

LIBERTY ALL STAR EQUITY FUND
Form N-Q
November 29, 2006

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

OMB APPROVAL
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FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-4809

Liberty All-Star Equity Fund
(Exact name of registrant as specified in charter)

One Financial Center, Boston, Massachusetts
(Address of principal executive offices)

02111
(Zip code)

James R. Bordewick, Jr., Esq.
Columbia Management Advisors, LLC
One Financial Center
Boston, MA 02111
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-617-426-3750

Date of fiscal year end: 12/31/06

Date of reporting period: 9/30/06

Item 1. Schedule of Investments

Schedule of Investments as of September 30, 2006 (Unaudited)

| | SHARES | MARKET VALUE |
|-------------------------------------------------------|---------|---------------|
| COMMON STOCKS (96.8%) | | |
| CONSUMER DISCRETIONARY (16.3%) | | |
| Auto Components (1.2%) | | |
| Magna International, Inc., Class A | 153,850 | \$ 11,235,666 |
| Visteon Corp. (a) | 515,175 | 4,198,676 |
| | | 15,434,342 |
| Automobiles (0.3%) | | |
| Harley-Davidson, Inc. | 45,000 | 2,823,750 |
| Honda Motor Co., Ltd. (b) | 17,850 | 600,295 |
| | | 3,424,045 |
| Hotels, Restaurants & Leisure (2.4%) | | |
| Carnival Corp. | 71,400 | 3,357,942 |
| Hilton Hotels Corp. | 462,575 | 12,882,714 |
| Marriott International, Inc., Class A | 175,600 | 6,785,184 |
| McDonald's Corp. | 167,400 | 6,548,688 |
| Starbucks Corp. (a) | 65,320 | 2,224,146 |
| | | 31,798,674 |
| Household Durables (2.1%) | | |
| Centex Corp. | 110,150 | 5,796,093 |
| Newell Rubbermaid, Inc. | 62,575 | 1,772,124 |
| Pulte Homes, Inc. | 282,080 | 8,987,069 |
| Whirlpool Corp. | 131,025 | 11,020,513 |
| | | 27,575,799 |
| Internet & Catalog Retail (1.6%) | | |
| Amazon.com, Inc. (a) | 303,300 | 9,741,996 |
| eBay, Inc. (a) | 324,800 | 9,211,328 |
| Liberty Media Holding Corp., Interactive Series A (a) | 104,496 | 2,129,628 |
| | | 21,082,952 |
| Media (3.9%) | | |
| Comcast Corp., Class A (a) | 274,000 | 10,085,940 |
| Liberty Global, Inc., Class A (a) | 126,032 | 3,244,064 |
| Liberty Global, Inc., Series C (a) | 136,305 | 3,415,803 |
| Liberty Media Holding Corp., Capital Series A (a) | 38,879 | 3,249,118 |
| Omnicom Group, Inc. | 27,700 | 2,592,720 |
| Time Warner, Inc. | 590,000 | 10,755,700 |
| The Walt Disney Co. | 306,385 | 9,470,360 |
| XM Satellite Radio Holdings, Inc., Class A (a) | 420,450 | 5,419,600 |
| Yell Group PLC | 232,975 | 2,593,002 |
| | | 50,826,307 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|----------------------------------------------------|---------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Multi-line Retail (2.1%) | | |
| Dollar General Corp. | 620,000 | \$ 8,450,600 |
| J.C. Penney Co., Inc. | 120,300 | 8,227,317 |
| Kohl's Corp. (a) | 164,875 | 10,703,685 |
| | | 27,381,602 |
| Specialty Retail (2.7%) | | |
| AutoZone, Inc. (a) | 88,275 | 9,118,807 |
| GameStop Corp., Class A (a) | 68,875 | 3,187,535 |
| The Gap, Inc. | 490,000 | 9,285,500 |
| Ross Stores, Inc. | 292,000 | 7,419,720 |
| TJX Companies, Inc. | 249,550 | 6,994,887 |
| | | 36,006,449 |
| Textiles, Apparel & Luxury Goods (0.0%) | | |
| Hanesbrands, Inc. (a) | 8,743 | 196,811 |
| CONSUMER STAPLES (5.7%) | | |
| Beverages (0.9%) | | |
| PepsiCo, Inc. | 172,600 | 11,263,876 |
| Food & Staples Retailing (2.6%) | | |
| CVS Corp. | 233,800 | 7,509,656 |
| Wal-Mart Stores, Inc. | 447,075 | 22,049,739 |
| Walgreen Co. | 108,130 | 4,799,891 |
| | | 34,359,286 |
| Food Products (1.1%) | | |
| Kellogg Co. | 107,500 | 5,323,400 |
| Sara Lee Corp. | 491,650 | 7,900,815 |
| Tyson Foods, Inc., Class A | 68,700 | 1,090,956 |
| | | 14,315,171 |
| Household Products (1.1%) | | |
| Colgate-Palmolive Co. | 85,200 | 5,290,920 |
| The Procter & Gamble Co. | 141,800 | 8,788,764 |
| | | 14,079,684 |

See Notes to Schedule of Investments.

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| | SHARES | MARKET VALUE |
|-----------------------------------------------|---------|---------------|
| COMMON STOCKS (CONTINUED) | | |
| ENERGY (3.9%) | | |
| Energy Equipment & Services (1.4%) | | |
| Schlumberger Ltd. | 206,470 | \$ 12,807,334 |
| Tidewater, Inc. | 137,000 | 6,054,030 |
| | | 18,861,364 |
| Oil, Gas & Consumable Fuels (2.5%) | | |
| BP PLC (b) | 88,200 | 5,784,156 |
| ChevronTexaco Corp. | 136,500 | 8,853,390 |
| Exxon Mobil Corp. | 127,700 | 8,568,670 |
| Massey Energy Co. | 318,400 | 6,667,296 |
| Suncor Energy, Inc. | 36,800 | 2,651,440 |
| | | 32,524,952 |
| FINANCIALS (25.2%) | | |
| Capital Markets (2.3%) | | |
| Merrill Lynch & Co., Inc. | 97,300 | 7,610,806 |
| Morgan Stanley | 244,075 | 17,795,508 |
| UBS AG, Registered Shares | 89,900 | 5,331,969 |
| | | 30,738,283 |
| Commercial Banks (4.2%) | | |
| Bank of America Corp. (c) | 170,000 | 9,106,900 |
| Bank of New York Co., Inc. | 240,000 | 8,462,400 |
| Comerica, Inc. | 117,925 | 6,712,291 |
| Commerce Bancorp, Inc. | 229,230 | 8,415,034 |
| Hudson City Bancorp, Inc. | 101,425 | 1,343,881 |
| North Fork Bancorporation, Inc. | 327,450 | 9,378,168 |
| Wells Fargo & Co. | 306,400 | 11,085,552 |
| | | 54,504,226 |
| Consumer Finance (0.9%) | | |
| SLM Corp. | 217,800 | 11,321,244 |
| Diversified Financial Services (3.8%) | | |
| Citigroup, Inc. | 437,425 | 21,726,900 |
| JPMorgan Chase & Co. | 588,650 | 27,643,004 |
| | | 49,369,904 |

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| | SHARES | MARKET VALUE |
|----------------------------------------------------|---------|---------------|
| COMMON STOCKS (CONTINUED) | | |
| Insurance (7.9%) | | |
| Allstate Corp. | 194,700 | \$ 12,213,531 |
| American International Group, Inc. | 201,550 | 13,354,703 |
| Aon Corp. | 140,650 | 4,763,816 |
| Fidelity National Financial, Inc. | 11,300 | 470,645 |
| Genworth Financial, Inc., Class A | 207,500 | 7,264,575 |
| Lincoln National Corp. | 64,500 | 4,004,160 |
| MetLife, Inc. | 324,050 | 18,367,154 |
| The Progressive Corp. | 646,620 | 15,868,055 |
| RenaissanceRe Holdings Ltd. | 61,100 | 3,397,160 |
| Torchmark Corp. | 177,175 | 11,181,514 |
| UnumProvident Corp. | 67,475 | 1,308,340 |
| XL Capital Ltd., Class A | 173,600 | 11,926,320 |
| | | 104,119,973 |
| Real Estate Investment Trusts (0.9%) | | |
| Annaly Mortgage Management, Inc. | 560,200 | 7,361,028 |
| Trizec Properties, Inc. | 152,750 | 4,416,002 |
| | | 11,777,030 |
| Thrifts & Mortgage Finance (5.2%) | | |
| Countrywide Financial Corp. | 666,750 | 23,362,920 |
| Fannie Mae | 476,666 | 26,650,396 |
| Freddie Mac | 174,950 | 11,604,433 |
| Washington Mutual, Inc. | 159,487 | 6,932,900 |
| | | 68,550,649 |
| HEALTH CARE (14.3%) | | |
| Biotechnology (3.1%) | | |
| Amgen, Inc. (a) | 72,000 | 5,150,160 |
| Genentech, Inc. (a) | 143,700 | 11,883,990 |
| Genzyme Corp. (a) | 114,800 | 7,745,556 |
| Gilead Sciences, Inc. (a) | 77,100 | 5,296,770 |
| MedImmune, Inc. (a) | 352,000 | 10,281,920 |
| | | 40,358,396 |
| Health Care Equipment & Supplies (1.9%) | | |
| Becton Dickinson & Co. | 56,600 | 3,999,922 |
| Boston Scientific Corp. (a) | 453,800 | 6,711,702 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|---------------------------------------------------------|-----------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Health Care Equipment & Supplies (continued) | | |
| Varian Medical Systems, Inc. (a) | 147,900 | \$ 7,896,381 |
| Zimmer Holdings, Inc. (a) | 91,900 | 6,203,250 |
| | | 24,811,255 |
| Health Care Providers & Services (3.0%) | | |
| AmerisourceBergen Corp. | 149,875 | 6,774,350 |
| Caremark Rx, Inc. | 88,000 | 4,986,960 |
| HCA, Inc. | 159,825 | 7,973,669 |
| Omnicare, Inc. | 118,150 | 5,091,084 |
| Quest Diagnostics, Inc. | 65,300 | 3,993,748 |
| Triad Hospitals, Inc. (a) | 113,625 | 5,002,909 |
| WellPoint, Inc. (a) | 75,300 | 5,801,865 |
| | | 39,624,585 |
| Health Care Technology (0.2%) | | |
| Cerner Corp. (a) | 67,030 | 3,043,162 |
| Pharmaceuticals (6.1%) | | |
| AstraZeneca PLC (b) | 59,400 | 3,712,500 |
| Bristol-Myers Squibb Co. | 441,225 | 10,995,327 |
| Johnson & Johnson | 289,825 | 18,821,235 |
| Novartis AG (b) | 73,000 | 4,266,120 |
| Pfizer, Inc. | 961,575 | 27,270,267 |
| Wyeth | 284,200 | 14,448,728 |
| | | 79,514,177 |
| INDUSTRIALS (10.7%) | | |
| Aerospace & Defense (3.9%) | | |
| The Boeing Co. | 81,650 | 6,438,102 |
| Bombardier, Inc., Class B (a) | 1,030,175 | 3,216,561 |
| General Dynamics Corp. | 137,400 | 9,847,458 |
| Goodrich Corp. | 69,575 | 2,819,179 |
| Lockheed Martin Corp. | 133,700 | 11,506,222 |
| Rockwell Collins, Inc. | 127,000 | 6,964,680 |
| United Technologies Corp. | 162,100 | 10,269,035 |
| | | 51,061,237 |
| Air Freight & Logistics (0.5%) | | |
| Expeditors International of Washington, Inc. | 137,090 | 6,111,472 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|------------------------------------------------------|-----------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Airlines (0.1%) | | |
| Southwest Airlines Co. | 76,225 | \$ 1,269,909 |
| Electrical Equipment (1.1%) | | |
| American Power Conversion Corp. | 658,850 | 14,468,346 |
| Industrial Conglomerates (2.6%) | | |
| General Electric Co. | 469,485 | 16,572,821 |
| Tyco International Ltd. | 611,550 | 17,117,284 |
| | | 33,690,105 |
| Machinery (1.3%) | | |
| AGCO Corp. (a) | 133,425 | 3,382,324 |
| Danaher Corp. | 98,300 | 6,750,261 |
| Navistar International Corp. (a) | 280,025 | 7,230,245 |
| | | 17,362,830 |
| Road & Rail (1.2%) | | |
| CSX Corp. | 304,450 | 9,995,094 |
| Union Pacific Corp. | 63,000 | 5,544,000 |
| | | 15,539,094 |
| INFORMATION TECHNOLOGY (16.7%) | | |
| Communications Equipment (2.7%) | | |
| Alcatel SA, ADR | 38,650 | 470,757 |
| Cisco Systems, Inc. (a) | 421,800 | 9,701,400 |
| Lucent Technologies, Inc. (a) | 4,176,475 | 9,772,951 |
| QUALCOMM, Inc. | 414,700 | 15,074,345 |
| | | 35,019,453 |
| Computers & Peripherals (2.3%) | | |
| Dell, Inc. (a) | 483,475 | 11,042,569 |
| Hewlett-Packard Co. | 80,100 | 2,938,869 |
| Network Appliance, Inc. (a) | 417,215 | 15,441,127 |
| | | 29,422,565 |
| Electronic Equipment & Instruments (2.2%) | | |
| AU Optronics Corp. (b) | 478,328 | 6,816,176 |
| Celestica, Inc. (a) | 310,925 | 3,339,335 |
| Symbol Technologies, Inc. | 724,000 | 10,758,640 |
| Vishay Intertechnology, Inc. (a) | 595,000 | 8,353,800 |
| | | 29,267,951 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|------------------------------------------------------------|-----------|---------------|
| COMMON STOCKS (CONTINUED) | | |
| Internet Software & Services (1.5%) | | |
| Google, Inc., Class A (a) | 41,000 | \$ 16,477,900 |
| Yahoo!, Inc. (a) | 128,800 | 3,256,064 |
| | | 19,733,964 |
| IT Services (1.2%) | | |
| BearingPoint, Inc. (a) | 542,130 | 4,261,142 |
| Computer Sciences Corp. (a) | 50,950 | 2,502,664 |
| First Data Corp. | 200,000 | 8,400,000 |
| The Western Union Co. (a) | 6,700 | 128,171 |
| | | 15,291,977 |
| Semiconductors & Semiconductor Equipment (1.5%) | | |
| Intel Corp. | 372,000 | 7,652,040 |
| International Rectifier Corp. (a) | 106,178 | 3,699,242 |
| Novellus Systems, Inc. (a) | 309,300 | 8,555,238 |
| | | 19,906,520 |
| Software (5.3%) | | |
| Activision, Inc. (a) | 104,800 | 1,582,480 |
| Adobe Systems, Inc. (a) | 58,820 | 2,202,809 |
| CA, Inc. | 437,358 | 10,361,011 |
| Electronic Arts, Inc. (a) | 60,690 | 3,379,219 |
| Microsoft Corp. | 1,047,325 | 28,623,392 |
| Oracle Corp. (a) | 792,400 | 14,057,176 |
| Salesforce.com, Inc. (a) | 197,400 | 7,082,712 |
| Symantec Corp. (a) | 122,200 | 2,600,416 |
| | | 69,889,215 |
| MATERIALS (0.9%) | | |
| Chemicals (0.7%) | | |
| Cytec Industries, Inc. | 28,175 | 1,566,248 |
| The Mosaic Co. (a) | 144,450 | 2,441,205 |
| Praxair, Inc. | 91,200 | 5,395,392 |
| | | 9,402,845 |
| Metals & Mining (0.2%) | | |
| Newmont Mining Corp. | 59,000 | 2,522,250 |

See Notes to Schedule of Investments.

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| | SHARES | MARKET VALUE | |
|----------------------------------------------------------------|----------------------|----------------------|------------------------|
| COMMON STOCKS (CONTINUED) | | | |
| TELECOMMUNICATION SERVICES (0.5%) | | | |
| Wireless Telecommunication Services (0.5%) | | | |
| Sprint Nextel Corp. | 264,225 | \$ 4,531,459 | |
| Telephone & Data Systems, Inc., Special Common Shares | 29,375 | 1,199,969 | |
| | | 5,731,428 | |
| UTILITIES (2.6%) | | | |
| Electric Utilities (0.3%) | | | |
| Exelon Corp. | 63,400 | 3,838,236 | |
| Independent Power Producers & Energy Traders (1.2%) | | | |
| Reliant Energy, Inc. (a) | 1,321,000 | 16,261,510 | |
| Multi-Utilities (1.1%) | | | |
| Sempra Energy | 192,300 | 9,663,075 | |
| Wisconsin Energy Corp. | 110,200 | 4,754,028 | |
| | | 14,417,103 | |
| TOTAL COMMON STOCKS (COST OF \$1,157,945,750) | | 1,267,072,208 | |
| PREFERRED STOCK (0.3%) | | | |
| CONSUMER DISCRETIONARY (0.3%) | | | |
| Automobiles (0.3%) | | | |
| General Motors Corp., Series C (cost of \$2,725,739) | 157,150 | 3,609,735 | |
| | | | |
| | INTEREST RATE | MATURITY DATE | PAR VALUE |
| CONVERTIBLE BONDS (0.1%) | | | |
| INDUSTRIALS (0.1%) | | | |
| Airlines (0.1%) | | | |
| AMR Corp. (cost of \$1,498,535) | 4.25 | % 09/23/23 | \$ 1,174,000 1,733,118 |

See Notes to Schedule of Investments.

| | PAR VALUE | MARKET VALUE |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------|
| SHORT-TERM INVESTMENT (3.1%) | | |
| REPURCHASE AGREEMENT (3.1%) | | |
| Repurchase agreement with State Street Bank & Trust Co., dated 09/29/06, due 10/02/06 at 4.85%, collateralized by several U.S. Treasury Bonds with various maturity dates, market value of \$41,718,377 (repurchase proceeds \$40,902,525) (Cost of \$40,886,000) | \$ 40,886,000 | \$ 40,886,000 |
| TOTAL INVESTMENTS (100.3%) (COST OF \$1,203,056,024) | | 1,313,301,061 |
| OTHER ASSETS & LIABILITIES, NET (-0.3%) | | (3,964,411) |
| NET ASSETS (100.0%) | | \$ 1,309,336,650 |
| NET ASSET VALUE PER SHARE (154,598,224 SHARES OUTSTANDING) | | \$ 8.47 |

NOTES TO SCHEDULE OF INVESTMENTS:

Security Valuation

Equity securities are valued at the last sale price at the close of the principal exchange on which they trade. 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.

- (a) Non-income producing security.
- (b) Represents an American Depositary Receipt.
- (c) Investments in affiliates during the nine months ended September 30, 2006:

| | |
|-------------------------|-----------------------|
| Security name: | Bank of America Corp. |
| Shares as of 12/31/05: | 170,000 |
| Shares purchased: | |
| Shares sold: | |
| Shares as of 09/30/06: | 170,000 |
| Net realized gain/loss: | |
| Dividend income earned: | \$ 265,200 |

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Value at end of period: \$ 9,106,900

Gross unrealized appreciation and depreciation of investments at September 30, 2006 is as follows:

| | | |
|-------------------------------|-------------|-------------|
| Gross unrealized appreciation | \$ | 161,496,575 |
| Gross unrealized depreciation | (51,251,538 |) |
| Net unrealized appreciation | \$ | 110,245,037 |

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Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer, based on their evaluation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing of this report, have concluded that such controls and procedures are adequately designed to ensure that information required to be disclosed by the registrant in Form N-Q is accumulated and communicated to the registrant's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the 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.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) attached hereto as Exhibit 99.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.

(registrant) Liberty All-Star Equity Fund

By (Signature and Title) /s/ William R. Parmentier, Jr.
William R. Parmentier, Jr., President

Date November 27, 2006

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 (Signature and Title) /s/ William R. Parmentier, Jr.
William R. Parmentier, Jr., President

Date November 27, 2006

By (Signature and Title) /s/ J. Kevin Connaughton
J. Kevin Connaughton, Treasurer

Date November 27, 2006
