ALL-STAR®
FUNDS

Annual Report | December 31, 2019

Liberty All-Star® Equity Fund

USA
LISTED
NYSE

Contents

A SINGLE INVESTMENT…

A DIVERSIFIED CORE PORTFOLIO

A single fund that offers:

- A 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

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Fund's annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website at www.all-starfunds.com, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

You may elect to receive all future shareholder reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the Fund and your shares are held with the Fund's transfer agent, Computershare, you can call 1-800-542-3863 to let the Fund know you wish to continue receiving paper copies of your shareholder reports.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from a Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor you may log into your Investor Center account at www.computershare.com/investor and change your communication preferences.

Fellow Shareholders: *February 2020*

Equity investors were well rewarded in 2019 as key benchmarks reached record high levels throughout the year in the course of propelling the S&P 500® Index to an annual return of 31.49 percent. The widely-followed Dow Jones Industrial Average (DJIA) returned 25.34 percent for the year while the NASDAQ Composite Index posted the strongest gains of the three with a return of 36.69 percent.

All four quarters generated positive returns led by a 13.65 percent gain for the S&P 500® in the first quarter. Returns were positive in 10 months, with only May and August recording modest reversals; the strongest monthly returns were posted in January and June (8.01 percent and 7.05 percent, respectively). All 11 sectors comprising the S&P 500® recorded positive returns, led by information technology with a return of 50.33 percent. Energy trailed by a significant margin and posted the lowest return among the sectors, 11.87 percent.

A stable economy—underpinned by unemployment at a 50-year low, muted levels of inflation and better than expected corporate earnings—provided the stock market with the foundation for a strong year. But the factor that ultimately propelled the market to record levels was three interest rate reductions by the Federal Reserve—a reversal of 2018, when the Fed raised short-term rates four times. As well, the Fed indicated after its October rate cut that it would likely remain in a holding pattern for the foreseeable future insofar as rate actions are concerned.

For certain, 2019 was not without questions and concerns, the chief one being the trade/tariff dispute between the U.S. and China. Markets rose or fell depending on the tenor of pronouncements from Washington and Beijing. But in the fourth quarter, the administration began touting an imminent "Phase One" agreement with China that would provide relief to farmers and some companies. Investors concluded that their worst tariff concerns would not likely materialize, despite a worrisome decline in manufacturing activity in the U.S. Although messy, Brexit, too, began to show progress toward a resolution in early 2020 although the potential for tariffs negatively impacting U.S.-Europe trade lingered. As the year progressed, bond markets stabilized and the yield curve steepened on optimism that the U.S. economy would not slow. Indeed, around the world there was a growing feeling that economic growth may rebound from recent anemic levels.

Liberty All-Star® Equity Fund

For the fourth quarter, Liberty All-Star Equity Fund returned 8.72 percent with shares valued at net asset value (NAV) with dividends reinvested and 8.50 percent with shares valued at market price with dividends reinvested. (Fund returns are net of expenses.) This compares favorably to the Lipper Large-Cap Core Mutual Fund Average return of 8.53 percent.

For the full year, the Fund produced strong returns on both an absolute and relative basis. For the year, the Fund returned 30.07 percent with shares valued at NAV with dividends reinvested and 39.72 percent with shares valued at market price with dividends reinvested. The return on Fund shares valued at NAV and valued by market price both exceeded that of the Lipper benchmark, which returned 29.36 percent for the year. The market price return on Fund shares (with dividends reinvested) topped the return of the three benchmarks mentioned earlier—the S&P 500®, the DJIA and the NASDAQ Composite. Growth style investing—as measured by the Russell 1000® indices—continued to produce better relative returns than value style stocks over the course of the year. The Russell 1000® Growth Index returned 36.39 percent for 2019 while its value counterpart returned 26.54 percent.

The discount at which Fund shares trade relative to their underlying NAV narrowed in both the fourth quarter and the year. For the year, the discount ranged from -0.5 percent to -10.2 percent compared with a range of -2.3 percent to -12.1 percent in 2018. For the fourth quarter the discount was in a range of -0.5 percent to -2.5 percent versus -1.7 percent to -4.6 percent in the third quarter.

In accordance with the Fund's distribution policy, the Fund paid a distribution of $0.17 per share in the fourth quarter ($0.66 for 2019). The Fund's distribution policy has been in place since 1988 and is a major component of the Fund's total return. The Fund has paid distributions of $27.55 per share for a total of more than $3.0 billion since 1987 (the Fund's first full calendar year of operations). We continue to emphasize that shareholders should include these distributions when determining the total return on their investment in the Fund.

Once again in this annual report, we are pleased to be able to call on the Fund's five investment managers for analysis of the current investment environment as well insights into their thinking and strategy going forward. We invite shareholders to read their comments in our annual Manager Roundtable beginning on page 12.

We are gratified with the Fund's fine performance in 2019, but even more so with the Fund's results over the long term. Not only has the Fund's market price return over the past three- and five-year periods outperformed both the Lipper average and the S&P 500®, the same is true for the past 10 and 20 years—a clear measure of consistency over an extended period of time. We believe this underscores the strength of the Fund's multi-manager structure, but also our role at ALPS as the Fund's Advisor. Our mission is implementing our philosophy and process and, in doing so, selecting and monitoring the Fund's five managers. As appropriate, this includes replacing a manager—an action we have taken 18 times since the Fund's inception—in order to build and maintain the Fund's long-term performance. Results confirm the soundness of our approach, and we are committed to diligently executing it in the future.

Sincerely,

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

(Unaudited)

FUND STATISTICS AND SHORT-TERM PERFORMANCE PERIODS ENDED DECEMBER 31, 2019

FUND STATISTICS:

Net Asset Value (NAV)	$6.90
Market Price	$6.77
Discount	-1.9%

	Quarter	2019
Distributions*	$0.17	$0.66
Market Price Trading Range	$6.14 to $6.80	$5.28 to $6.80
Discount Range	-0.5% to -2.5%	-0.5% to -10.2%

PERFORMANCE:

	Quarter	2019
Shares Valued at NAV with Dividends Reinvested	8.72%	30.07%
Shares Valued at Market Price with Dividends Reinvested	8.50%	39.72%
Dow Jones Industrial Average	6.67%	25.34%
Lipper Large-Cap Core Mutual Fund Average	8.53%	29.36%
NASDAQ Composite Index	12.47%	36.69%
S&P 500® Index	9.07%	31.49%

* All 2019 distributions consist of ordinary dividends, long-term capital gains and return of capital. A breakdown of each 2019 distribution for federal income tax purposes can be found in the table on page 44.

The views expressed in the President's Letter, Unique Fund Attributes and Manager Roundtable reflect the current views of the respective parties. 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 respective parties disclaim 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. References to specific company securities should not be construed as a recommendation or investment advice.

LONG-TERM PERFORMANCE SUMMARY AND DISTRIBUTIONS PERIODS ENDED DECEMBER 31, 2019	ANNUALIZED RATES OF RETURN			
	3 YEARS	5 YEARS	10 YEARS	20 YEARS
LIBERTY ALL-STAR® EQUITY FUND				
Distributions	$1.90	$2.89	$4.60	$13.38
Shares Valued at NAV with Dividends Reinvested	15.31%	10.62%	11.73%	6.22%
Shares Valued at Market Price with Dividends Reinvested	21.35%	13.20%	13.64%	7.39%
Dow Jones Industrial Average	15.73%	12.59%	13.40%	7.18%
Lipper Large-Cap Core Mutual Fund Average	13.88%	10.20%	12.08%	5.80%
NASDAQ Composite Index	19.86%	14.93%	16.05%	4.95%
S&P 500® Index	15.27%	11.70%	13.56%	6.06%

Performance returns for the Fund are calculated assuming all distributions are reinvested at actual reinvestment prices and all primary rights in the Fund's rights offerings were exercised. 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 58.

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.

UNIQUE ATTRIBUTES OF Liberty All-Star® Equity Fund

Several attributes help to make the Fund a core equity holding for investors seeking diversification, income and the potential for long-term appreciation.

MULTI-MANAGEMENT FOR INDIVIDUAL INVESTORS

Liberty All-Star® Equity Fund is multi-managed, an investment discipline that is followed by large institutional investors to diversify their portfolios. In 1986, Liberty All-Star® Equity Fund became the first closed-end fund to bring multi-management to individual investors.

REAL-TIME TRADING AND LIQUIDITY

The Fund has a fixed number of shares that trade on the New York Stock Exchange and other exchanges. Share pricing is continuous—not just end-of-day, as it is with open-end mutual funds. Fund shares offer immediate liquidity, there are no annual sales fees and can often be traded commission free.

(Unaudited)

ACCESS TO INSTITUTIONAL MANAGERS

The Fund's investment managers invest primarily for pension funds, endowments, foundations and other institutions. Because institutional managers are closely monitored by their clients, they tend to be more disciplined and consistent in their investment process.

MONITORING AND REBALANCING

ALPS Advisors continuously monitors these investment managers to ensure that they are performing as expected and adhering to their style and strategy, and will replace managers when warranted. Periodic rebalancing maintains the Fund's structural integrity and is a well-recognized investment discipline.

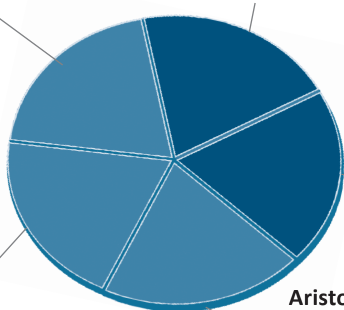
ALIGNMENT AND OBJECTIVITY

Alignment with shareholders' best interests and objective decision-making help to ensure that the Fund is managed openly and equitably. In addition, the Fund is governed by a Board of Trustees that is elected by and responsible to shareholders.

DISTRIBUTION POLICY

Since 1988, the Fund has followed a policy of paying annual distributions on its shares at a rate that approximates historical equity market returns. The current annual distribution rate is 10 percent of the Fund's net asset value (paid quarterly at 2.5 percent per quarter), providing a systematic mechanism for distributing funds to shareholders.

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



Sustainable Growth Advisers, LP
GROWTH/Seeks to invest in companies with predictable, sustainable earnings and cash flow growth over the long term.

Macquarie Investment Management
VALUE/Seeks to capitalize on discrepancies between estimated intrinsic value and price, buying at times of excessive pessimism and selling at times of undue optimism.

TCW Investment Management Company
GROWTH/Seeks to invest in companies that have superior sales growth, leading and/or rising market shares, and high and/or rising profit margins.

Pzena Investment Management, LLC
VALUE/Seeks to invest in companies with low price-to-normalized earnings ratios that have the ability to generate earnings recovery.

Aristotle Capital Management, LLC
VALUE/Seeks to own high quality, attractively valued companies that possess catalysts for positive change.

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 DECEMBER 31, 2019

INVESTMENT STYLE SPECTRUM
VALUE — GROWTH

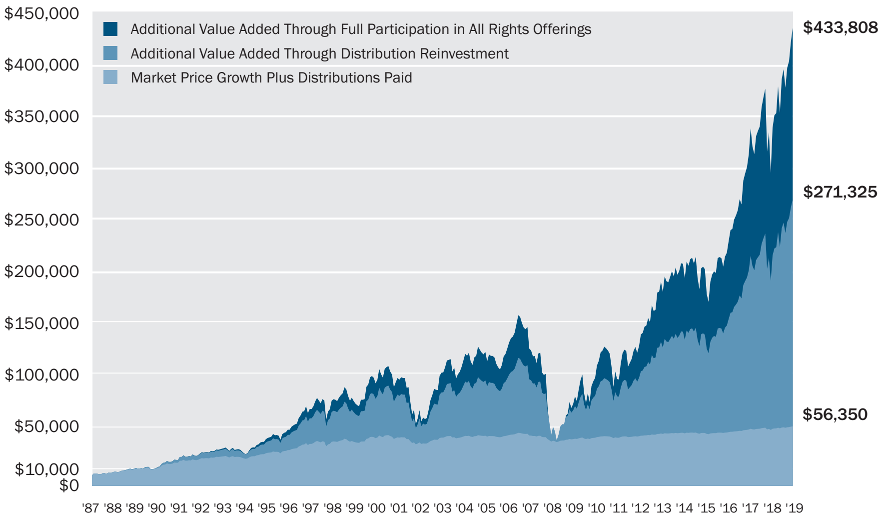
	Pzena	Macquarie	Aristotle	Sustainable	TCW	Total Fund	S&P 500® Index
Number of Holdings	38	33	43	30	32	148*	505
Percent of Holdings in Top 10	39%	33%	36%	43%	52%	19%	23%
Weighted Average Market Capitalization (billions)	$66	$104	$140	$243	$237	$157	$292
Average Five-Year Earnings Per Share Growth	4%	7%	15%	16%	29%	14%	11%
Dividend Yield	2.4%	2.6%	1.6%	0.8%	0.5%	1.6%	1.9%
Price/Earnings Ratio**	15x	19x	18x	35x	43x	23x	23x
Price/Book Value Ratio	1.3x	2.3x	2.6x	7.8x	7.9x	2.7x	3.6x

* *Certain holdings are held by more than one manager.*
** *Excludes negative earnings.*

(Unaudited)

GROWTH OF A HYPOTHETICAL $10,000 INVESTMENT

The graph below illustrates the growth of a hypothetical $10,000 investment assuming the purchase of shares of beneficial interest at the closing market price (NYSE: USA) of $6.00 on December 31, 1987, and tracking its progress through December 31, 2019. For certain information, it also assumes that a shareholder exercised all primary rights in the Fund's rights offerings (see below). This graph covers the period since the Fund commenced its distribution policy in 1988.



The growth of the investment assuming all distributions were received in cash and not reinvested back into the Fund. The value of the investment under this scenario grew to $56,350 (including the December 31, 2019 value of the original investment of $11,283 plus distributions during the period of $43,950 and tax credits on retained capital gains of $1,117).

The additional value realized through reinvestment of all distributions and tax credits. The value of the investment under this scenario grew to $271,325.

The additional value realized through full participation in all the rights offerings under the terms of each offering. The value of the investment under this scenario grew to $433,808 excluding the cost to fully participate in all the rights offerings under the terms of each offering which was $49,966.

Past performance cannot predict future results. Performance will fluctuate with changes in 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.

(Unaudited)

YEAR	PER SHARE DISTRIBUTIONS	RIGHTS OFFERINGS MONTH COMPLETED	SHARES NEEDED TO PURCHASE ONE ADDITIONAL SHARE	SUBSCRIPTION PRICE	TAX CREDITS[1]
1987	$1.18				
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	0.48				
2017[5]	0.56				
2018	0.68				
2019	0.66				
Total	$27.55				

1 *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.*

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

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

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

5 *Effective with the fourth quarter distribution, the annual distribution rate was changed from 8 percent to 10 percent.*

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 fourth quarter of 2019.

	SHARES	
SECURITY NAME	PURCHASE (SALES)	HELD AS OF 12/31/19
PURCHASES		
Gildan Activewear, Inc.	167,372	251,536
Ulta Beauty, Inc.	22,977	43,748
SALES		
Banco Bilbao Vizcaya Argentaria SA	(810,000)	0
Lowe's Cos., Inc.	(47,577)	75,400

DISTRIBUTION POLICY

The current policy is to pay distributions on its shares totaling approximately 10 percent of its net asset value per year, payable in four quarterly installments of 2.5 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 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 shareholder 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.

December 31, 2019 (Unaudited)

TOP 20 HOLDINGS*	PERCENT OF NET ASSETS
Adobe, Inc.	2.18%
Visa, Inc.	2.11
PayPal Holdings, Inc.	2.10
Amazon.com, Inc.	2.09
Alphabet, Inc.	1.90
Microsoft Corp.	1.85
Halliburton Co.	1.81
salesforce.com, Inc.	1.74
Facebook, Inc.	1.59
Abbott Laboratories	1.39
Danaher Corp.	1.38
Capital One Financial Corp.	1.37
Mondelez International, Inc.	1.34
Bank of America Corp.	1.29
Equinix, Inc.	1.27
American International Group, Inc.	1.25
Amgen, Inc.	1.13
American Tower Corp.	1.05
Home Depot, Inc.	0.99
ServiceNow, Inc.	0.94
	30.77%

ECONOMIC SECTORS*	PERCENT OF NET ASSETS
Information Technology	21.03%
Financials	16.28
Health Care	15.18
Consumer Discretionary	12.47
Industrials	8.75
Energy	6.71
Communication Services	5.79
Consumer Staples	5.39
Real Estate	3.52
Materials	2.90
Utilities	0.89
Other Net Assets	1.09
	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.

MANAGER ROUNDTABLE

After a strong 2019, perspectives from the Fund's investment managers make it clear that consistent adherence to their style, strategy and investment process are essential to navigating in ever-changing investment environments.

Liberty All-Star Equity Fund's five investment managers represent long experience, deep knowledge, a proven track record and, given that they represent both growth and value styles of investing, a broad point of view on the stock market and equity investing generally. Thus, once again, we are grateful to be able to call upon this resource to provide Fund shareholders with commentary and insight. The Fund's Investment Advisor, ALPS Advisors, serves as moderator of the roundtable. Participating investment management firms, the portfolio manager for each, and their respective styles and strategies are:

ARISTOTLE CAPITAL MANAGEMENT, LLC

Portfolio Manager/Howard Gleicher, CFA
CEO and Chief Investment Officer
Investment Style/Value – Aristotle seeks to invest in high quality companies that it believes are selling at a significant discount to their intrinsic value and where catalysts exist that will lead to a realization by the market of this true value. Aristotle practices a fundamental, bottom-up research-driven process and invests with a long-term perspective.

MACQUARIE INVESTMENT MANAGEMENT

Portfolio Manager/Nik Lalvani, CFA
Senior Portfolio Manager, Team Leader
Investment Style/Value – Macquarie uses a research-intensive approach to identify companies it believes are undervalued as indicated by multiple factors, including the earnings and cash flow potential or the assets of the company. Macquarie seeks to buy companies at times of excessive pessimism and sell at times of undue optimism.

PZENA INVESTMENT MANAGEMENT, LLC

Portfolio Manager/Benjamin S. Silver, CFA, CPA
Principal and Portfolio Manager
Investment Style/Value – Pzena uses fundamental research and a disciplined process to identify good companies with a sustainable business advantage that the firm believes are undervalued on the basis of current price to an estimated normal level of earnings.

SUSTAINABLE GROWTH ADVISERS, LP

Portfolio Manager/Kishore D. Rao
Principal and Portfolio Manager
Investment Style/Growth—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.

TCW INVESTMENT MANAGEMENT COMPANY

Portfolio Manager/Craig C. Blum, CFA
Group Managing Director
Investment Style/Growth – TCW invests in companies that have superior sales growth, leading and/or rising market shares, and high and/or rising profit margins. TCW's concentrated growth equity strategy seeks companies with distinct advantages in their business model.

From the perspective of your style and strategy, where do you see the best opportunities in 2020 and where might you be inclined to hedge your bets? Ben Silver, let's ask you to start off for the value managers.

Silver (Pzena – Value): Shunned by growth-focused investors and those seeking safety in a climate of heightened uncertainty, cyclical stocks have represented fertile hunting ground from a value perspective, with some high-quality franchises trading at depressed valuations. Oilfield services represents one of the most attractively valued industries in today's markets. Capital spending in the oil industry has been depressed following the fall in oil prices in 2014, resulting in oil service company revenues 60-70 percent below the peak levels of five years ago. We believe that the decline in oil reserves will eventually result in greater spending to find and develop new fields, benefitting these businesses. We continue to find good values in financials, autos, advertising and selected industrial businesses, whereas bond proxies, e.g., utilities and real estate investment trusts (REITs), have offered few value opportunities.

"Cyclical stocks have represented fertile hunting ground from a value perspective, with some high-quality franchises trading at depressed valuations."

—Benjamin Silver
(Pzena – Value)

Thanks. Nik Lalvani and Howard Gleicher, let's stay with the value managers and ask for your thoughts.

Lalvani (Macquarie – Value): Our view of the economy and stock market continues to be somewhat cautious. Economic growth is likely to remain modest, in our view, and valuations appear full. In 2019, multiple expansion alone—in the absence of earnings growth—has led to remarkable returns and new market highs. This doesn't seem sustainable and it feels like we are late in what is now a record-long economic expansion.

We're seeing attractive opportunities in the health care sector. Where the U.S. stock market has seen multiple expansion with no earnings growth this year, this sector has delivered on earnings with only modest multiple expansion. We also like health care for its natural defensiveness and generally strong balance sheet and cash flow characteristics. Additionally, we are looking at opportunities across other defensive sectors and some cyclical sectors, focusing on what we see as higher quality businesses trading at discounted valuations.

"We're seeing attractive opportunities in health care … this sector has delivered on earnings with only modest multiple expansion."

—Nik Lalvani
(Macquarie – Value)

Gleicher (Aristotle – Value): We have long said that we do not trade stocks, we invest in companies. Our philosophy requires a process employing detailed company analyses. That is, as we scour the world for investment opportunities, we seek hidden values one at a time and add them to the portfolio if deemed optimal. While we focus on businesses that span different industries and sectors, sometimes a theme may develop.

At present we are invested in fewer consumer package goods companies than in years past. Conversely, today we are invested in more banking businesses than in prior periods. These investments are not a reflection of our view on the macroeconomic environment, e.g., consumer spending or the slope of the yield curve, but rather the result of our, oftentimes painstakingly slow, work on each individual business.

Craig Blum and Kishore Rao, what are the growth style managers' insights as you look ahead?

Blum (TCW – Growth): As active stock pickers managing a concentrated portfolio, we do not purchase stocks based on the attractiveness of a particular sector vis-à-vis the broader market and we do not "hedge our bets." Our approach is extremely targeted as we are interested in owning only companies with strong business models and growing end markets. Often these companies benefit from long-wave secular trends and many exhibit a degree of idiosyncratic growth, which we find particularly attractive given the current stage of the business cycle. In last year's roundtable we predicted market leadership might come from the information technology sector given the multi-year secular trends we are witnessing, including but not limited to ubiquitous connectivity, 5G, digital transformation, AI and online advertising migration. Despite the strong performance of our information technology holdings in 2019, we believe many of these companies are still in the early innings of their long-term growth trajectories.

"Our approach is extremely targeted as we are interested in owning only companies with strong business models and growing end markets."

—Craig Blum
(TCW – Growth)

Rao (Sustainable – Growth): We do not focus our work on evaluating sectors or industries other than in the normal course of understanding the ecosystems our companies operate in. Rather, our focus is on individual businesses where we seek quality companies with superior pricing power, recurring revenues, long runways of growth, strong cash flow generation and financial characteristics, and a management team whose interests are well aligned with shareholders. We see attractive opportunities in several areas of the market ranging from health care and consumer staples to information technology, consumer discretionary and communication services. At the same time, there are areas of the market that fail to meet our business quality and growth criteria. Generally, you will not see our portfolios heavily invested in the more cyclical industrials, energy or materials sectors due to our preference for more predictable and recurring revenue streams. Likewise, we tend not to invest in utilities or real estate, which normally fail to offer the above-average growth or business quality that we seek.

"We seek quality companies with superior pricing power, recurring revenues, long runways of growth, strong cash flow and management interests aligned with shareholders."

—Kishore Rao
(Sustainable – Growth)

Thanks to all. With your responses to our opening question as background, let's get more specific and ask you to share two examples of stocks in the portfolio—whether new or longtime holdings—that serve as specific examples to illustrate your thinking. We'll stay with the growth managers and ask Kishore to begin.

Rao (Sustainable – Growth): While there are areas where we tend not to invest, as just noted, we do not automatically rule out stocks in these areas and periodically we find attractive opportunities that make their way into SGA's portfolios. A great example is Equinix (EQIX), which is technically a REIT but is also a leading global data center provider that interconnects and co-places strategic clients such that they are bound to its data centers for low latency, reduced traffic transit costs and/or high bandwidth services. The creation of ecosystems in multiple industries and verticals helps the company maintain significant pricing power relative to its competitors. Likewise, in the materials sector we're invested in Linde (LIN), the largest industrial gas company in the world, which continues to benefit from synergies resulting from its combination with Praxair. The company's strong logistics infrastructure, willingness to co-locate operations close to customers and long-term contracts benefit its pricing power and recurring revenue streams. It also offers long runways of growth via further expansion into emerging markets.

Blum (TCW – Growth): We have owned shares of American Tower (AMT) for over a decade. As a leading global independent owner, operator and developer of wireless and broadcast infrastructure, principally cell towers, AMT is benefiting from the explosion in mobile data traffic and the rollout of 5G mobile networks. According to Gartner, mobile data traffic is expected to increase nearly 8x by 2024, at which point 5G networks will carry more data than the combined traffic of 4G, 3G and 2G networks today. AMT's towers with multiple tenants allow for high incremental margins while long-term contracts—five to 10 years with annual price escalators—provide a high degree of revenue visibility.

The Trade Desk (TTD), which we purchased in 2019, is a demand-side platform used by agencies and brands to plan, execute and measure digital advertising campaign buys outside of "walled gardens" like Google and Facebook. Advertising is a $750 billion industry today that is expected to reach $1 trillion in the next decade. TTD's platform is independent, as opposed to Google's DoubleClick, and self-serve with superior bidding algorithms and more performance transparency than others. The company continues to invest in future growth areas, such as Connected TV, and we believe TTD may benefit from increased advertising spending related to the 2020 election. Importantly, the company has not had to choose between growth and profitability, as it is currently running at about 40 percent-plus revenue growth with a 30 percent-plus EBITDA margin, putting the company in rare air.

Let's have the value managers do the same and ask Howard to lead-off.

Gleicher (Aristotle – Value): "Quality – Value – Catalyst" is at the heart of our approach. We identify what we perceive to be quality businesses where others may not recognize their value and where catalysts exist to propel the companies forward. With that as background we are pleased to share two companies currently in the portfolio.

We have a long history with East West Bancorp (EWBC), having previously invested in the company. Our current "vintage" of East West began in 2017. We have always admired EWBC as what we believe to be a unique bank in an otherwise homogeneous U.S. banking system. Headquartered in Pasadena, California, East West is the leading bank serving the Asian community in the U.S. and one of few U.S. banks with a full banking license in China. The current U.S.-China trade dispute has pressured East West's stock price even while business fundamentals remain quite healthy, resulting in what we believe to be a rather attractive valuation of less than 10x price-to-normalized earnings.

"We identify quality businesses where others may not recognize their value and where catalysts exist to propel the companies forward."

—Howard Gleicher
(Aristotle – Value)

One of the many catalysts we identified for East West is persistent market share gains, particularly in markets outside of California, including Texas and the Southeast and Northeast regions of the U.S.

After following the company for years, we added Tyson Foods (TSN) to the portfolio in 2019. With over $40 billion in annual sales, Tyson is one of the world's largest food companies and a recognized leader in protein. We believe Tyson is unique within the packaged food industry in its ability to "brand" previously commoditized categories. Although the prepared foods segment, including acquisitions, now makes up more than one-third of earnings and perhaps half of the company's intrinsic value, others still seem to view this company as a pure commodity player while expressing enthusiasm for other protein producers such as Beyond Meat. Today, Tyson carries a price-to-sales ratio of less than 1x while currently loss-making Beyond Meat commands a generous price-to-sales ratio of over 15x. Catalysts are numerous including: further success branding previously commodity categories, particularly chicken, resulting in higher and more stable margins and penetration of value-added pricing over the more commodity-like practices of the past, to name just two.

Thanks. Nik and Ben?

Lalvani (Macquarie – Value): CVS Health Corporation (CVS) combines retail pharmacy, pharmacy benefit management and health insurance operations. We believe its shares offer a compelling value opportunity. The stock trades at just under half the S&P 500® price/earnings multiple. CVS generates $4 billion in annual free cash flow and its near-term focus is on paying down debt. Once it achieves its targeted leverage ratio, it expects to resume share buybacks. CVS's growth prospects are attractive, in our view, and the shares offer a dividend yield of 2.7 percent.

Broadcom Inc. (AVGO), a leading developer of semiconductors, was added to the strategy in early 2019. We view Broadcom as having an attractive valuation and solid cash-flow characteristics. It tends to have less exposure to economically cyclical areas versus its peers, and about half of Broadcom's business is tied to the theme of increasing data usage. The company recently raised its dividend by 23 percent and now has an indicated yield of approximately 4.0 percent.

Silver (Pzena – Value): A recent addition to the portfolio is National Oilwell Varco (NOV), a leading global provider of capital equipment for oil and gas exploration and production, or "E&P." The investment opportunity arose as the last boom in E&P capital spending collapsed in 2014 on the back of a precipitous decline in oil prices. Amid this challenging environment, NOV management brought the company to breakeven profitability through rationalizing its operational footprint and making painstaking efforts to right-size its business. We believe the company's path to earnings normalization will continue through self-help initiatives that can accelerate margin recovery as conditions improve from a cyclical trough.

Capital One Financial Corporation (COF) is another example. Capital One, which specializes in credit cards, auto loans and other banking services, has a well-established history of profitable credit underwriting that has carried it successfully through difficult credit cycles. Today the company's stock has become unusually cheap as investors fear we may be entering a period of deteriorating credit quality and rising delinquencies, particularly in subprime auto loans. We feel the company's low valuation of about 1x price-to-tangible book value already prices in these uncertainties and does not reflect the long-term value of Capital One's leading franchise and demonstrated history of navigating these cycles.

Now, to switch gears and look back, we could say 2019 was another year when growth stocks outperformed value stocks. So, let's ask the growth and value managers slightly different questions about this long-term trend. Growth managers: What factors have kept growth stocks in the lead for such an extended period of time. Do you expect this environment to prevail going forward? What factors could potentially lead to a shift in favor of value stocks or, at the least, level the playing field? Start us off, please, Craig.

Blum (TCW – Growth): The multi-year outperformance of growth stocks versus value stocks this cycle has been well-chronicled with many investors wondering when this phenomenon will revert. September 2019 marked an interesting reversal with value outperforming growth as lower quality factors such as financial leverage, high cyclicality and low returns on capital were rewarded by the market in the third quarter. While higher quality factors—which is our bailiwick—resumed their performance in 4Q19, the question remains whether growth stocks have seen their best days. Rather than try to predict which "style" will outperform, our focus is on Total Addressable Market, or TAM, and Business Model Advantage, or BMA. Growth is simply a byproduct of our emphasis on large TAMs and superior business models, and historically we have correlated with growth simply because when we get TAM and business model right, the company tends to experience high and/or accelerating growth versus a given benchmark. It is our view that the companies we own with BMA and expanding TAMs should outperform slower-growth, capital intensive cyclicals that constitute much of the value benchmark over a cycle, but there will surely be shorter-term periods where these value stocks will outperform.

Rao (Sustainable – Growth): Muted and uneven economic growth following the great financial crisis combined with low interest rates led to an environment where companies offering above-average earnings growth looked more attractive to investors. Low interest rates set the stage for significant multiple expansion and a narrow group of growth stocks to generate significant returns relative to other growth businesses, creating meaningful valuation differences. While growth has been in favor as a style, it has been highly bifurcated with little emphasis on the underlying quality of the growth businesses or the valuation of the growth streams. This has created attractive opportunities in other less popular growth businesses. We took advantage of this by owning large positions in Autodesk (ADSK), Ecolab (ECL), Equinix (EQIX) and FleetCor Technologies (FLT) among others. In the last year, profit growth expectations declined precipitously over global growth concerns given the U.S.-China trade war, Brexit, the potential for rising interest rates and weakness in Europe. Recent positive events relative to trade, Brexit, strong U.S. employment and the likelihood of more monetary and fiscal stimulus globally have made investors more optimistic about profit growth, leading to strength in more economically sensitive businesses. While this could provide a boost to value stocks in the short term as market expectations recalibrate, over our three- to five-year time horizon we continue to expect rising market volatility and slow to moderate growth to keep companies with above-average growth attractive.

Let's turn now to the value managers and ask if there is a catalyst with the potential to generate a rotation favoring value over growth? Do value stocks reflect a structural change that has taken place over the last decade-plus, i.e., at one time many value stocks represented tangible assets—plant and equipment, for instance—whereas today's assets may be more intangible, like goodwill, for example? Ben, your thoughts?

Silver (Pzena – Value): Investors' preference for high growth disrupters and low volatility bond proxies has driven valuation dispersion between the cheapest and most expensive stocks to near record levels. We believe economic and geopolitical uncertainties and falling interest rates have been major contributors to what has gotten us to this point. Improved sentiment around these uncertainties, a leveling off of interest rates and investors' new-found skepticism about highly-valued but money-losing "unicorns" should help set the stage for a value resurgence.

Our definition of value has always been based on a company's current valuation compared to its long-term normalized earnings potential, regardless of whether those earnings are derived from hard assets, i.e., plant and equipment, or intangibles such as R&D and goodwill. Our adherence to this philosophy, as opposed to a traditional value approach based on price-to-book ratio, has enabled our strategy to evolve with the times and include "asset-lite" business models in our investment process as they become more prevalent in the U.S. economy.

Howard and Nik, round it out for the value managers, please.

Gleicher (Aristotle – Value): The observation regarding tangible and intangible assets is an excellent one.

Value can mean different things to different people. At Aristotle Capital, value means buying something at a discount to what we believe to be its intrinsic value. For others, value means "statistically cheap." In fact, the Russell 1000® Value Index utilizes just one metric to determine if a company is "value" and that is price-to-book ratio. Strangely, in our view, some of the most important drivers of intrinsic value are ignored: business model, management, capital structure, return on invested capital, cost of capital and free cash flow to name a few. How can one know the intrinsic value of a business without understanding these items? Would readers purchase a home solely based on price without regard for the location, required down payment, mortgage rate and cash carry costs?

Value metrics such as the price-to-book ratio can be highly informative in evaluating intrinsic value for a company that derives a significant portion of said value from tangible assets such as property, plant and equipment (PP&E) and manufacturing businesses. These types of items are less relevant in other businesses, so it is imperative investors understand what the drivers of intrinsic value are for each individual business. As the economy has evolved, businesses have evolved. U.S. GDP is now 75 percent services. Manufacturing is half of what it was decades ago. In our view, services are, generally speaking, steadier, more predictable businesses with strong cash flows and good returns. Services businesses also tend to have fewer tangible assets, resulting in a less relevant, and higher, price/book ratio, which in turn may remove it from value indices. Despite significant evolution in global economies, "statistically cheap" focused investors may have not followed—yet, I would add parenthetically.

Lalvani (Macquarie – Value): The current environment of slow growth, low interest rates and muted inflation remains conducive to a growth-led market, in our view. Some form of disruption, such as a meaningful economic or market downturn, could serve as a potential catalyst for value stocks, which tend to outperform in the rebound phase following these types of events. This was evident following the downturns in the early 1990s, the early 2000s and again after the global financial crisis. We tend to take a broad view of what can constitute a value stock. It's because of our process, whereby we maintain exposure across all economic sectors. Yes, the nature of corporate assets has shifted with intangibles making up a larger and larger share. That said, we define value opportunities as those where the market is overly discounting a company's long-term earnings power, cash flow generation and/or asset value.

With very few exceptions—other than the U.S-China tariff dispute and Brexit, although both look somewhat less daunting after recent events—perceptions of risk seem to have diminished and investor sentiment has become much more positive as the rally that paused in August continued into year-end 2019. What risks do you see on the horizon that concern you or, at the least, warrant closer monitoring? Kishore, lead off for the growth managers, please.

Rao (Sustainable – Growth): While the businesses we invest in, by their nature have unique growth opportunities that should be less susceptible to more macroeconomic or geopolitical market concerns, an environment where there is greater government regulation and taxation would be negative for U.S. economic growth and stocks in general. With the upcoming presidential elections, flaring Middle East tensions, the implementation of Brexit and ongoing trade negotiations there will be significant posturing and rhetoric that will affect market sentiment, growth expectations and specific industries. While our companies will likely be in a better position to deal with change, they would likely nonetheless be affected to some degree. We will monitor key issues and rhetoric and evaluate the potential impacts on our Qualified Company List and portfolio businesses. At the same time, short-term emotional fluctuations in investor outlooks can create opportunity and we will be looking for opportunities to upgrade the forecast growth and business quality of our holdings.

Craig, what is TCW watching?

Blum (TCW – Growth): While investors currently appear more sanguine compared to a year ago, we note that individual investors have been a net seller of stocks since the dawn of the current bull market over 10 years ago. If investors are so bullish, why do flows continue to pile into bond funds? Contrarily, we find this quite constructive for the possibility that the longest bull market on record could go extra innings. But as usual, we have no shortage of concerns beyond China and Brexit. To name a few, we worry about the immense amount of debt created since the great recession, a previously inverted yield curve, negative interest rates, weak global data coming from the purchasing manager indices (PMIs), the increasingly hostile political discourse in the U.S., increased tensions with Iran and the fact that financial repression via quantitative easing has widened the wealth gap.

Let's turn to the value managers to wrap it up on this final question. Nik, start us off, please.

Lalvani (Macquarie – Value): We agree that perceptions of risk appear to have diminished. One concern of ours is valuation risk. The broad market S&P 500® Index delivered a 31 percent total return in 2019, driven almost entirely by multiple expansion, as corporate earnings are expected to be flat to down for the year. From these levels, we think it's reasonable to expect lower annualized returns over our five-year investment horizon. Another concern is high and rising debt levels. This is a global problem, for the most part. Global debt is near record levels in both absolute terms and as a percentage of global GDP. High debt has the potential to crowd out future investment and curtail economic growth. We think a slower growth environment has the potential to constrain future equity market returns. Near term, we think geopolitical risks warrant closer monitoring as does the U.S. general election and its implications for regulatory, tax and trade policies.

Howard and Ben, what are you monitoring?

Gleicher (Aristotle – Value): There truly is always something to consider in economics, financial markets and investments. But what is important to consider is whether current headlines are analyzable, truly differentiated and meaningful for long-term investors, or merely interesting conversation topics. Our work at Aristotle Capital is focused on individual companies. Where broader issues are relevant, we take a long-term view, attempting to minimize the distractions of what may be on others' minds. Of course, with individual businesses as well, there is always something.

In recent years several of our holdings have benefited from the shift toward a subscription business model. While we admire many attributes of the subscription business model, we are cognizant of the fact that these business models have yet to be fully tested in a downturn.

Silver (Pzena – Value): Geopolitical events, a resurgence in fear of a global recession and lower interest rates are some of the larger risks that we would highlight. That said, it is investors' over-reaction to these risks that creates long-term opportunity. Our focus is on the quality of a business franchise and self-help steps management can take—like cost-cutting and integrating new technologies—to adapt to the environment to make it through these challenges. A company's operational and financial flexibility is another key attribute. While we've seen a recent shift in sentiment propel both the equity markets and our portfolio, we believe it signifies the very early stages of a long-overdue narrowing of valuation spreads and the opportunity for value remains robust.

Many thanks to all for sharing your valuable insights into market dynamics past, present and future. The investment environment in 2020 should make for an exceptionally interesting year and we look forward to our next exchange a year hence.

	SHARES	MARKET VALUE
COMMON STOCKS (98.90%)		
COMMUNICATION SERVICES (5.79%)		
Diversified Telecommunication Services (1.22%)		
AT&T, Inc.	229,300	$ 8,961,044
Verizon Communications, Inc.	141,100	8,663,540
		17,624,584
Interactive Media & Services (3.84%)		
Alphabet, Inc., Class C[(a)]	20,470	27,368,799
Facebook, Inc., Class A[(a)]	111,626	22,911,237
Twitter, Inc.[(a)]	155,000	4,967,750
		55,247,786
Media (0.73%)		
Interpublic Group of Cos., Inc.	329,201	7,604,543
Omnicom Group, Inc.	35,326	2,862,112
		10,466,655
CONSUMER DISCRETIONARY (12.46%)		
Auto Components (0.75%)		
Lear Corp.	79,050	10,845,660
Automobiles (0.53%)		
Ford Motor Co.	822,817	7,652,198
Hotels, Restaurants & Leisure (0.88%)		
Yum! Brands, Inc.	126,362	12,728,444
Household Durables (2.20%)		
Lennar Corp., Class A	117,000	6,527,430
Lennar Corp., Class B	2,500	111,750
Mohawk Industries, Inc.[(a)]	55,744	7,602,367
Newell Brands, Inc.	494,422	9,502,791
Sony Corp.[(b)]	117,000	7,956,000
		31,700,338
Internet & Direct Marketing Retail (2.68%)		
Amazon.com, Inc.[(a)]	16,295	30,110,553
Booking Holdings, Inc.[(a)]	4,125	8,471,636
		38,582,189
Multiline Retail (0.52%)		
Dollar Tree, Inc.[(a)]	79,000	7,429,950
Specialty Retail (2.98%)		
Home Depot, Inc.	65,580	14,321,360
Lowe's Cos., Inc.	75,400	9,029,904
TJX Cos., Inc.	140,093	8,554,079

See Notes to Financial Statements.

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Specialty Retail (continued)		
Ulta Beauty, Inc.[(a)]	43,748	$ 11,074,369
		42,979,712
Textiles, Apparel & Luxury Goods (1.92%)		
Gildan Activewear, Inc.	251,536	7,427,858
NIKE, Inc., Class B	107,951	10,936,516
PVH Corp.	87,930	9,245,839
		27,610,213
CONSUMER STAPLES (5.39%)		
Beverages (0.74%)		
Coca-Cola Co.	142,000	7,859,700
Monster Beverage Corp.[(a)]	44,909	2,853,967
		10,713,667
Food & Staples Retailing (0.81%)		
Costco Wholesale Corp.	24,466	7,191,047
Walgreens Boots Alliance, Inc.	77,000	4,539,920
		11,730,967
Food Products (3.07%)		
Archer-Daniels-Midland Co.	180,700	8,375,445
Conagra Brands, Inc.	266,514	9,125,439
Mondelez International, Inc., Class A	350,319	19,295,571
Tyson Foods, Inc., Class A	81,000	7,374,240
		44,170,695
Personal Products (0.77%)		
Estee Lauder Cos., Inc., Class A	24,251	5,008,801
Unilever NV	105,000	6,033,300
		11,042,101
ENERGY (6.71%)		
Energy Equipment & Services (3.11%)		
Baker Hughes Co.	286,192	7,335,101
Halliburton Co.	1,066,403	26,094,881
National Oilwell Varco, Inc.	452,139	11,326,082
		44,756,064
Oil, Gas & Consumable Fuels (3.60%)		
Cabot Oil & Gas Corp.	359,000	6,250,190
Cenovus Energy, Inc.	528,447	5,363,737
ConocoPhillips	128,900	8,382,367
Marathon Oil Corp.	588,210	7,987,892
Occidental Petroleum Corp.	187,700	7,735,117
Phillips 66	70,000	7,798,700
Pioneer Natural Resources Co.	25,500	3,859,935

See Notes to Financial Statements.

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Oil, Gas & Consumable Fuels (continued)		
Royal Dutch Shell PLC, Class A[(b)]	77,126	$ 4,548,892
		51,926,830
FINANCIALS (16.28%)		
Banks (5.89%)		
Bank of America Corp.	526,486	18,542,837
BOK Financial Corp.	42,000	3,670,800
Citigroup, Inc.	161,935	12,936,987
Commerce Bancshares, Inc.	70,875	4,815,248
Cullen/Frost Bankers, Inc.	38,000	3,715,640
East West Bancorp, Inc.	94,300	4,592,410
JPMorgan Chase & Co.	93,488	13,032,227
Mitsubishi UFJ Financial Group, Inc.[(b)]	650,000	3,529,500
Truist Financial Corp.	159,300	8,971,776
Wells Fargo & Co.	206,430	11,105,934
		84,913,359
Capital Markets (3.70%)		
Ameriprise Financial, Inc.	48,500	8,079,130
Bank of New York Mellon Corp.	160,400	8,072,932
Charles Schwab Corp.	125,500	5,968,780
Goldman Sachs Group, Inc.	31,782	7,307,635
KKR & Co., Inc., Class A	169,926	4,956,741
Morgan Stanley	177,414	9,069,404
S&P Global, Inc.	20,800	5,679,440
UBS Group AG	325,600	4,096,048
		53,230,110
Consumer Finance (1.37%)		
Capital One Financial Corp.	192,039	19,762,733
Diversified Financial Services (0.98%)		
AXA Equitable Holdings, Inc.	331,351	8,210,878
Voya Financial, Inc.	97,006	5,915,426
		14,126,304
Insurance (4.34%)		
Allstate Corp.	82,200	9,243,390
American International Group, Inc.	351,890	18,062,514
Axis Capital Holdings, Ltd.	89,225	5,303,534
Chubb, Ltd.	78,333	12,193,315
Marsh & McLennan Cos., Inc.	82,600	9,202,466
MetLife, Inc.	166,053	8,463,721
		62,468,940

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	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
HEALTH CARE (15.18%)		
Biotechnology (2.08%)		
Alexion Pharmaceuticals, Inc.[(a)]	25,400	$ 2,747,010
Amgen, Inc.	67,530	16,279,457
BioMarin Pharmaceutical, Inc.[(a)]	45,300	3,830,115
Regeneron Pharmaceuticals, Inc.[(a)]	18,813	7,063,905
		29,920,487
Health Care Equipment & Supplies (5.10%)		
Abbott Laboratories	230,817	20,048,765
Alcon, Inc.[(a)]	94,313	5,335,286
Align Technology, Inc.[(a)]	23,749	6,626,921
Becton Dickinson and Co.	31,241	8,496,615
Boston Scientific Corp.[(a)]	113,000	5,109,860
Danaher Corp.	129,680	19,903,286
Medtronic PLC	70,000	7,941,500
		73,462,233
Health Care Providers & Services (3.56%)		
Cardinal Health, Inc.	248,647	12,576,565
Cigna Corp.	46,457	9,499,992
CVS Health Corp.	126,900	9,427,401
McKesson Corp.	52,029	7,196,651
UnitedHealth Group, Inc.	42,916	12,616,446
		51,317,055
Life Sciences Tools & Services (0.92%)		
Illumina, Inc.[(a)]	39,933	13,247,374
Pharmaceuticals (3.52%)		
Johnson & Johnson	59,300	8,650,091
Merck & Co., Inc.	99,900	9,085,905
Mylan NV[(a)]	205,038	4,121,264
Novartis AG[(b)]	68,000	6,438,920
Novo Nordisk A/S[(b)]	98,018	5,673,282
Pfizer, Inc.	191,300	7,495,134
Zoetis, Inc.	69,800	9,238,030
		50,702,626
INDUSTRIALS (8.75%)		
Aerospace & Defense (1.59%)		
General Dynamics Corp.	34,000	5,995,900
Northrop Grumman Corp.	23,400	8,048,898
Raytheon Co.	40,300	8,855,522
		22,900,320

See Notes to Financial Statements.

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Building Products (1.03%)		
Allegion PLC	68,500	$ 8,530,990
Johnson Controls International PLC	156,000	6,350,760
		14,881,750
Commercial Services & Supplies (0.96%)		
Waste Connections, Inc.	61,000	5,538,190
Waste Management, Inc.	72,300	8,239,308
		13,777,498
Industrial Conglomerates (0.92%)		
General Electric Co.	1,178,708	13,154,381
Machinery (2.78%)		
Oshkosh Corp.	90,500	8,565,825
Parker-Hannifin Corp.	37,000	7,615,340
Stanley Black & Decker, Inc.	51,049	8,460,861
Wabtec Corp.	121,364	9,442,119
Xylem, Inc.	75,500	5,948,645
		40,032,790
Professional Services (1.47%)		
IHS Markit, Ltd.[(a)]	165,914	12,501,620
TransUnion	101,800	8,715,098
		21,216,718
INFORMATION TECHNOLOGY (21.03%)		
Communications Equipment (0.52%)		
Cisco Systems, Inc.	155,600	7,462,576
IT Services (6.47%)		
Automatic Data Processing, Inc.	40,599	6,922,130
Cognizant Technology Solutions Corp., Class A	119,301	7,399,048
FleetCor Technologies, Inc.[(a)]	27,877	8,020,770
Mastercard, Inc., Class A	34,255	10,228,200
PayPal Holdings, Inc.[(a)]	279,704	30,255,582
Visa, Inc., Class A	161,390	30,325,181
		93,150,911
Semiconductors & Semiconductor Equipment (2.67%)		
ASML Holding N.V.	14,771	4,371,330
Broadcom Ltd.	27,300	8,627,346
Intel Corp.	146,400	8,762,040
Microchip Technology, Inc.	89,000	9,320,079
NVIDIA Corp.	31,143	7,327,948
		38,408,743

See Notes to Financial Statements.

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Software (10.81%)		
Adobe, Inc.[a]	95,265	$ 31,419,351
ANSYS, Inc.[a]	39,000	10,038,990
Autodesk, Inc.[a]	61,485	11,280,038
Intuit, Inc.	36,477	9,554,420
Microsoft Corp.	169,291	26,697,191
Oracle Corp.	182,098	9,647,552
salesforce.com, Inc.[a]	153,923	25,034,037
ServiceNow, Inc.[a]	48,081	13,574,228
Splunk, Inc.[a]	48,900	7,323,753
Trade Desk, Inc., Class A[a]	16,344	4,245,844
Workday, Inc., Class A[a]	42,333	6,961,662
		155,777,066
Technology Hardware, Storage & Peripherals (0.56%)		
Hewlett Packard Enterprise Co.	509,076	8,073,945
MATERIALS (2.90%)		
Chemicals (2.34%)		
Corteva, Inc.	147,559	4,361,844
Ecolab, Inc.	45,110	8,705,779
EI du Pont de Nemours & Co.	113,551	7,289,974
Linde PLC	26,504	5,642,702
PPG Industries, Inc.	57,000	7,608,930
		33,609,229
Construction Materials (0.56%)		
Martin Marietta Materials, Inc.	29,000	8,109,560
REAL ESTATE (3.52%)		
Equity Real Estate Investment Trusts (REITs) (3.52%)		
American Tower Corp.	65,600	15,076,192
Equinix, Inc.	31,357	18,303,081
Equity LifeStyle Properties, Inc.	66,000	4,645,740
Equity Residential	101,600	8,221,472
Sun Communities, Inc.	30,000	4,503,000
		50,749,485
UTILITIES (0.89%)		
Electric Utilities (0.89%)		
Edison International	170,095	12,826,864
TOTAL COMMON STOCKS		
(COST OF $1,089,328,674)		1,424,491,110

See Notes to Financial Statements.

	SHARES	MARKET VALUE
SHORT TERM INVESTMENTS (2.28%)		
MONEY MARKET FUND (2.28%)		
State Street Institutional US Government Money Market Fund, 1.531%[(c)]		
(COST OF $32,859,609)	32,859,609	$ 32,859,609
TOTAL SHORT TERM INVESTMENTS		
(COST OF $32,859,609)		32,859,609
TOTAL INVESTMENTS (101.18%)		
(COST OF $1,122,188,283)		1,457,350,719
LIABILITIES IN EXCESS OF OTHER ASSETS (-1.18%)		(17,063,837)
NET ASSETS (100.00%)		$ 1,440,286,882
NET ASSET VALUE PER SHARE		
(208,837,577 SHARES OUTSTANDING)		$ 6.90

(a) Non-income producing security.
(b) American Depositary Receipt.
(c) Rate reflects seven-day effective yield on December 31, 2019.

See Notes to Financial Statements.

December 31, 2019

ASSETS:	
Investments at market value (Cost $1,122,188,283)	$1,457,350,719
Foreign Currency, at value (Cost $21,127)	21,127
Receivable for investment securities sold	4,909,884
Dividends and interest receivable	1,195,847
Tax reclaim receivable	202,287
Receivable for dividends reinvested	13,461,078
Prepaid and other assets	55,941
TOTAL ASSETS	1,477,196,883
LIABILITIES:	
Payable for investments purchased	171,737
Distributions payable to shareholders	35,156,188
Investment advisory fee payable	838,450
Payable for administration, pricing and bookkeeping fees	418,465
Accrued Trustees' fees payable	9,144
Accrued expenses	316,017
TOTAL LIABILITIES	36,910,001
NET ASSETS	$1,440,286,882
NET ASSETS REPRESENTED BY:	
Paid-in capital	$1,140,807,566
Total distributable earnings	$299,479,316
NET ASSETS	$1,440,286,882
Shares of common stock outstanding (unlimited number of shares of beneficial interest without par value authorized)	208,837,577
NET ASSET VALUE PER SHARE	$6.90

See Notes to Financial Statements.

For the Year Ended December 31, 2019

INVESTMENT INCOME:	
Dividends (Net of foreign taxes withheld at source which amounted to $225,166)	$22,922,527
Securities lending income	21,642
TOTAL INVESTMENT INCOME	22,944,169
EXPENSES:	
Investment advisory fee	9,442,187
Administration fee	2,360,555
Pricing and bookkeeping fees	165,260
Audit fee	50,329
Custodian fee	110,774
Insurance expense	53,024
Legal fees	252,033
NYSE fee	217,041
Shareholder communication expenses	147,346
Transfer agent fees	119,845
Trustees' fees and expenses	266,969
Miscellaneous expenses	48,888
TOTAL EXPENSES	13,234,251
NET INVESTMENT INCOME	9,709,918
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:	
Net realized gain on investment transactions	120,573,288
Net realized gain on foreign currency transactions	785
Net change in unrealized appreciation on investments	211,450,315
Net change in unrealized depreciation on foreign currency transactions	(335)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	332,024,053
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$341,733,971

See Notes to Financial Statements.

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
FROM OPERATIONS:		
Net investment income	$9,709,918	$9,569,061
Net realized gain on investment transactions	120,574,073	100,668,585
Net change in unrealized appreciation/(depreciation) on investments	211,449,980	(168,327,936)
Net Increase/(Decrease) in Net Assets From Operations	341,733,971	(58,090,290)
DISTRIBUTIONS TO SHAREHOLDERS:		
From distributable earnings	(130,361,118)	(109,670,517)
Return of capital	(4,161,021)	(23,661,265)
Total Distributions	(134,522,139)	(133,331,782)
CAPITAL SHARE TRANSACTIONS:		
Dividend reinvestments	49,999,516	44,719,226
Net increase resulting from Capital Share Transactions	49,999,516	44,719,226
Total Increase/(Decrease) in Net Assets	257,211,348	(146,702,846)
NET ASSETS:		
Beginning of period	1,183,075,534	1,329,778,380
End of period	$1,440,286,882	$1,183,075,534

See Notes to Financial Statements.

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Financial Highlights

PER SHARE OPERATING PERFORMANCE:	
Net asset value at beginning of period	
INCOME FROM INVESTMENT OPERATIONS:	
Net investment income[a]	
Net realized and unrealized gain/(loss) on investments	
Total from Investment Operations	
LESS DISTRIBUTIONS TO SHAREHOLDERS:	
Net investment income	
Net realized gain on investments	
Return of capital	
Total Distributions	
Net asset value at end of period	
Market price at end of period	
TOTAL INVESTMENT RETURN FOR SHAREHOLDERS:[b]	
Based on net asset value	
Based on market price	
RATIOS AND SUPPLEMENTAL DATA:	
Net assets at end of period (millions)	
Ratio of expenses to average net assets	
Ratio of net investment income to average net assets	
Portfolio turnover rate	

(a) Calculated using average shares outstanding during the period.

(b) Calculated assuming all distributions are reinvested at actual reinvestment prices. The net asset value and market price returns will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares traded during the period. Past performance is not a guarantee of future results.

See Notes to Financial Statements.

For the Year Ended December 31,				
2019	2018	2017	2016	2015
$5.89	$6.87	$6.13	$6.18	$6.84
0.05	0.05	0.04	0.04	0.04
1.62	(0.35)	1.26	0.39	(0.19)
1.67	(0.30)	1.30	0.43	(0.15)
(0.05)	(0.05)	(0.04)	(0.05)	–
(0.59)	(0.51)	(0.45)	(0.38)	(0.51)
(0.02)	(0.12)	(0.07)	(0.05)	–
(0.66)	(0.68)	(0.56)	(0.48)	(0.51)
$6.90	$5.89	$6.87	$6.13	$6.18
$6.77	$5.38	$6.30	$5.16	$5.35
30.1%	(4.5%)	23.4%	9.1%	(1.0%)
39.7%	(4.9%)	34.4%	6.1%	(2.0%)
$1,440	$1,183	$1,330	$1,161	$1,137
0.99%	1.00%	1.01%	1.07%	1.04%
0.73%	0.72%	0.64%	0.76%	0.60%
23%	22%	21%	46%	76%

NOTE 1. ORGANIZATION

Liberty All-Star® Equity Fund (the "Fund") is a Massachusetts business trust registered under the Investment Company Act of 1940 (the "1940 Act"), as amended, as a diversified, closed-end management investment company.

Investment Goal

The Fund seeks total investment return comprised of long-term 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

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The Fund is considered an investment company under U.S. generally accepted accounting principles ("GAAP") and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board *Accounting Standards Codification* Topic 946.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

Security Valuation

Equity securities are valued at the last sale price at the close of the principal exchange on which they trade, except for securities listed on the NASDAQ Stock Market LLC ("NASDAQ"), which are valued at the NASDAQ official closing price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Cash collateral from securities lending activity is reinvested in the State Street Navigator Securities Lending Government Money Market Portfolio ("State Street Navigator"), a registered investment company under the 1940 Act, which operates as a money market fund in compliance with Rule 2a-7 under the 1940 Act. Shares of registered investment companies are valued daily at that investment company's net asset value per share.

The Fund's investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Fund's Board of Trustees (the "Board"). When market quotations are not readily available, or in management's judgment they do not accurately reflect fair value of a security, or an event occurs after the market close but before the Fund is priced that materially affects the value of a security, the securities will be valued by the Fund's Fair Valuation Committee using fair valuation procedures established by the Board. Examples of potentially significant events that could materially impact the value of a security include, but are not limited to: single issuer events such as corporate actions, reorganizations, mergers, spin-offs, liquidations, acquisitions and buyouts; corporate announcements on earnings or product offerings; regulatory news; and litigation and multiple issuer events such as governmental actions; natural disasters or armed conflicts that affect a country or a region; or significant market fluctuations. Potential significant events are monitored by the Advisor ALPS Advisors Inc. (the "Advisor" and "AAI"), Sub-Advisers and/or the Valuation Committee through independent reviews of market indicators, general news sources and communications from the Fund's custodian. As of December 31, 2019, the Fund held no securities that were fair valued.

Security Transactions

Security transactions are recorded on trade date. Cost is determined and gains/(losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Income Recognition

Interest income is recorded on the accrual basis. Corporate actions and dividend income are recorded on the ex-date.

The Fund estimates components of distributions from real estate investment trusts ("REITs"). Distributions received in excess of income are recorded as a reduction of the cost of the related investments. Once the REIT reports annually the tax character of its distributions, the Fund revises its estimates. If the Fund no longer owns the applicable securities, any distributions received in excess of income are recorded as realized gains.

Lending of Portfolio Securities

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

Any cash collateral received is reinvested in State Street Navigator. Non-cash collateral, in the form of securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, is not disclosed in the Fund's Statements of Assets and Liabilities as it is held by the lending agent on behalf of the Fund and the Fund does not have the ability to re-hypothecate these securities. Income earned by the Fund from securities lending activity is disclosed in the Statement of Operations.

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

As of December 31, 2019 there were no securities on loan.

Fair Value Measurements

The Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

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

Equity securities that are valued based on unadjusted quoted prices in active markets are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the mean of the most recent quoted bid and ask prices on such day and are generally categorized as Level 2 in the hierarchy. Investments in open-end mutual funds are valued at their closing NAV each business day and are categorized as Level 1 in the hierarchy.

Various inputs are used in determining the value of the Fund’s investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments.

These inputs are categorized in the following hierarchy under applicable financial accounting standards:

Level 1 – Unadjusted quoted prices in active markets for identical investments, unrestricted assets or liabilities that a Fund has the ability to access at the measurement date;

Level 2 – Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

Level 3 – Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2019:

Investments in Securities at Value	Valuation Inputs Level 1	Level 2	Level 3	Total
Common Stocks*	$ 1,424,491,110	$ –	$ –	$ 1,424,491,110
Short Term Investments	32,859,609	–	–	32,859,609
Total	$ 1,457,350,719	$ –	$ –	$ 1,457,350,719

* *See Schedule of Investments for industry classifications.*

The Fund did not have any securities that used significant unobservable inputs (Level 3) in determining fair value during the period.

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.

NOTE 3. FEDERAL TAX INFORMATION AND TAX BASIS INFORMATION

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Fund's capital accounts for permanent tax differences to reflect income and gains available for distribution (or available capital loss carryforwards) under income tax regulations. If, for any calendar year, the total distributions made under the distribution policy exceed the Fund's net investment income and net realized capital gains, the excess will generally be treated as a non-taxable return of capital, reducing the shareholder's adjusted basis in his or her shares. If the Fund's net investment income and net realized capital gains for any year exceed the amount distributed under the distribution policy, the Fund may, in its discretion, retain and not distribute net realized capital gains and pay income tax thereon to the extent of such excess.

Classification of Distributions to Shareholders

Net investment income/(loss) and net realized gain/(loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. Due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gain was recorded by the Fund. The amounts and characteristics of tax basis distributions and composition of distributable earnings/(accumulated losses) are determined at the time in which distributions are paid, which may occur after the fiscal year end. Accordingly, tax basis balances have not been determined as of December 31, 2019.

For the year ended December 31, 2019, permanent book and tax basis differences resulting primarily from excess distributions were identified and reclassified among the components of the Fund's net assets as follows:

Distributable earnings	Paid-In Capital
$ (3,359,775)	$ 3,359,775

The tax character of distributions paid during the years ended December 31, 2019 and December 31, 2018 were as follows:

Distributions Paid From:	December 31, 2019	December 31, 2018
Ordinary Income	$ 12,794,142	$ 11,589,164
Long-term capital gains	117,566,976	98,081,353
Return of Capital	4,161,021	23,661,265
Total	$ 134,522,139	$ 133,331,782

As of December 31, 2019, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income	Accumulated Capital Gains	Net Unrealized Appreciation	Other Cumulative Effect of Timing Differences	Total
$ –	$ –	$ 334,554,326	$ (35,075,010)	$ 299,479,316

The other cumulative effect of timing differences in the components of distributable earnings is related to the difference in timing of the distributions payable for financial statement and tax purposes.

As of December 31, 2019, the cost of investments for federal income tax purposes and accumulated net unrealized appreciation/(depreciation) on investments was as follows:

Cost of Investments	Gross unrealized Appreciation (excess of value over tax cost)	Gross unrealized Depreciation (excess of tax cost over value)	Net Unrealized Appreciation
$ 1,109,282,960	$ 383,013,923	$ (48,459,597)	$ 334,554,326

The differences between book-basis and tax-basis are primarily due to deferral of losses from wash sales and the differing treatment of certain other investments.

Federal Income Tax Status

For federal income tax purposes, the Fund currently qualifies, and intends to remain qualified, as a regulated investment company under the provisions of Subchapter M of the Internal Revenue Code of 1986, as amended, by distributing substantially all of its investment company taxable net income including realized gain, not offset by capital loss carryforwards, if any, to its shareholders. Accordingly, no provision for federal income or excise taxes has been made.

As of and during the year ended December 31, 2019, the Fund did not have a liability for any unrecognized tax benefits. The Fund files U.S. federal, state, and local tax returns as required. The Fund's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

NOTE 4. FEES AND COMPENSATION PAID TO AFFILIATES

Investment Advisory Fee

AAI serves as the investment advisor to the Fund. AAI receives a monthly investment advisory fee based on the Fund's average daily net assets at the following annual rates:

Average Daily Net Assets	Annual Fee Rate
First $400 million	0.800%
Next $400 million	0.720%
Next $400 million	0.648%
Over $1.2 billion	0.584%

Investment Advisory Fees for the year ended December 31, 2019 are reported on the Statement of Operations.

AAI retains multiple Portfolio Managers to manage the Fund's investments in various asset classes. AAI pays each Portfolio Manager a portfolio management fee based on the assets of the investment portfolio that they manage. The portfolio management fee is paid from the investment advisory fees collected by AAI and is based on the Fund's average daily net assets at the following annual rates:

Average Daily Net Assets	Annual Fee Rate
First $400 million	0.400%
Next $400 million	0.360%
Next $400 million	0.324%
Over $1.2 billion	0.292%

Administration, Bookkeeping and Pricing Services

ALPS Fund Services, Inc. ("ALPS") serves as the administrator to the Fund and the Fund has agreed to pay expenses incurred in connection with this service. Pursuant to an Administrative, Bookkeeping and Pricing Services Agreement, ALPS provides operational services to the Fund including, but not limited to, fund accounting and fund administration and generally assists in the Fund's operations. Officers of the Trust are employees of ALPS. The Fund's administration fee is accrued on a daily basis and paid monthly. Administration, Pricing and Bookkeeping fees paid by the Fund for the year ended December 31, 2019 are disclosed in the Statement of Operations.

The Fund also reimburses ALPS for out-of-pocket expenses and charges, including fees payable to third parties for pricing the Fund's portfolio securities and direct internal costs incurred by ALPS in connection with providing fund accounting oversight and monitoring and certain other services.

Fees Paid to Officers
All officers of the Fund, including the Fund's Chief Compliance Officer, are employees of AAI or its affiliates, and receive no compensation from the Fund. The Board of Trustees has appointed a Chief Compliance Officer to the Fund in accordance with federal securities regulations.

NOTE 5. PORTFOLIO INFORMATION

Purchases and Sales of Securities
For the year ended December 31, 2019, the cost of purchases and proceeds from sales of securities, excluding short-term obligations, were $303,726,133 and $362,862,107, respectively.

NOTE 6. CAPITAL TRANSACTIONS

During the year ended December 31, 2019 and year ended December 31, 2018, distributions in the amounts of $49,999,516 and $44,719,226, respectively, were paid in newly issued shares valued at market value or net asset value, but not less than 95% of market value. Such distributions resulted in the issuance of 8,025,673 and of 7,228,907 shares, respectively.

NOTE 7. INDEMNIFICATION

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund. Also, under the Fund's organizational documents and by contract, the Trustees and Officers of the Fund are indemnified against certain liabilities that may arise out of their duties to the Fund. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be minimal.

To the shareholders and the Board of Trustees of Liberty All-Star® Equity Fund

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Liberty All-Star® Equity Fund (the "Fund"), including the schedule of investments, as of December 31, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2019, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2019, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

DELOITTE & TOUCHE LLP

Denver, Colorado
February 20, 2020

We have served as the auditor of one or more investment companies advised by ALPS Advisors, Inc. since 2007.

(Unaudited)

Under the Fund's Automatic Dividend Reinvestment and Direct Purchase Plan (the "Plan"), shareholders automatically participate and have all their Fund dividends and distributions reinvested by Computershare Trust Company, N.A., as agent for participants in the Plan (the "Plan Agent"), in additional shares of the Fund. For further information, call Investor Assistance at 1-800-LIB-FUND (1-800-542-3863) weekdays between 9 a.m. and 5 p.m. Eastern Time.

Shareholders whose shares are held in the name of a brokerage firm, bank or other nominee can participate in the Plan only if their brokerage firm, bank or nominee is able to do so on their behalf. Shareholders participating in the Plan through a brokerage firm may not be able to transfer their shares to another brokerage firm and continue to participate in the Plan.

Under the Plan, all dividends and distributions will be reinvested in additional shares of the Fund. Distributions declared payable in cash will be reinvested for the accounts of participants in the Plan in additional shares purchased by the Plan Agent on the open market at prevailing market prices. If, prior to the Plan Agent's completion of such open market purchases, the market price of a share plus estimated brokerage commissions exceeds the net asset value, the remainder of the distribution will be paid in newly issued shares valued at net asset value (but not at a discount of more than 5% from market price). Distributions declared payable in shares (or cash at the option of shareholders) are paid to participants in the Plan entirely in newly issued full and fractional shares valued at the lower of market value or net asset value per share on the valuation date for the distribution (but not at a discount of more than 5 percent from market price). Dividends and distributions are subject to taxation, whether received in cash or in shares.

Plan participants have the option of making additional investments of $100 or more on a monthly basis up to a maximum of $120,000 in a calendar year. These direct purchases will be invested on or shortly after the 15th of each month and direct purchases should be sent so as to be received by the Plan Agent at least two business days prior to the next investment date. Barring suspension of trading, direct purchases will be invested within 35 days after such date. Alternatively, participants can authorize an automatic monthly deduction from a checking or savings account at a U.S. bank or other financial institution. A participant may withdraw a direct purchase by written notice received by the Plan Agent at least two business days before such payment is to be invested.

The Plan Agent maintains all shareholder accounts in the Plan and furnishes confirmations of all transactions in the account, including information needed by shareholders for tax records. Shares in the account of each Plan participant will be held by the Plan Agent in book-entry or noncertificated form in the name of the participant, and each shareholder's proxy will include those shares purchased or received pursuant to the Plan.

There is no charge to participants for reinvesting distributions pursuant to the Plan. The Plan Agent's fees are paid by the Fund, therefore indirectly by shareholders. There are no brokerage charges with respect to shares issued directly by the Fund as a result of dividends or distributions declared payable in shares. However, each participant bears a per share fee (which includes any brokerage commissions the Plan Agent is required to pay) incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of distributions declared payable in cash.

(Unaudited)

With respect to direct purchases, the Plan Agent will charge $1.25 for purchase by check and $2.00 for automatic investment transactions, plus a per share fee (which includes any brokerage commissions the Plan Agent is required to pay). Sales of shares held in the Plan will also be subject to a service fee of $2.50 and a per share fee currently $0.10. All fees described in this summary are subject to change. Please contact the Plan Agent for the current fees.

Shareholders may terminate their participation in the Plan by notifying the Plan Agent by telephone, through the Internet or in writing. Such termination will be effective immediately if notice is received by The Plan Agent prior to any dividend record date and all subsequent dividends and distributions will be paid in cash instead of shares.

The Fund reserves the right to amend or terminate the Plan.

The full text of the Plan may be found on the Fund's website at www.all-starfunds.com.

TAX INFORMATION

All 2019 distributions whether received in cash or shares of the Fund consist of the following:

(1) ordinary dividends
(2) long-term capital gains
(3) return of capital

The table below details the breakdown of each 2019 distribution for federal income tax purposes.

			Total Ordinary Dividends			
Record Date	Payable Date	Amount per Share	Qualified	Non-Qualified	Long-Term Capital Gains	Return of Capital
11/16/18*	01/02/19	$0.16	9.76%	–	89.63%	0.61%
01/25/19	03/11/19	$0.15	9.76%	–	89.63%	0.61%
04/26/19	06/10/19	$0.17	9.76%	–	89.63%	0.61%
07/26/19	09/09/19	$0.17	9.76%	–	89.63%	0.61%
11/15/19**	01/02/20	$0.17	–	–	–	–

* *Pursuant to Section 852 of the Internal Revenue Code, the taxability of this distribution will be reported in the Form 1099-DIV for 2019.*
** *Pursuant to Section 852 of the Internal Revenue Code, the taxability of this distribution will be reported in the Form 1099-DIV for 2020.*

Tax Designations

The Fund designates the following as a percentage of taxable ordinary income distributions for the calendar year ended December 31, 2019:

Qualified Dividend Income	100.00%
Dividend Received Deduction	100.00%

Pursuant to Section 852(b)(3) of the Internal Revenue Code, Liberty All-Star Equity Fund designated $117,566,976 as long-term capital gain dividends.

SHAREHOLDER MEETING RESULTS

On August 22, 2019, the Annual Meeting of Shareholders of the Fund was held to elect two Trustees to the Board. On June 10, 2019, the record date for the meeting, the Fund had outstanding 204,697,796 shares of beneficial interest. The votes cast at the meeting were as follows:

Proposal 1 – To elect two Trustees:

Nominee	For	Against/Withheld
John J. Neuhasuer	168,864,100.265	8,343,630.462
Milton M. Irvin	169,305,337.954	7,902,392.773

(Unaudited)

The Fund's Statement of Additional Information includes additional information about the Fund's Trustees and is available, without charge, by contacting the Fund at 1-800-542-3863.

INDEPENDENT TRUSTEES

Name (Year of Birth) and Address*	Position with Equity Fund, Term of Office and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen By Trustee**	Other Directorships Held
Thomas W. Brock Year of Birth: 1947	Trustee since 2005; Chairman since 2015; Term expires 2020	Chief Executive Officer, Silver Bay Realty (2016 –2017); Acting Chief Executive Officer, Silver Bay Realty (2016); Director, Silver Bay Realty (2012 –2017)	2	Trustee, Equitable AXA Annuity Trust (since January 2016), and 1290 Funds (since January 2016)
George R. Gaspari Year of Birth: 1940	Trustee since 2006; Term expires 2020	Financial Services Consultant (1996-2012)	2	Trustee (since 1999) and Chairman – Audit Committee (since January 2015), The Select Sector SPDR Trust
John J. Neuhauser Year of Birth: 1943	Trustee since 1998; Term expires 2022	Retired. Formerly, President, St. Michael's College (2007-2018); University Professor 2005-2007, Boston College (formerly Academic Vice President and Dean of Faculties, from 1999 - 2005, Boston College)	2	Trustee, Columbia Funds Series Trust I (since 1985)

* *The address for all Trustees is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1000, Denver, CO 80203.*

** *The Fund Complex for the Funds includes any registered investment company advised by ALPS Advisors, Inc. or any registered investment company sub-advised by Congress Asset Management Company, LLP, Pzena Investment Management, LLC, Macquarie Investment Management, Aristotle Capital Management, LLC, Weatherbie Capital, LLC, TCW Investment Management Company and Sustainable Growth Advisers, LP.*

(Unaudited)

INDEPENDENT TRUSTEES (continued)

Name (Year of Birth) and Address*	Position with Equity Fund, Term of Office and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen By Trustee**	Other Directorships Held
Maureen K. Usifer Year of Birth: 1960	Trustee since 2018; Term Expires 2021	Board Member Green Mountain Care Board (2017-Present), Board Advisor, Healthy Living Market (2017-Present), Board of Trustees, Saint Michael's College (2015-Present), and Chief Financial Officer, Seventh Generation, Inc. (2012-2016)	2	Director BlackRock Capital Investment Corporation (since 2005)
Milton M. Irvin Year of Birth: 1949	Trustee since 2018; Term Expires 2022	Retired (2012); Chair, Advisory Board Member Castle Oak Securities (2012-present); Chair, Investment Committee Member Executive Leadership Counsel (2006-present); Chair, Board Member South Carolina State University (2015-present); Graduate Executive Board Member Wharton School (2009-2016)	2	None

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(Unaudited)

IINTERESTED TRUSTEE

Name (Year of Birth) and Address*	Position with Equity Fund, Term of Office and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen By Trustee**	Other Directorships Held
Edmund J. Burke*** Year of Birth: 1961	Trustee since 2006; Term expires 2021	Mr. Burke joined ALPS in 1991 and served as the President and Director of ALPS Holdings, Inc., and ALPS Advisors, Inc., and Director of ALPS Distributors, Inc., ALPS Fund Services, Inc., and ALPS Portfolio Solutions Distributor, Inc. Mr. Burke retired from ALPS in June 2019. Mr. Burke is deemed an affiliate of the Fund as defined under the 1940 Act.	27	Trustee (since 2009) - Financial Investors Trust, Trustee (since 2004) - Clough Global Dividend and Income Fund, Trustee (since 2006) - Clough Global Equity Fund, Trustee -Clough Global Opportunities Fund, and Trustee - Clough Funds Trust (since 2015).

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** *The Fund Complex for the Funds includes any registered investment company advised by ALPS Advisors, Inc. or any registered investment company sub-advised by Congress Asset Management Company, LLP, Pzena Investment Management, LLC, Macquarie Investment Management, Aristotle Capital Management, LLC, Weatherbie Capital, LLC, TCW Investment Management Company and Sustainable Growth Advisers, LP.*

*** *Mr. Burke is an "interested person" of the Funds under Section 2(a)(19) of the 1940 Act because he was formerly the CEO and President of ALPS Holdings, Inc..*

(Unaudited)

OFFICERS

Name (Year of Birth) and Address*	Position with Fund**	Year First Elected or Appointed to Office	Principal Occupation(s) During Past Five Years
William R. Parmentier, Jr. Year of Birth: 1952	President	1999	Chief Investment Officer, ALPS Advisors, Inc. (since 2006); President of the Liberty All-Star Funds (since April 1999); Senior Vice President, Banc of America Investment Advisors, Inc. (2005-2006). Mr. Parmentier is deemed an affiliate of the Funds as defined under the 1940 Act.
Mark T. Haley, CFA Year of Birth: 1964	Senior Vice President	1999	Senior Vice President of the Liberty All-Star Funds (since January 1999); Vice President, ALPS Advisors, Inc. (since 2006); Vice President, Banc of America Investment Advisors (1999-2006). Mr. Haley is deemed an affiliate of the Funds as defined under the 1940 Act.
Kimberly R. Storms Year of Birth: 1972	Treasurer	2013	Director of Fund Administration and Senior Vice President of ALPS Fund Services, Inc. Ms. Storms is currently Treasurer of Liberty All-Star Growth Fund, Financial Investors Trust, and ALPS Series Trust. Ms. Storms is deemed an affiliate of the Funds as defined under the 1940 Act.

* *The address of each officer, other than Messrs. Parmentier and Haley is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1000, Denver, CO 80203. The address of Messrs. Parmentier and Haley is c/o ALPS Advisors, Inc., One Financial Center, 4th Floor, Boston, MA 02111.*

** *Officers are elected annually and each officer will hold such office until a successor has been elected by the Board.*

OFFICERS (continued)

Name (Year of Birth) and Address*	Position with Fund**	Year First Elected or Appointed to Office	Principal Occupation(s) During Past Five Years
Matthew Sutula Year of Birth: 1985	Chief Compliance Officer	2019	Mr. Sutula joined ALPS in 2012 and currently serves as Chief Compliance Officer of ALPS Advisors, Inc. ("AAI"). Prior to his current role, Mr. Sutula served as Compliance Manager and Senior Compliance Analyst for AAI, as well as Compliance Analyst for ALPS Fund Services, Inc. Prior to joining ALPS, he spent seven years at Morningstar, Inc. in various analyst roles supporting the registered investment company databases. Because of his position with ALPS, Mr. Sutula is deemed an affiliate of the Trust as defined under the 1940 Act. Mr. Sutula is also Interim Chief Compliance Officer of Principal Real Estate Income Fund, ALPS Variable Investment Trust, RiverNorth Opportunities Fund, Inc. and Liberty All-Star Growth Fund, Inc.
Sareena Khwaja-Dixon Year of Birth: 1980	Secretary	2016	Ms. Khwaja-Dixon joined ALPS in August 2015 and is currently Senior Counsel and Vice President of ALPS Fund Services, Inc. Prior to joining ALPS, Ms. Khwaja-Dixon served as a Senior Paralegal/Paralegal for Russell Investments (2011 – 2015). Ms. Khwaja-Dixon is also Secretary of Clough Dividend and Income Fund, Clough Global Opportunities Fund, Clough Global Equity Fund, Clough Funds Trust, and Assistant Secretary of Financial Investors Trust. Ms. Khwaja-Dixon is deemed an affiliate of the Funds as defined under the 1940 Act.

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** *Officers are elected annually and each officer will hold such office until a successor has been elected by the Board.*

OFFICERS (continued)

Name (Year of Birth) and Address*	Position with Fund**	Year First Elected or Appointed to Office	Principal Occupation(s) During Past Five Years
Jennifer A. Craig Year of Birth: 1973	Assistant Secretary	2017	Ms. Craig joined ALPS in 2007 and is currently Assistant Vice President and Paralegal Manager of ALPS. Prior to joining ALPS, Ms. Craig was Legal Manager at Janus Capital Management LLC and served as Assistant Secretary of Janus Investment Fund, Janus Adviser Series and Janus Aspen Series. Ms. Craig is also Assistant Secretary of Financial Investors Trust, Clough Dividend and Income Fund, Clough Global Opportunities Fund and Clough Global Equity Fund.

* *The address of each officer, other than Messrs. Parmentier and Haley is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1000, Denver, CO 80203. The address of Messrs. Parmentier and Haley is c/o ALPS Advisors, Inc., One Financial Center, 4th Floor, Boston, MA 02111.*

** *Officers are elected annually and each officer will hold such office until a successor has been elected by the Board.*

The Investment Company Act of 1940 requires that the Board of Trustees ("Board") of the Liberty All-Star Equity Fund ("Fund"), including all of the Trustees who are not "interested persons" of the Fund ("Independent Trustees"), annually review the Fund's investment advisory agreements and consider whether to renew them for an additional year. At its meeting on September 9, 2019, the Board, including a majority of the Independent Trustees, conducted such a review and approved the continuation of the Fund Management Agreement between the Fund and ALPS Advisors, Inc. ("AAI") and each separate Portfolio Management Agreement among the Fund and the following independent investment management firms: Aristotle Capital Management LLC ("Aristotle"), Macquarie Investment Management ("Macquarie"), Pzena Investment Management, LLC ("Pzena"), Sustainable Growth Advisers, LP ("Sustainable"), and TCW Investment Management Company ("TCW"). Aristotle, Macquarie, Pzena, Sustainable and TCW are collectively referred to as "Portfolio Managers" and each as a "Portfolio Manager."

Prior to the Board's action, the Independent Trustees met to consider management's recommendations with respect to the renewal of the Fund Management Agreement and the Portfolio Management Agreements (each, an "Agreement" and, collectively, the "Agreements"). In reaching its decision to renew each Agreement, the Board considered the overall fairness of each Agreement and whether each Agreement was in the best interests of the Fund. The Board further considered factors it deemed relevant with respect to the Fund, including (1) the nature, extent and quality of services provided to the Fund by AAI, its affiliates, and each Portfolio Manager; (2) the performance of the Fund and the Portfolio Managers; (3) the level of the Fund's management and portfolio management fees and expense ratios; (4) the costs of the services provided and profits realized by AAI and its affiliates from their relationship with the Fund; (5) the extent to which economies of scale would be realized as the Fund grows and whether fee levels will reflect economies of scale for the benefit of shareholders; (6) the "fall-out" benefits to AAI, each Portfolio Manager and their respective affiliates (i.e., any direct or indirect benefits to be derived by AAI, each Portfolio Manager and their respective affiliates from their relationships with the Fund); and (7) other general information about AAI and each Portfolio Manager. In considering each Agreement, the Board did not identify any single factor or information as all-important or controlling and each Independent Trustee may have attributed different weight to each factor.

The Board considered these factors in the context of the Fund's multi-manager methodology, which seeks to achieve more consistent and less volatile performance over the long term than if a single Portfolio Manager was employed. The Fund allocates its portfolio assets among Portfolio Managers recommended by AAI and approved by the Board, currently five for the Fund. The Board considered that each Portfolio Manager employs a different investment style and/or strategy, and from time to time AAI rebalances the Fund's portfolio assets among the Portfolio Managers. The Board also took into account that AAI continuously analyzes and evaluates each Portfolio Manager's investment performance and portfolio composition and, from time to time, recommends changes in the Portfolio Managers.

In connection with its deliberations, the Board considered information furnished throughout the year at regular Board meetings, as well as information prepared specifically in connection with the annual renewal and approval process. Information furnished and discussed throughout the year included AAI's analyses of the Fund's investment performance and related financial information for the Fund, presentations given by the Fund's Portfolio Managers, as well as periodic reports on legal, compliance, brokerage commissions and execution and other services provided by AAI, the Portfolio Managers and their affiliates. Information furnished specifically in connection with the renewal process included, among other things, a report of the Fund's investment performance over various time periods as compared to a peer universe and a market index and the Fund's fees and expenses as compared to comparable groups of closed-end funds and open-end multi-managed funds based, in part, on information prepared by AAI regarding review of the Lipper peer groups. The information provided by AAI generally included information reflecting the Fund's management fees, expense ratios, investment performance and profitability, including AAI's profitability with respect to the Fund.

As part of the process to consider the Agreements, legal counsel to the Independent Trustees requested information on behalf of the Independent Trustees from AAI and each Portfolio Manager. In response to these requests, the Independent Trustees received reports from AAI and each Portfolio Manager that addressed specific factors designed to inform the Independent Trustees' consideration of each Agreement. In addition, counsel also provided the Independent Trustees and the Board with a memorandum discussing the legal standards applicable to their consideration of the Agreements. In considering the proposed renewals, the Board considered all factors they believed to be relevant, including those discussed below. The Board did not identify any one factor as being dispositive.

Based on their evaluation of all material factors, the Board unanimously concluded that the terms of each Agreement were reasonable and fair and that the renewal of each of the Agreements was in the best interests of the Fund and its shareholders. The following is a summary of the Board's considerations and conclusions during the full Board meeting and Executive Session regarding these matters.

Nature, Extent and Quality of the Services Provided

The Board considered the nature, extent and quality of the portfolio manager selection, evaluation and monitoring services provided by AAI, and the portfolio management services provided by each Portfolio Manager, in light of the investment objective of the Fund. The Board also considered the nature, extent and quality of the administrative services provided to the Fund by ALPS Fund Services, Inc., an affiliate of AAI. The Board considered the steps that AAI has taken to encourage strong performance, including AAI's willingness to recommend Portfolio Manager changes when necessary to address performance issues and that there had been three changes in Portfolio Managers in the last four years.

The Board considered the background and experience of the personnel at AAI responsible for Portfolio Manager selection, evaluation and monitoring for the Fund and the personnel at each Portfolio Manager responsible for managing the Fund's portfolio. The Board also considered the overall financial strength of AAI and each Portfolio Manager, the effect on the Fund of any turnover in personnel at each Portfolio Manager, the insurance maintained by AAI and each Portfolio Manager and the compliance records of AAI and each Portfolio Manager. The Board concluded that the nature, extent and quality of the services provided by AAI and each Portfolio Manager up for renewal were appropriate and consistent with the terms of the Agreements and that the Fund was likely to continue to benefit from services provided under the Agreements.

Investment Performance

The Board considered the long-term and short-term investment performance of the Fund over multiple periods, which generally included annual total returns both on an absolute basis and relative to an appropriate benchmark and/or Lipper peer universe based on materials showing the performance of the Lipper peer groups. The Board considered the Fund's performance based on both net asset value ("NAV") and market price and, in general, considered long-term performance to be more important in its evaluation than short-term performance. In addition, the Board considered the performance of the allocated portions of the Fund in the context of the Portfolio Managers' different investment strategies and styles and the contribution of each Portfolio Manager to the Fund's overall strategy and performance.

The Board received information which indicated among other things that, based on NAV, the Fund outperformed the Lipper Large-Cap Core Mutual Fund Average ("Lipper Average") for the year-to-date, and for the one-, three-, and five- year periods ending June 30, 2019. It was approximately the same as the Lipper Average for the ten-year period.

In addition to the performance of the Fund and each Portfolio Manager's sleeve of the Fund, the Board considered management's and the Portfolio Managers' explanations for the Fund's performance and the relevant benchmarks and peer groups. The Board accepted the explanations and determined that the performance information and explanations supported the renewal of the Agreements.

Costs of the Services Provided to The Fund

The Board considered the fees paid by the Fund to AAI and the fees paid by AAI to the Portfolio Managers as well as information provided by AAI about the management fees, overall expense ratio and expense reimbursement by AAI for selected closed-end funds and multi-manager open-end equity funds. The Board considered that the Fund's management and administration fees, and its total expense ratio were lower than the median of a representative group of closed-end funds selected by AAI. The Board also considered that the Fund's management fee was higher than the median for the multi-manager open-end equity funds, but that the Fund's total expense ratio was lower.

The Independent Trustees took into account that the Fund's higher contractual management fees and expense ratios were generally consistent with the higher costs and greater complexity associated with the management of a closed-end multi-manager fund.

The Board considered that AAI currently does not have any institutional clients with investment objectives and strategies comparable to those of the Fund. The Board considered the breakpoint schedule that lowers the management fee rate paid by the Fund as the Fund's assets increase. The Board also considered the management fees paid to the Portfolio Managers and the fee rates charged by the Portfolio Managers to their other accounts, including institutional accounts. The Board considered that the Portfolio Managers were paid by AAI, not the Fund. The Board also considered the differences in the level of services provided by and the differences in responsibility of AAI and the Portfolio Managers to the Fund and to other accounts. The Board concluded that the management fees payable by the Fund to AAI and the fees payable by AAI to the Portfolio

Managers were reasonable in relation to the nature and quality of the services provided, taking into account the management fees paid by selected closed-end funds and open-end equity funds.

Profitability and Costs of Services to AAI

The Board considered the level of profits realized by AAI in connection with the operation of the Fund. The Board considered the profitability information setting forth recent overall profitability of the Fund to AAI, as well as overall profitability information relating to certain prior calendar years. In reviewing the information, attention was given to the methodology followed in allocating costs to the Fund, it being recognized that allocation methodologies are inherently subjective and various allocation methodologies may be reasonable while producing different results. The Board considered management's ongoing costs and expenditures in providing and improving services for the Fund as well as the ongoing need to meet regulatory and compliance requirements. In addition, the Board considered information prepared by management comparing the profitability of AAI on an overall basis to other investment company managers. The Board also considered the extent to which AAI and its affiliates might derive ancillary benefits from the Fund, noting that an affiliate of AAI serves as the Fund's administrator and receives compensation for acting in this capacity.

The Board considered that AAI has advised the Board that it does not regard Portfolio Manager profitability as meaningful to an evaluation of the Portfolio Manager Agreements because the willingness of the Portfolio Managers to serve in such capacity depends primarily upon arm's-length negotiations with AAI, AAI generally is aware of the fees charged by the Portfolio Managers to other clients, and AAI believes that the fees agreed upon with the Portfolio Managers are reasonable in light of the quality of investment advisory services rendered. The Board accepted AAI's explanations in light of the Board's findings as to the reasonableness of the aggregate management fees paid by the Fund and the fact that each Portfolio Manager's fee is paid by AAI and not the Fund. The Board understood that, as a business matter, AAI was entitled to earn reasonable profits for its services to the Fund. The Board determined that AAI's profitability was reasonable in relation to the services provided and to the costs of providing management services to the Fund and supported the renewal of the Agreements.

Extent of Economies of Scale as The Fund Grows and Whether Fee Levels Reflect Economies of Scale

The Board considered whether economies of scale are realized by AAI as the Fund grows larger and the extent to which this is reflected in the level of management fees charged. The Board took into consideration the fee breakpoint schedules under the Agreements and concluded that the schedules reflect economies of scale with respect to the selection, evaluation and monitoring of Portfolio Managers and other services performed by AAI and the management of Fund assets by each Portfolio Manager. In this regard, the Board considered that the Fund has reached an asset size at which the Fund and its shareholders are benefiting from reduced management fee rates due to breakpoints in the management fees.

Based on the foregoing, the Board concluded that the Fund was realizing economies of scale under the Agreements and management fee schedule, which supports the renewal of the Agreements.

Benefits to be Derived from the Relationship with The Fund

The Board also considered the potential ancillary, or "fall-out," benefits that AAI or the Portfolio Managers might receive in connection with their association with the Fund. In its consideration of the Agreements, the Board considered, among other things, that AAI and the Portfolio Managers may derive ancillary benefits from the Fund's operations. For example, under the Agreements, although it is not currently doing so, AAI may request that transactions giving rise to brokerage commissions be executed through brokers and dealers that provide brokerage or research services to the Fund or AAI. Each Portfolio Manager, through its position as a Portfolio Manager to the Fund, also may engage in soft dollar transactions.

In advance of the meeting, the Board received information regarding each Portfolio Manager's procedures for executing portfolio transactions for the allocated portion(s) of the Fund and each Portfolio Manager's soft dollar policies and procedures. In addition, the Board considered that a Portfolio Manager may be affiliated with registered broker-dealers who may, from time to time, receive brokerage commissions from the Fund in connection with the purchase and sale of portfolio securities; provided, however, that those transactions, among other things, must be consistent with seeking best execution. The Board determined that the foregoing ancillary benefits were consistent with the renewal of the Agreements.

Based on its evaluation of all material factors, the Board unanimously concluded that the terms of each Agreement were reasonable and fair and that the renewal of each Agreement was in the best interests of the Fund and its shareholders.

FACTS	WHAT DO THE LIBERTY ALL-STAR FUNDS DO WITH YOUR PERSONAL INFORMATION?
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
WHAT?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: Social Security number Assets Retirement Assets Transaction History Checking Account Information Purchase History Account Balances Account Transactions Wire Transfer Instructions When you are *no longer* our customer, we continue to share your information as described in this notice.
HOW?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons the Liberty All-Star Funds choose to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	DO THE LIBERTY ALL-STAR FUNDS SHARE?	CAN YOU LIMIT THIS SHARING?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For non-affiliates to market to you	No	We don't share

QUESTIONS?	Call 1-800-241-1850

WHO WE ARE	
Who is providing this notice?	Liberty All-Star Funds
WHAT WE DO	
How do the Liberty All-Star Funds protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.
How do the Liberty All-Star Funds collect my personal information?	We collect your personal information, for example, when you • Open an account • Provide account information • Give us your contact information • Make deposits or withdrawals from your account • Make a wire transfer • Tell us where to send the money • Tells us who receives the money • Show your government-issued ID • Show your driver's license We also collect your personal information from other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only: • Sharing for affiliates' everyday business purposes – information about your creditworthiness • Affiliates from using your information to market to you • Sharing for non-affiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

DEFINITIONS	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • *The Liberty All-Star Funds do not share with our affiliates for marketing purposes.*
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. • *The Liberty All-Star Funds do not share with non-affiliates so they can market to you.*
Joint marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. • *The Liberty All-Star Funds don't jointly market.*

(Unaudited)

Dow Jones Industrial Average
A price-weighted measure of 30 U.S. blue-chip companies.

Lipper Large-Cap Core Mutual Fund Average
The average of funds that, by portfolio practice, invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) above Lipper's U.S. domestic equity large-cap floor. These funds typically have average characteristics compared to the S&P 500® Index.

NASDAQ Composite Index
Measures all NASDAQ domestic and international based common type stocks listed on the NASDAQ Stock Market.

Russell 1000® Growth Index
Measures the performance of those Russell 1000® companies with lower book-to-price ratios and higher growth values. The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index.

Russell 1000® Value Index
Measures the performance of those Russell 1000® companies with higher book-to-price ratios and lower growth values. The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index.

S&P 500® Index
A large-cap U.S. equities index that includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

An investor cannot invest directly in an index.

ALL STAR®
EQUITY FUND

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www.computershare.com

LEGAL COUNSEL
K&L Gates LLP
1601 K Street, NW
Washington, DC 20006

USA
LISTED
NYSE

Annual Certifications — As required, on September 20, 2019, the Fund submitted to the New York Stock Exchange ("NYSE") the annual certification of the Fund's Chief Executive Officer certifying that, as of such date, he was not aware of any violation of the NYSE's Corporate Governance listing standards. The Fund also has included the certifications of the Fund's Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002 as exhibits to reports filed with the Securities and Exchange Commission ("SEC") on a quarterly basis on Form N-CSR and Form N-Q.

A description of the Fund's proxy voting policies and procedures is available (i) on the SEC's website at www.sec.gov, and (ii) without charge, upon request, by calling 1-800-542-3863. Information regarding how the Fund voted proxies relating to portfolio securities during the 12-month period ended June 30th is available from the SEC's website at www.sec.gov.

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year in Form N-Q or Form N-PORT (beginning March 31, 2019). The Fund's Form N-Qs and Form N-PORTs are/will be available on the SEC's website at www.sec.gov and may be reviewed and copied at the SECs Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase at market prices from time to time shares of its own common stock in the open market.

This report is transmitted to shareholders of Liberty All-Star® Equity Fund for their information. It is not a prospectus or other document intended for use in the purchase of Fund shares.

Liberty All-Star® Equity Fund

ALPS Advisors, Inc.
Investment Advisor

1290 Broadway, Suite 1000
Denver, CO 80203
303-623-2577

www.all-starfunds.com

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

USA LISTED NYSE