

LIBERTY ALL STAR EQUITY FUND
Form N-Q
May 30, 2006

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

OMB APPROVAL
OMB Number: 3235-0578
Expires: May 31, 2007
Estimated average burden
hours per response.....21.09

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: 3/31/06

Item 1. Schedule of Investments.

Schedule of Investments as of March 31, 2006 (Unaudited)

| | SHARES | MARKET VALUE |
|---|---------|--------------|
| COMMON STOCKS (97.8%) | | |
| CONSUMER DISCRETIONARY (16.6%) | | |
| Auto Components (1.6%) | | |
| Johnson Controls, Inc. | 98,525 | \$ 7,481,003 |
| Magna International, Inc., Class A | 154,675 | 11,707,351 |
| Visteon Corp. (a) | 565,750 | 2,602,450 |
| | | 21,790,804 |
| Automobiles (0.5%) | | |
| Honda Motor Co., Ltd. (b) | 227,650 | 7,048,044 |
| Diversified Consumer Services (0.1%) | | |
| Apollo Group, Inc., Class A (a) | 19,440 | 1,020,794 |
| H&R Block, Inc. | 43,000 | 930,950 |
| | | 1,951,744 |
| Hotels, Restaurants & Leisure (3.0%) | | |
| Carnival Corp. | 143,300 | 6,788,121 |
| GTECH Holdings Corp. | 37,750 | 1,285,388 |
| Harrah's Entertainment, Inc. | 88,000 | 6,860,480 |
| Hilton Hotels Corp. | 356,425 | 9,074,580 |
| Starbucks Corp. (a) | 449,220 | 16,908,641 |
| | | 40,917,210 |
| Household Durables (1.1%) | | |
| Newell Rubbermaid, Inc. | 115,400 | 2,906,926 |
| Whirlpool Corp. | 139,950 | 12,801,227 |
| | | 15,708,153 |
| Internet & Catalog Retail (2.5%) | | |
| Amazon.com, Inc. (a) | 312,900 | 11,423,979 |
| eBay, Inc. (a) | 597,400 | 23,334,444 |
| | | 34,758,423 |

See Notes to Schedule of Investments.

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| | SHARES | MARKET VALUE |
|--|---------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Media (4.1%) | | |
| Comcast Corp., Class A (a) | 340,000 | \$ 8,880,800 |
| Getty Images, Inc. (a) | 59,300 | 4,440,384 |
| Interpublic Group of Companies, Inc. (a) | 471,836 | 4,510,752 |
| Liberty Global, Inc., Class A (a) | 143,787 | 2,943,320 |
| Liberty Global, Inc. Series C (a) | 151,587 | 2,993,843 |
| Liberty Media Corp., Class A (a) | 860,586 | 7,065,411 |
| Pixar, Inc. (a) | 91,800 | 5,888,052 |
| Time Warner, Inc. | 580,000 | 9,738,200 |
| The Walt Disney Co. | 189,000 | 5,271,210 |
| XM Satellite Radio Holdings, Inc., Class A (a) | 144,080 | 3,208,662 |
| Yell Group PLC | 81,225 | 768,468 |
| | | 55,709,102 |
| Multi-line Retail (1.1%) | | |
| Kohl's Corp. (a) | 96,500 | 5,115,465 |
| Wal-Mart Stores, Inc. | 206,000 | 9,731,440 |
| | | 14,846,905 |
| Specialty Retail (2.6%) | | |
| AutoZone, Inc. (a) | 49,600 | 4,944,624 |
| GameStop Corp., Class A (a) | 76,250 | 3,594,425 |
| The Gap, Inc. | 490,000 | 9,153,200 |
| Ross Stores, Inc. | 300,000 | 8,757,000 |
| TJX Companies, Inc. | 357,075 | 8,862,601 |
| | | 35,311,850 |
| Textiles, Apparel & Luxury Goods (0.0%) | | |
| VF Corp. | 4,000 | 227,600 |
| CONSUMER STAPLES (2.1%) | | |
| Food & Staples Retailing (0.4%) | | |
| Walgreen Co. | 127,900 | 5,516,327 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|---|---------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Food Products (1.7%) | | |
| Dean Foods Co. (a) | 49,950 | \$ 1,939,558 |
| General Mills, Inc. | 43,700 | 2,214,716 |
| Sara Lee Corp. | 617,175 | 11,035,089 |
| Tate & Lyle PLC (b) | 184,575 | 7,312,308 |
| Tyson Foods, Inc., Class A | 41,900 | 575,706 |
| | | 23,077,377 |
| ENERGY (4.7%) | | |
| Energy Equipment & Services (3.5%) | | |
| Halliburton Co. | 144,000 | 10,514,880 |
| National-Oilwell Varco, Inc. (a) | 110,000 | 7,053,200 |
| Schlumberger Ltd. | 182,435 | 23,090,798 |
| Tidewater, Inc. | 137,000 | 7,566,510 |
| | | 48,225,388 |
| Oil, Gas & Consumable Fuels (1.2%) | | |
| BP PLC (b) | 88,200 | 6,080,508 |
| ChevronTexaco Corp. | 76,000 | 4,405,720 |
| Newfield Exploration Co. (a) | 130,000 | 5,447,000 |
| | | 15,933,228 |
| FINANCIALS (23.8%) | | |
| Capital Markets (2.3%) | | |
| Merrill Lynch & Co., Inc. | 100,500 | 7,915,380 |
| Morgan Stanley | 383,925 | 24,118,169 |
| | | 32,033,549 |
| Commercial Banks (3.3%) | | |
| Bank of America Corp. (c) | 170,000 | 7,741,800 |
| Bank of New York Co., Inc. | 261,000 | 9,406,440 |
| Comerica, Inc. | 117,925 | 6,836,112 |
| Commerce Bancorp, Inc. | 246,130 | 9,020,664 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|--|---------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Commercial Banks (continued) | | |
| Hudson City Bancorp, Inc. | 112,250 | \$ 1,491,803 |
| North Fork Bancorporation, Inc. | 352,475 | 10,161,854 |
| Sovereign Bancorp, Inc. | 29,400 | 644,154 |
| | | 45,302,827 |
| Consumer Finance (0.5%) | | |
| SLM Corp. | 137,300 | 7,131,362 |
| Diversified Financial Services (3.8%) | | |
| CIT Group, Inc. | 58,300 | 3,120,216 |
| Citigroup, Inc. | 428,975 | 20,260,489 |
| JPMorgan Chase & Co. | 707,575 | 29,463,423 |
| | | 52,844,128 |
| Insurance (8.2%) | | |
| Ace Ltd. | 105,000 | 5,461,050 |
| AFLAC, Inc. | 62,300 | 2,811,599 |
| Allstate Corp. | 223,275 | 11,634,860 |
| American International Group, Inc. | 203,850 | 13,472,446 |
| Aon Corp. | 140,650 | 5,838,382 |
| Genworth Financial, Inc., Class A | 200,950 | 6,717,759 |
| Marsh & McLennan Companies, Inc. | 276,000 | 8,103,360 |
| MetLife, Inc. | 200,750 | 9,710,278 |
| The Progressive Corp. | 205,105 | 21,384,247 |
| RenaissanceRe Holdings Ltd. | 60,675 | 2,646,644 |
| Torchmark Corp. | 212,875 | 12,155,162 |
| UnumProvident Corp. | 72,400 | 1,482,752 |
| XL Capital Ltd., Class A | 173,600 | 11,129,496 |
| | | 112,548,035 |
| Real Estate (0.9%) | | |
| Annaly Mortgage Management, Inc., REIT | 427,475 | 5,189,546 |
| Host Marriott Corp., REIT | 120,850 | 2,586,190 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|--|---------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Real Estate (continued) | | |
| The St. Joe Co. | 10,425 | \$ 655,107 |
| Trizec Properties, Inc., REIT | 171,775 | 4,419,771 |
| | | 12,850,614 |
| Thrifts & Mortgage Finance (4.8%) | | |
| Countrywide Financial Corp. | 631,525 | 23,176,968 |
| Fannie Mae | 464,941 | 23,897,967 |
| Freddie Mac | 214,950 | 13,111,950 |
| The PMI Group, Inc. | 37,800 | 1,735,776 |
| Washington Mutual, Inc. | 79,637 | 3,394,129 |
| | | 65,316,790 |
| HEALTH CARE (11.9%) | | |
| Biotechnology (4.1%) | | |
| Amgen, Inc. (a) | 184,800 | 13,444,200 |
| Genentech, Inc. (a) | 254,615 | 21,517,514 |
| Genzyme Corp. (a) | 114,800 | 7,716,856 |
| Invitrogen Corp. (a) | 87,000 | 6,101,310 |
| MedImmune, Inc. (a) | 214,200 | 7,835,436 |
| | | 56,615,316 |
| Health Care Equipment & Supplies (1.6%) | | |
| Boston Scientific Corp. (a) | 350,000 | 8,067,500 |
| St. Jude Medical, Inc. (a) | 147,300 | 6,039,300 |
| Varian Medical Systems, Inc. (a) | 135,000 | 7,581,600 |
| | | 21,688,400 |
| Health Care Providers & Services (2.2%) | | |
| AmerisourceBergen Corp. | 332,300 | 16,040,121 |
| Cerner Corp. (a) | 84,000 | 3,985,800 |
| HCA, Inc. | 116,325 | 5,326,522 |
| Triad Hospitals, Inc. (a) | 119,875 | 5,022,762 |
| | | 30,375,205 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|--|-----------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Pharmaceuticals (4.0%) | | |
| Barr Pharmaceuticals, Inc. (a) | 45,000 | \$ 2,834,100 |
| Bristol-Myers Squibb Co. | 411,050 | 10,115,940 |
| Eli Lilly and Co. | 100,000 | 5,530,000 |
| Johnson & Johnson | 126,250 | 7,476,525 |
| Pfizer, Inc. | 743,300 | 18,523,036 |
| Wyeth | 206,000 | 9,995,120 |
| | | 54,474,721 |
| INDUSTRIALS (12.5%) | | |
| Aerospace & Defense (3.1%) | | |
| The Boeing Co. | 153,625 | 11,971,996 |
| Bombardier, Inc., Class B | 1,140,225 | 3,319,574 |
| Goodrich Corp. | 74,175 | 3,234,772 |
| Honeywell International, Inc. | 140,000 | 5,987,800 |
| L-3 Communications Holdings, Inc. | 82,000 | 7,034,780 |
| Rockwell Collins, Inc. | 80,000 | 4,508,000 |
| United Technologies Corp. | 110,000 | 6,376,700 |
| | | 42,433,622 |
| Air Freight & Logistics (0.9%) | | |
| C.H. Robinson Worldwide, Inc. | 110,000 | 5,399,900 |
| Expeditors International of Washington, Inc. | 78,995 | 6,824,378 |
| | | 12,224,278 |
| Airlines (0.1%) | | |
| Southwest Airlines Co. | 106,100 | 1,908,739 |
| Building Products (0.1%) | | |
| American Standard Companies, Inc. | 44,200 | 1,894,412 |
| Commercial Services & Supplies (0.6%) | | |
| Monster Worldwide, Inc. (a) | 177,000 | 8,825,220 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|--|-----------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Construction & Engineering (0.7%) | | |
| Jacobs Engineering Group, Inc. (a) | 107,000 | \$ 9,281,180 |
| Electrical Equipment (1.6%) | | |
| American Power Conversion Corp. | 383,000 | 8,851,130 |
| Emerson Electric Co. | 82,000 | 6,857,660 |
| Rockwell Automation, Inc. | 90,000 | 6,471,900 |
| | | 22,180,690 |
| Industrial Conglomerates (2.9%) | | |
| 3M Co. | 90,000 | 6,812,100 |
| General Electric Co. | 421,600 | 14,663,248 |
| Tyco International Ltd. | 670,300 | 18,017,664 |
| | | 39,493,012 |
| Machinery (1.2%) | | |
| Caterpillar, Inc. | 125,000 | 8,976,250 |
| Navistar International Corp. (a) | 289,075 | 7,972,689 |
| | | 16,948,939 |
| Road & Rail (1.3%) | | |
| CSX Corp. | 175,875 | 10,517,325 |
| Swift Transportation Co., Inc. (a) | 53,675 | 1,166,358 |
| Union Pacific Corp. | 63,000 | 5,881,050 |
| | | 17,564,733 |
| INFORMATION TECHNOLOGY (22.1%) | | |
| Communications Equipment (3.2%) | | |
| Cisco Systems, Inc. (a) | 377,200 | 8,173,924 |
| Lucent Technologies, Inc. (a) | 3,238,200 | 9,876,510 |
| Motorola, Inc. | 380,000 | 8,705,800 |
| QUALCOMM, Inc. | 331,700 | 16,787,337 |
| | | 43,543,571 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|--|---------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Computers & Peripherals (2.8%) | | |
| Dell, Inc. (a) | 260,300 | \$ 7,746,528 |
| EMC Corp. (a) | 547,500 | 7,462,425 |
| Hewlett-Packard Co. | 246,525 | 8,110,673 |
| Network Appliance, Inc. (a) | 429,715 | 15,482,631 |
| | | 38,802,257 |
| Electronic Equipment & Instruments (3.4%) | | |
| Agilent Technologies, Inc. (a) | 368,106 | 13,822,380 |
| AU Optronics Corp. (b) | 459,530 | 6,851,592 |
| Avnet, Inc. (a) | 236,175 | 5,994,122 |
| Celestica, Inc. (a) | 342,950 | 3,926,778 |
| Symbol Technologies, Inc. | 724,000 | 7,659,920 |
| Vishay Intertechnology, Inc. (a) | 600,000 | 8,544,000 |
| | | 46,798,792 |
| Internet Software & Services (3.1%) | | |
| Akamai Technologies, Inc. (a) | 320,000 | 10,524,800 |
| Google, Inc., Class A (a) | 32,000 | 12,480,000 |
| VeriSign, Inc. (a) | 140,000 | 3,358,600 |
| Yahoo!, Inc. (a) | 508,800 | 16,413,888 |
| | | 42,777,288 |
| IT Services (1.3%) | | |
| Accenture Ltd., Class A | 175,000 | 5,262,250 |
| BearingPoint, Inc. (a) | 595,680 | 5,057,323 |
| Computer Sciences Corp. (a) | 50,950 | 2,830,273 |
| Convergys Corp. (a) | 36,025 | 656,015 |
| First Data Corp. | 90,000 | 4,213,800 |
| | | 18,019,661 |
| Semiconductors & Semiconductor Equipment (3.6%) | | |
| Analog Devices, Inc. | 155,000 | 5,934,950 |
| Broadcom Corp., Class A (a) | 217,500 | 9,387,300 |

See Notes to Schedule of Investments.

| | SHARES | MARKET VALUE |
|---|---------|--------------|
| COMMON STOCKS (CONTINUED) | | |
| Semiconductors & Semiconductor Equipment (continued) | | |
| Intel Corp. | 372,000 | \$ 7,198,200 |
| International Rectifier Corp. (a) | 139,628 | 5,784,788 |
| Maxim Integrated Products, Inc. | 100,050 | 3,716,857 |
| Novellus Systems, Inc. (a) | 319,300 | 7,663,200 |
| Texas Instruments, Inc. | 240,000 | 7,792,800 |
| Xilinx, Inc. | 104,600 | 2,663,116 |
| | | 50,141,211 |
| Software (4.7%) | | |
| Activision, Inc. (a) | 90,300 | 1,245,237 |
| Adobe Systems, Inc. | 201,570 | 7,038,824 |
| Autodesk, Inc. | 158,000 | 6,086,160 |
| CA, Inc. | 301,183 | 8,195,190 |
| Cognos, Inc. (a) | 135,000 | 5,251,500 |
| Electronic Arts, Inc. (a) | 158,600 | 8,678,592 |
| Microsoft Corp. | 676,675 | 18,412,327 |
| Oracle Corp. (a) | 236,025 | 3,231,182 |
| Salesforce.com, Inc. (a) | 185,500 | 6,739,215 |
| | | 64,878,227 |
| MATERIALS (1.7%) | | |
| Chemicals (1.0%) | | |
| Chemtura Corp. | 27,025 | 318,355 |
| Cytec Industries, Inc. | 31,200 | 1,872,312 |
| Lyondell Chemical Co. | 41,025 | 816,398 |
| The Mosaic Co. (a) | 296,650 | 4,256,927 |
| Praxair, Inc. | 134,000 | 7,390,100 |
| | | 14,654,092 |
| Containers & Packaging (0.2%) | | |
| Pactiv Corp. (a) | 97,075 | 2,382,221 |

See Notes to Schedule of Investments.

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| | SHARES | MARKET VALUE |
|---|----------------------|---------------------------------|
| COMMON STOCKS (CONTINUED) | | |
| Paper & Forest Products (0.5%) | | |
| International Paper Co. | 199,757 | \$ 6,905,599 |
| TELECOMMUNICATION SERVICES (0.2%) | | |
| Wireless Telecommunication Services (0.2%) | | |
| Telephone & Data Systems, Inc., Special Common Shares | 71,225 | 2,688,744 |
| UTILITIES (2.2%) | | |
| Independent Power Producers (1.1%) | | |
| Reliant Energy, Inc. (a) | 1,462,700 | 15,475,366 |
| Multi-Utilities (1.1%) | | |
| Sempra Energy | 199,800 | 9,282,708 |
| Wisconsin Energy Corp. | 146,075 | 5,841,539 |
| | | 15,124,247 |
| TOTAL COMMON STOCKS (COST OF \$1,181,781,006) | | 1,347,149,203 |
| PREFERRED STOCK (0.1%) | | |
| CONSUMER DISCRETIONARY (0.1%) | | |
| Automobiles (0.1%) | | |
| General Motors Corp. Series C (cost of \$1,300,532) | 73,700 | 1,278,695 |
| | INTEREST RATE | MATURITY DATE |
| | PAR VALUE | |
| CONVERTIBLE BONDS (0.2%) | | |
| INDUSTRIALS (0.2%) | | |
| Airlines (0.2%) | | |
| AMR Corp. (cost of \$2,026,759) | 4.25% | 09/23/23 \$ 1,894,000 3,189,022 |

See Notes to Schedule of Investments.

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| | PAR VALUE | MARKET VALUE |
|---|---------------|------------------|
| SHORT-TERM INVESTMENT (1.6%) | | |
| REPURCHASE AGREEMENT (1.6%) | | |
| Repurchase agreement with State Street Bank & Trust Co., dated 03/31/06, due 04/03/06 at 4.37%, collateralized by several U.S. Treasury Bonds with various maturity dates, market value of \$22,273,947 (repurchase proceeds \$21,831,948) (Cost of \$21,824,000) | \$ 21,824,000 | \$ 21,824,000 |
| TOTAL INVESTMENTS (99.7%) (COST OF \$1,206,932,297) | | 1,373,440,920 |
| OTHER ASSETS & LIABILITIES, NET (0.3%) | | 4,441,866 |
| NET ASSETS (100.0%) | | \$ 1,377,882,786 |
| NET ASSET VALUE PER SHARE (154,598,224 SHARES OUTSTANDING) | | \$ 8.91 |

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 three months ended March 31, 2006

| | |
|------------------------|-----------------------|
| Security name: | Bank of America Corp. |
| Shares as of 12/31/05: | 170,000 |
| Shares purchased: | |
| Shares sold: | |
| Shares as of 03/31/06: | 170,000 |

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Net realized gain:
Dividend income earned: \$85,000
Value at end of period: \$7,741,800

Gross unrealized appreciation and depreciation of investments at March 31, 2006 is as follows:

| | | |
|-------------------------------|----|--------------|
| Gross unrealized appreciation | \$ | 241,098,599 |
| Gross unrealized depreciation | | (74,589,976) |
| Net unrealized appreciation | \$ | 166,508,623 |

Acronym

Name

REIT Real Estate Investment Trust

Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer, based on his evaluation of the registrant's disclosure controls and procedures as of a date within 90 days of the filing of this report, has 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 | May 25, 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 | May 25, 2006 |
|------|--------------|

| | |
|--------------------------|---|
| By (Signature and Title) | /S/ J. Kevin Connaughton J. Kevin Connaughton, Treasurer |
|--------------------------|---|

| | |
|------|--------------|
| Date | May 25, 2006 |
|------|--------------|
