-May that the cost of living in April climbed by the most in three years and that the rate of housing starts was strong and rising. Both raised the specter of action by the Federal Reserve to raise short-term interest rates. Reports of a surge in consumer spending in April—the biggest jump in six years—buoyed stocks as June opened. Additional good news came in the form of a gain in wages and salaries. Just days later, however, news that the U.S. added only 38,000 jobs in May—well below the 160,000 expected—depressed markets. But the data did have a positive side, as it put any increase in interest rates on hold. As June progressed, all eyes turned to the 23rd of the month—the day of the Brexit ballot. Stocks rallied in advance of the referendum on the belief that voters would choose the “stay” alternative. When the vote went the other way for the world’s fifth-largest economy, stocks retreated around the world for the next two trading days, only to be followed by a strong relief rally into the end of the quarter. It also helped that on June 28 the Department of Commerce raised first quarter real GDP to 1.1 percent from its original estimate of 0.5 percent.

Liberty All-Star® Equity Fund

Liberty All-Star® Equity Fund outperformed all key benchmarks during the second quarter, returning 3.77 percent with shares valued at net asset value (NAV) with dividends reinvested and 3.41 percent with shares valued at market price with dividends reinvested. The Lipper Large-Cap Core Mutual Fund Average returned 1.98 percent. The discount at which Fund shares traded relative to their NAV changed little over the quarter, ranging from -14.5 percent to -16.8 percent.

The Fund lagged modestly for the first half, dragged down by first quarter returns when that period’s hyper-volatility proved extremely challenging for actively managed funds. For the first half, the Fund returned 1.36 percent with shares valued at NAV with dividends reinvested and -1.38 percent with shares valued at market price with dividends reinvested.

The Fund’s distribution for the second quarter was \$0.12. The Fund's distribution policy has been in place since 1988 and is a major component of the Fund’s total return. These distributions add up to \$25.41 since 1987 (the Fund's first full calendar year of operations). We continue to emphasize that shareholders should include these distributions when determining the return on their investment in the Fund.

Liberty All-Star® Equity Fund President's
Letter

(Unaudited)

Turning to Fund news, in early June Sustainable Growth Advisers, LP replaced Cornerstone Capital Management LLC as one of the Fund's five investment managers. We invite shareholders to read the interview with George Fraise, Founding Principal of this growth-style investment manager, which may be found on page 8 in this report.

We are gratified by the Fund's performance in the second quarter, especially after a challenging first quarter. We are confident in the Fund's investment managers, its structure of complementary growth and value styles, and the Fund's underlying objectives and strategy, and, as always, appreciate and value your confidence in Liberty All-Star® Equity Fund.

Sincerely,

William R. Parmentier, Jr.
President and Chief Executive Officer
Liberty All-Star® Equity Fund

The views expressed in the President's letter and the Manager Interview reflect the views of the President and Manager as of July 2016 and may not reflect their views on the date this report is first published or anytime thereafter. These views are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict so actual outcomes and results may differ significantly from the views expressed. These views are subject to change at any time based upon economic, market or other conditions and the Fund disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for the Fund are based on numerous factors, may not be relied on as an indication of trading intent.

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Liberty All-Star® Equity Fund President's
Letter

(Unaudited)

Fund Statistics (Periods ended June 30, 2016)

Net Asset Value (NAV)	\$5.96
Market Price	\$5.02
Discount	-15.8%

	Quarter	Year-to-Date
Distributions*	\$0.12	\$0.24
Market Price Trading Range	\$4.77 to \$5.15	\$4.26 to \$5.28
Premium/(Discount) Range	-14.5% to -16.8%	-14.0% to -17.6%
Performance (Periods ended June 30, 2016)		
Shares Valued at NAV with Dividends Reinvested	3.77%	1.36%
Shares Valued at Market Price with Dividends Reinvested	3.41%	-1.38%
Dow Jones Industrial Average	2.07%	4.31%
Lipper Large-Cap Core Mutual Fund Average	1.98%	2.21%
NASDAQ Composite Index	-0.23%	-2.66%
S&P 500® Index	2.46%	3.84%

Sources of distributions to shareholders may include ordinary dividends, long-term capital gains and return of capital. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's *investment experience during its fiscal year and may be subject to changes based on tax regulations. Pursuant to Section 852 of the Internal Revenue Code, the taxability of these distributions will be reported on Form 1099-DIV for 2016.

Performance returns for the Fund are total returns, which include dividends. Returns are net of management fees and other Fund expenses.

The returns shown for the Lipper Large-Cap Core Mutual Fund Average are based on open-end mutual funds' total returns, which include dividends, and are net of fund expenses. Returns for the unmanaged Dow Jones Industrial Average, NASDAQ Composite Index and the S&P 500® Index are total returns, including dividends. A description of the Lipper benchmark and the market indices can be found on page 36.

Past performance cannot predict future results. Performance will fluctuate with market conditions. Current performance may be lower or higher than the performance data shown. Performance information does not reflect the deduction of taxes that shareholders would pay on Fund distributions or the sale of Fund shares. An investment in the Fund involves risk, including loss of principal.

Closed-end funds raise money in an initial public offering and shares are listed and traded on an exchange. Open-end mutual funds continuously issue and redeem shares at net asset value. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net

asset value.

Secondary market support provided to the Fund by ALPS Fund Services, Inc.'s affiliate ALPS Portfolio Solutions Distributor, Inc., a FINRA member.

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Liberty All-Star[®] Equity Fund Table of Distributions & Rights Offerings

(Unaudited)

Year	Per Share Distributions	Rights Offerings		Subscription Price	Tax Credits ¹
		Month Completed	Shares Needed to Purchase One Additional Share		
1988	\$0.64				
1989	0.95				
1990	0.90				
1991	1.02				
1992	1.07	April	10	\$10.05	
1993	1.07	October	15	10.41	\$0.18
1994	1.00	September	15	9.14	
1995	1.04				
1996	1.18				0.13
1997	1.33				0.36
1998	1.40	April	20	12.83	
1999	1.39				
2000	1.42				
2001	1.20				
2002	0.88	May	10	8.99	
2003	0.78				
2004	0.89	July	10 ²	8.34	
2005	0.87				
2006	0.88				
2007	0.90	December	10	6.51	
2008	0.65				
2009 ³	0.31				
2010	0.31				
2011	0.34				
2012	0.32				
2013	0.35				
2014	0.39				
2015 ⁴	0.51				
2016					
1 st Quarter	0.12				
2 nd Quarter	0.12				

Total \$24.23

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

²The number of shares offered was increased by an additional 25 percent to cover a portion of the over-subscription requests.

³Effective with the second quarter distribution, the annual distribution rate was changed from 10 percent to 6 percent.

⁴Effective with the second quarter distribution, the annual distribution rate was changed from 6 percent to 8 percent.

DISTRIBUTION POLICY

The current policy is to pay distributions on its shares totaling approximately 8 percent of its net asset value per year, payable in four quarterly installments of 2 percent of the Fund's net asset value at the close of the New York Stock Exchange on the Friday prior to each quarterly declaration date. Sources of distributions to shareholders may include ordinary dividends, long-term capital gains and return of capital. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. If the Fund's ordinary dividends and long-term capital gains for any year exceed the amount distributed under the distribution policy, the Fund may, in its discretion, retain and not distribute capital gains and pay income tax thereon to the extent of such excess.

⁴www.all-starfunds.com

Liberty All-Star[®] Equity Fund Top 20 Holdings & Economic Sectors

June 30, 2016 (Unaudited)

Top 20 Holdings*	Percent of Net Assets
Mondelez International, Inc., Class A	1.99%
Alphabet, Inc., Class C	1.91
Visa, Inc., Class A	1.83
Salesforce.com, Inc.	1.56
Lowe's Cos., Inc.	1.55
The Priceline Group, Inc.	1.54
Halliburton Co.	1.50
Cerner Corp.	1.42
Facebook, Inc., Class A	1.41
Equinix, Inc.	1.41
Amazon.com, Inc.	1.37
Chubb Ltd.	1.36
CVS Health Corp.	1.32
Intel Corp.	1.21
Starbucks Corp.	1.16
Bank of America Corp.	1.11
Amgen, Inc.	1.09
Adobe Systems, Inc.	1.04
American Tower Corp.	1.03
Archer Daniels Midland Co.	1.01
	27.82%

Economic Sectors*	Percent of Net Assets
Information Technology	19.79%
Financials	19.20
Health Care	14.82
Consumer Discretionary	12.00
Consumer Staples	10.40
Energy	9.16
Industrials	5.98
Materials	2.45
Telecommunication Services	1.46
Utilities	1.41
Other Net Assets	3.33

100.00%

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

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Liberty All-Star[®] Equity Fund Major Stock Changes in the Quarter

(Unaudited)

The following are the major (\$4 million or more) stock changes both purchases and sales that were made in the Fund's portfolio during the second quarter of 2016, excluding transactions from the manager replacement of Cornerstone Capital Management LLC with Sustainable Growth Advisers, LP.

Security Name	SHARES	
	Purchases (Sales)	Held as of 6/30/16
Purchases		
Ameriprise Financial, Inc.	56,100	56,100
Bristol Myers Squibb Co.	73,442	73,442
Microchip Technology, Inc.	90,483	105,000
Sales		
Baxalta, Inc.	(177,500)	0
General Electric Co.	(142,100)	0
Oracle Corp.	(120,600)	191,025

 6www.all-starfunds.com

Liberty All-Star® Equity Fund Investment Managers/
Portfolio Characteristics

(Unaudited)

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

ALPS Advisors, Inc., the investment advisor to the Fund, has the ultimate authority (subject to oversight by the Board of Trustees) to oversee the investment managers and recommend their hiring, termination and replacement.

MANAGERS' DIFFERING INVESTMENT STRATEGIES ARE REFLECTED IN PORTFOLIO CHARACTERISTICS

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

PORTFOLIO CHARACTERISTICS As of June 30, 2016 (Unaudited)

	Investment Style Spectrum					TOTAL FUND	S&P 500 INDEX
	Value			Growth			
	PZENA	DELAWARE	ARISTOTLE	SUSTAINABLE	TCW		
Number of Holdings	40	32	42	29	30	146*	505
Percent of Holdings in Top 10	36%	34%	32%	43%	49%	17%	18%
Weighted Average Market Capitalization (billions)	\$87	\$88	\$70	\$102	\$92	\$89	\$136
Average Five Year Earnings Per Share Growth	1%	5%	5%	10%	15%	7%	6%
Dividend Yield	3.1%	2.6%	2.2%	1.2%	0.5%	1.9%	2.2%
Price/Earnings Ratio**	13x	20x	16x	27x	37x	20x	20x
Price/Book Value Ratio	1.9x	2.4x	2.8x	4.8x	4.7x	3.0x	3.2x

*Certain holdings are held by more than one manager.

**Excludes negative earnings.

Liberty All-Star® Equity Fund Manager Interview

(Unaudited)

George Fraise
Founding Principal
Sustainable Growth Advisers, LP

SUSTAINABLE WEIGHS MANY FACTORS IN ITS RESEARCH BUT NONE IS AS
SHAREHOLDER FRIENDLY AS FREE CASH FLOW

Sustainable Growth Advisers (SGA) focuses on companies that have unique characteristics that lead to a high degree of predictability, strong profitability and above average earnings and cash flow growth over the long term. We recently had the opportunity to talk with Founding Principal George Fraise. The Fund's Investment Advisor, ALPS Advisors, Inc., conducted the interview.

As this is the first Liberty All Star Equity Fund interview focused exclusively on Sustainable Growth Advisers, perhaps you can tell us about the firm: when it was founded, by whom, size and, above all, the firm's investment style and strategy. Also, what do you believe sets the firm apart, e.g., investment philosophy or process, culture, structure?

“What sets us apart from other peer managers is, first and foremost, the culture of our firm ... If our clients succeed over time, we as shareholders of the firm will succeed as well.”

SGA was founded in 2003 by me, Rob Rohn and Gordon Marchand. Today, the firm manages about \$6 billion in U.S. and global large cap growth assets for a variety of clients, including pension and profit sharing plans, endowments and foundations, defined contribution retirement plans, and high net worth individuals and families.

We focus on identifying and investing in a select group of high quality, long term secular growth businesses. What sets us apart from other peer managers is, first and foremost, the culture of our firm. We're an employee owned investment boutique with one approach to growth investing, where our interests are totally aligned with those of our clients. Equity ownership is spread widely across our team, with more than three quarters of employees being owners. If our clients succeed over time, we as shareholders of the firm will succeed as well. Secondly, our portfolios are built from the bottom up and are concentrated in the 30 most attractive long term growth opportunities we can identify. There's no “filler” in our portfolios, i.e., stocks owned for risk control purposes because they are large constituents of a benchmark. Third, we realize that great businesses don't always necessarily turn out to be great investments. Accordingly, we will only invest in a select group of high quality, long term growth businesses that we find to be attractively valued using our proprietary cash flow based valuation metric we call Enterprise Yield. In order to ensure objectivity when researching such businesses, we also work in teams and assign two analysts to every company on our Qualified Company List (QCL), or the roughly 90-95 companies that have been deemed to possess the quality and growth characteristics we seek and that have become eligible for purchase within SGA's portfolios.

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Liberty All-Star® Equity Fund Manager Interview

(Unaudited)

We mentioned investment process in our lead off question. Perhaps you can go into a little detail about Sustainable's process.

SGA's investment philosophy is based on several tenets: We seek those few differentiated businesses that offer predictable, sustainable growth over the long term. We look for companies that possess certain specific characteristics that lead to higher levels of growth with a lower level of variability. We conduct deep company research implemented through multiple analyst coverage, which enhances our perspective and objectivity. We believe valuation is a critical element in the stock selection process, and further believe that cash flow oriented metrics best reflect reality. We utilize a more restrictive proprietary measure of cash flow we call CFATS, or cash flow available to shareholders. CFATS is then used in our calculation of the Enterprise Yield for each of the companies that is on our qualified list and in our portfolios. We invest with a longer than typical time horizon—three to five years—which allows us to take advantage of short term inefficiencies in the market. We invest with conviction, building large positions in a select group of high quality businesses. Given our very manageable asset base, we have the flexibility to build meaningful positions in growth opportunities and trade around these positions as they become stretched or undervalued in the short term.

When evaluating businesses, we pay particular attention to their pricing power, which we believe reflects the strength of their franchise and the degree of competitive dominance they have within their markets. We seek businesses with recurring, predictable revenue streams, and those that sell their products or services to customers around the globe. This global opportunity speaks to the magnitude and likely duration of the growth opportunity a business has. We seek companies that have solid balance sheets and are generating significant free cash flow, which is available to shareholders. Our belief is that cash flow is the life blood of healthy businesses and those businesses that generate more free cash flow have greater ability to compete more effectively in their respective markets. Finally, we believe it is very important to understand the motivations and abilities of management, so we seek to evaluate top management as well as line management in the companies whose stocks we buy.

“Brexit” has occupied investors' thinking recently. But over the past year, it is just one of a number of factors beyond stock market fundamentals that have injected uncertainty into the investment environment. These include questions about the Chinese economy (exemplified by the 6.0 plus percent sell off in the S&P 500 in August 2015), “fear of the Fed” (rising interest rates), sluggish domestic economy (2.4 percent GDP growth in 2015), ongoing weakness in the Euro Zone and the collapse in energy prices. How does Sustainable balance macro factors such as these with fundamental stock analysis as it makes buy/sell decisions?

“Such considerations (as ‘Brexit’) may contribute to our understanding of a business model and the factors that influence it, but they will rarely, if ever, be determining factors as to whether a stock is owned in an SGA portfolio.”

While maintaining perspective regarding global macroeconomic and geopolitical factors is critical in today's world, we believe basing investment decisions on attempts to predict a highly complex issue—such as Brexit or the growth rate of the European or Chinese economies—is fraught with risk. Such considerations may contribute to our understanding of a business model and the factors that influence it, but they will rarely, if ever, be determining factors as to whether a stock is owned in an SGA portfolio. We believe identifying more predictable growth businesses that generate significant amounts of free cash flow, possess superior pricing power relative to their peers and have long runways of growth offers lower risk and, ultimately, a more successful approach to investing.

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Liberty All-Star® Equity Fund Manager Interview

(Unaudited)

Please tell us about two current holdings in the portion of the Liberty All Star Equity Fund portfolio that you manage that exemplify the Sustainable style and strategy.

Core Laboratories (CLB) and Mondelez International, Inc (MDLZ) are very different companies involved in radically different areas of the market, but both are good examples of SGA's very fundamentally oriented, bottom up investment approach. As previously mentioned, we invest in high quality businesses that possess unique attributes that afford them the opportunity to grow their cash flow and earnings in a more attractive manner over the long term.

Core Labs is a specialty oil services company that derives about 48 percent of its revenues from the U.S. and its business is divided into three main divisions: reservoir description, production enhancement, and reservoir management services to the oil and gas industries. These products and services focus on improving reservoir performance and increasing oil and gas recovery from the fields. While Core's stock is subject to volatility associated with the price of oil, its business benefits from the increasing complexity of oil reserves and the company's ability to help clients enhance and more efficiently extract oil from existing wells. In a period of weak commodity prices, the most efficient oil companies tend to rely even more on Core's services, as it becomes more critical to boost efficiency and maximize production.

Core fits the SGA company profile given its pricing power, which is supported by its best in class proprietary core analysis and fluid/rock properties testing capabilities. Its independent and objective advisory services are highly valued by oil producers and drillers that rely on Core's analyses to influence decisions regarding very large and very expensive projects. The proprietary nature of Core's analyses and the modest cost of the service it provides relative to the tremendous pay off and risk inherent in drilling decisions supports the predictability of their revenue stream. Finally, the company has a presence in approximately 1,250 producing fields around the world, and believes its market is actually closer to 2,000 fields. Consistent with SGA's focus on higher quality more predictable businesses, the company has a lean cost structure and a high value proposition, and the highest return on invested capital metrics in the oil sector, which should allow it to weather this downturn better than other oil service firms.

Mondelez is a leading global packaged food company serving hundreds of millions of consumers around the world. The company's key product categories include biscuits, chocolate, gum, candy, coffee and powdered beverages, with billion dollar brands such as Oreo, LU, Nabisco, Cadbury, Milka, Trident, Jacobs and Tang. Mondelez fits SGA's investment criteria very well, having strong recurring revenues driven by consumers' desire for energy and treats. Its snacks are packaged into a variety of configurations and sold in a broad range of retail channels at relatively low price points. Mondelez's pricing power is enabled by its strong brands and market share in every category in which it competes, including the number one position globally in biscuits, chocolate, candy and powdered beverages. The company has a substantial opportunity to improve operating margins as it consolidates and modernizes its outdated supply chain and manufacturing base—which have come together over the years as the firm has grown through multiple acquisitions—and its decision to move to a zero based budgeting approach, which should result in greater discipline around expenses and capital investments. In terms of global runways of growth, Mondelez serves consumers in 165 countries around the world and benefits from the rise in the prevalence of dual income households and rising income levels in emerging markets, which currently represent 40 percent of total company sales. While Mondelez fits well with SGA's approach in terms of its pricing power, recurring revenues and global opportunity, we also believe it offers attractive earnings growth potential over our 3-5 year time horizon.

Liberty All-Star® Equity Fund Manager Interview

(Unaudited)

As many investors are aware, Mondelez has been in the financial headlines recently as a result of its approach to buy Hershey. At the right price, the acquisition could be a compelling strategic and financial positive for Mondelez. The combination would be complementary from a geographic perspective, providing the company with critical mass in the U.S. chocolate and confectionery market while also enabling it to introduce Hershey products to emerging markets. In addition, even with Mondelez's pledge to protect hometown jobs at Hershey, a merger should still generate considerable cost synergies. While the combination would likely be a win-win for the two companies, the probability of a deal is very difficult to predict given the Hershey Trust's majority control of the voting shares of The Hershey Company and the trust's historical reluctance to sell. It is important to note, however, that while an acquisition of Hershey could very well be positive for Mondelez and its shareholders, our investment process at SGA is based on a long-term outlook for companies on a standalone basis and our theses do not rely on transformational M&A as a value creator or exit strategy for our investments.

Many thanks for informing Fund shareholders about SGA.

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Liberty All-Star[®] Equity Fund Schedule of Investments

June 30, 2016 (Unaudited)

	SHARES	MARKET VALUE
COMMON STOCKS (96.67%)		
CONSUMER DISCRETIONARY (12.00%)		
Auto Components (0.64%)		
Johnson Controls, Inc.	161,400	\$7,143,564
Automobiles (0.44%)		
Ford Motor Co.	385,900	4,850,763
Hotels, Restaurants & Leisure (2.15%)		
Chipotle Mexican Grill, Inc. ^(a)	27,262	10,980,043
Starbucks Corp.	226,500	12,937,680
		23,917,723
Household Durables (0.56%)		
Lennar Corp., Class A	136,000	6,269,600
Internet & Catalog Retail (2.91%)		
Amazon.com, Inc. ^(a)	21,371	15,293,515
The Priceline Group, Inc. ^(a)	13,730	17,140,669
		32,434,184
Media (1.68%)		
The Interpublic Group of Cos., Inc.	128,075	2,958,532
News Corp., Class A	305,600	3,468,560
News Corp., Class B	73,245	854,769
Omnicom Group, Inc.	64,775	5,278,515
Time Warner, Inc.	84,000	6,177,360
		18,737,736
Specialty Retail (2.65%)		
The Home Depot, Inc.	55,600	7,099,564
Lowe's Cos., Inc.	218,090	17,266,185
Staples, Inc.	597,507	5,150,511
		29,516,260
Textiles, Apparel & Luxury Goods (0.97%)		
NIKE, Inc., Class B	145,240	8,017,248
Under Armour, Inc., Class A ^{(a)(b)}	52,800	2,118,864
Under Armour, Inc., Class C ^(a)	17,714	644,777
		10,780,889
CONSUMER STAPLES (10.40%)		
Beverages (1.03%)		
Diageo PLC ^(c)	40,800	4,605,504
Monster Beverage Corp. ^(a)	42,600	6,846,246
		11,451,750
Food & Staples Retailing (3.71%)		
Costco Wholesale Corp.	39,675	6,230,562
CVS Health Corp.	153,100	14,657,794

See Notes to Schedule of Investments and Financial Statements.

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Liberty All-Star® Equity Fund Schedule of Investments

June 30, 2016 (Unaudited)

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Food & Staples Retailing (continued)		
Walmart Stores, Inc.	83,100	\$6,919,737
Wal-Mart Stores, Inc.	102,925	7,515,584
Whole Foods Market, Inc.	187,810	6,013,676
		41,337,353
Food Products (4.04%)		
Archer-Daniels-Midland Co.	261,400	11,211,446
The Hershey Co.	36,500	4,142,385
The Kraft Heinz Co.	84,600	7,485,408
Mondelez International, Inc., Class A	488,000	22,208,880
		45,048,119
Household Products (0.81%)		
Colgate-Palmolive Co.	122,620	8,975,784
Personal Products (0.81%)		
Coty, Inc., Class A ^(b)	119,000	3,092,810
Unilever NV	126,100	5,919,134
		9,011,944
ENERGY (9.16%)		
Energy Equipment & Services (2.70%)		
Core Laboratories NV ^(b)	44,050	5,457,355
Halliburton Co.	369,700	16,743,713
Schlumberger Ltd.	99,130	7,839,200
		30,040,268
Oil, Gas & Consumable Fuels (6.46%)		
BP PLC ^{(b)(c)}	202,301	7,183,710
Cenovus Energy, Inc.	337,675	4,666,668
Chevron Corp.	69,900	7,327,617
ConocoPhillips	156,800	6,836,480
Exxon Mobil Corp.	79,550	7,457,017
Marathon Oil Corp.	229,700	3,447,797
Murphy Oil Corp.	207,725	6,595,269
Occidental Petroleum Corp.	94,800	7,163,088
Phillips 66	74,500	5,910,830
Pioneer Natural Resources Co.	28,600	4,324,606
Royal Dutch Shell PLC, Class A ^(c)	199,428	11,012,437
		71,925,519
FINANCIALS (19.20%)		
Capital Markets (4.39%)		
Ameriprise Financial, Inc.	56,100	5,040,585
Bank of New York Mellon Corp.	170,500	6,623,925
The Charles Schwab Corp.	152,400	3,857,244
Franklin Resources, Inc.	186,375	6,219,334

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Liberty All-Star[®] Equity Fund Schedule of Investments

June 30, 2016 (Unaudited)

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Capital Markets (continued)		
The Goldman Sachs Group, Inc.	40,750	\$6,054,635
Morgan Stanley	255,400	6,635,292
State Street Corp.	188,845	10,182,522
UBS Group AG	325,600	4,219,776
		48,833,313
Commercial Banks (3.32%)		
Banco Bilbao Vizcaya Argentaria SA ^{(b)(c)}	571,458	3,280,169
BB&T Corp.	190,800	6,794,388
BOK Financial Corp. ^(b)	44,400	2,783,880
Cullen/Frost Bankers, Inc.	44,600	2,842,358
First Republic Bank	78,000	5,459,220
M&T Bank Corp.	35,400	4,185,342
Mitsubishi UFJ Financial Group, Inc. ^(c)	682,100	3,021,703
The PNC Financial Services Group, Inc.	41,062	3,342,036
Regions Financial Corp.	614,950	5,233,225
		36,942,321
Consumer Finance (1.83%)		
Visa, Inc., Class A	275,170	20,409,359
Diversified Financial Services (3.09%)		
Bank of America Corp.	927,950	12,313,896
Citigroup, Inc.	176,731	7,491,627
JPMorgan Chase & Co.	146,275	9,089,529
Voya Financial, Inc.	223,700	5,538,812
		34,433,864
Insurance (4.14%)		
The Allstate Corp.	109,500	7,659,525
American International Group, Inc.	93,575	4,949,181
Axis Capital Holdings Ltd.	95,400	5,247,000
Chubb Ltd.	116,100	15,175,431
Marsh & McLennan Cos., Inc.	108,200	7,407,372
Metlife, Inc.	140,725	5,605,077
		46,043,586
Real Estate Investment Trusts (2.43%)		
American Tower Corp.	100,750	11,446,207
Equinix, Inc.	40,372	15,653,436
		27,099,643
HEALTH CARE (14.82%)		
Biotechnology (3.88%)		
AbbVie, Inc.	101,300	6,271,483
Alexion Pharmaceuticals, Inc. ^(a)	48,180	5,625,497
Amgen, Inc.	79,680	12,123,312

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Liberty All-Star® Equity Fund Schedule of Investments

June 30, 2016 (Unaudited)

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Biotechnology (continued)		
BioMarin Pharmaceutical, Inc. ^(a)	50,173	\$3,903,459
Celgene Corp. ^(a)	88,601	8,738,717
Regeneron Pharmaceuticals, Inc. ^(a)	18,636	6,508,250
		43,170,718
Health Care Equipment & Supplies (1.81%)		
Baxter International, Inc.	201,225	9,099,395
Danaher Corp.	35,000	3,535,000
Medtronic PLC	86,200	7,479,574
		20,113,969
Health Care Providers & Services (2.55%)		
Acadia Healthcare Co., Inc. ^(a)	80,000	4,432,000
Cardinal Health, Inc.	92,600	7,223,726
Cigna Corp.	15,350	1,964,646
Express Scripts Holding Co. ^(a)	96,800	7,337,440
Quest Diagnostics, Inc.	91,400	7,440,874
		28,398,686
Health Care Technology (2.03%)		
Athenahealth, Inc. ^{(a)(b)}	49,700	6,859,097
Cerner Corp. ^(a)	269,020	15,764,572
		22,623,669
Life Sciences Tools & Services (0.51%)		
Illumina, Inc. ^(a)	40,600	5,699,428
Pharmaceuticals (4.04%)		
Abbott Laboratories	107,925	4,242,532
Allergan PLC ^(a)	29,138	6,733,500
Bristol-Myers Squibb Co.	73,442	5,401,659
Johnson & Johnson	66,000	8,005,800
Merck & Co., Inc.	125,000	7,201,250
Novartis AG ^(c)	73,000	6,023,230
Pfizer, Inc.	211,400	7,443,394
		45,051,365
INDUSTRIALS (5.98%)		
Aerospace & Defense (1.86%)		
General Dynamics Corp.	41,000	5,708,840
Northrop Grumman Corp.	33,100	7,357,468
Raytheon Co.	56,100	7,626,795
		20,693,103
Commercial Services & Supplies (0.69%)		
Waste Management, Inc.	115,800	7,674,066

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Liberty All-Star[®] Equity Fund Schedule of Investments

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	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Machinery (3.04%)		
Deere & Co.	43,000	\$3,484,720
Dover Corp.	106,975	7,415,507
Illinois Tool Works, Inc.	47,000	4,895,520
Oshkosh Corp.	104,500	4,985,695
Parker-Hannifin Corp.	69,375	7,495,969
Stanley Black & Decker, Inc.	50,400	5,605,488
		33,882,899
Road & Rail (0.39%)		
Kansas City Southern	47,910	4,316,212
INFORMATION TECHNOLOGY (19.79%)		
Communications Equipment (0.67%)		
Cisco Systems, Inc.	259,900	7,456,531
Computers & Peripherals (0.36%)		
HP, Inc.	315,950	3,965,173
Electronic Equipment & Instruments (0.31%)		
Corning, Inc.	170,425	3,490,304
Internet Software & Services (3.32%)		
Alphabet, Inc., Class C ^(a)	30,800	21,316,680
Facebook, Inc., Class A ^(a)	137,083	15,665,845
		36,982,525
IT Services (2.32%)		
Automatic Data Processing, Inc.	87,880	8,073,536
FleetCor Technologies, Inc. ^(a)	53,603	7,672,197
PayPal Holdings, Inc. ^(a)	92,000	3,358,920
Xerox Corp.	706,400	6,703,736
		25,808,389
Semiconductors & Semiconductor Equipment (3.11%)		
ARM Holdings PLC ^(c)	217,774	9,910,895
Intel Corp.	409,600	13,434,880
Microchip Technology, Inc.	105,000	5,329,800
Texas Instruments, Inc.	95,000	5,951,750
		34,627,325
Software (7.82%)		
Adobe Systems, Inc. ^(a)	120,776	11,569,133
CA, Inc.	217,700	7,147,091
Microsoft Corp.	197,600	10,111,192
Mobileye NV ^{(a)(b)}	164,050	7,569,267
Oracle Corp.	191,025	7,818,653

See Notes to Schedule of Investments and Financial Statements.

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Liberty All-Star® Equity Fund Schedule of Investments

June 30, 2016 (Unaudited)

	MARKET
	SHARES VALUE
COMMON STOCKS (continued)	
Software (continued)	