LIBERTY ALL STAR EQUITY FUND
Form N-CSR
March 01, 2016

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act File No.: 811-04809

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

1290 Broadway, Suite 1100, Denver, Colorado 80203
(Address of principal executive offices) (Zip code)

Alex Marks
ALPS Fund Services, Inc.
1290 Broadway, Suite 1100
Denver, Colorado 80203
(Name and address of agent for service)

Registrant's telephone number, including area code: 303-623-2577

Date of fiscal year end: December 31

Date of reporting period: January 1 - December 31, 2015

Item 1. Report of Shareholders.

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

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.

Liberty All-Star® Equity Fund President's Letter

(Unaudited)

Fellow Shareholders: February 2016

Although equity returns were flattish for 2015, market action throughout the year was anything but calm. Periodic downdrafts roiled markets at various times in all four quarters, with the net result being the poorest year since 2008 for U.S. stocks overall.

The S&P 500® Index returned 1.38 percent, ending three years of double-digit gains, while the widely-followed Dow Jones Industrial Average returned 0.21 percent. The best performance was turned in by the technology-focused NASDAQ Composite Index, which gained 6.96 percent. Six of the 10 sectors in the S&P 500® posted losses for the year, with energy being the laggard at a decline of 21 percent. These key market metrics saved their best for last in 2015, posting their greatest advance in the fourth quarter, buoyed in particular by a strong month in October. That followed the weakest period, the third quarter, when all three indices declined in a range of 6 – 7 percent.

Investors scanning the world for indicators of future equity market conditions found more cause for concern than comfort in 2015 the U.S. was the safest port in the storm, but was not without its own choppiness.

Investors scanning the world for indicators of future equity market conditions found more cause for concern than comfort in 2015. A leading source of worry was the sharp decline in energy prices, continuing a trend that, for crude oil, started in mid-year 2014. The domestic benchmark, West Texas Intermediate (WTI) crude, closed 2015 at $37 per barrel versus $94 per barrel in July 2014. Increasing supply as a result of the U.S. “energy revolution,” Saudi reluctance to limit production and the strong U.S. dollar all contributed to oil’s precipitous decline in price. Softer demand affected iron ore, copper and other metals as well. This accounted for a good portion of the weakness in emerging markets. In some emerging markets—like Brazil and Russia—energy and natural resources represent a significant portion of the economy.

Another source of worry was China, where reported nominal GDP has fallen into the 6 percent range from 12 percent a few years ago. China surprised financial markets on August 11 by announcing a devaluation of its currency. Its subsequent attempts to intervene and settle its own highly volatile stock market only served to heighten fears that its leadership was losing control of the world’s second-largest economy. Worries over China were reflected in a 6.03 percent decline in the S&P 500® during August, the index’s worst monthly performance in more than three years.

The geopolitical situation also served to keep investors on edge. Ongoing conflict in the Middle East was a source of headlines on a daily basis. But there was also fighting in Ukraine in the wake of Russia’s seizure of Crimea in late 2014; the massive influx of refugees across much of Western Europe; and Greece very nearly withdrawing from the Eurozone.

While the U.S. was the safest port in the storm, it was not without its own choppiness. There were three sources of concern: lackluster corporate earnings, modest economic growth and the increasing likelihood that the Federal Reserve Board would raise short-term interest rates. To the latter point, after months of speculation, the Fed finally ended the suspense in December with a 0.25 percent increase in the fed funds rate. As to economic expansion, sequential GDP growth through the first three quarters of the year was -0.2 percent, 3.9 percent and 2.0 percent. Preliminary data from the Commerce Department indicated that the domestic economy grew at a 0.7 percent annual rate in the fourth quarter of 2015. Like the first quarter of 2014, the negative 1Q15 GDP could be traced to an extremely harsh winter (exacerbated by a rising U.S. dollar and a West Coast port labor dispute). There were positive offsets to these factors, however. Perhaps the brightest spot was jobs, which showed solid growth throughout the year, including 307,000 new jobs in October, 252,000 in November and 262,000 in December as the unemployment rate dipped to 5.0 percent. Wages also rose, albeit modestly. Auto sales were another bright spot, as was consumer spending in general. In June, new home sales surged to a seven-year high, but this volatile metric weakened for the balance of the year. And inflation as measured by the consumer price index remained muted, rising just 0.7 over the trailing 12 months as of December. Low oil prices were a double-edge sword: good for consumers, but bad for industrial companies supplying capital equipment to the oil and gas industries.

(Unaudited)

Liberty All-Star® Equity Fund
For the full year, Liberty All-Star® Equity Fund marginally underperformed key benchmarks, while moderately outperforming in the fourth quarter. For the year, the Fund returned -1.01 percent with shares valued at net asset value (NAV) with dividends reinvested and -1.98 percent with shares valued at market price with dividends reinvested. (Fund returns are net of expenses.) For the same period, the Lipper Large-Cap Core Mutual Fund Average returned -0.56 percent. As mentioned, for the year the S&P 500®, the Dow Jones Industrial Average and the NASDAQ Composite Index returned 1.38 percent, 0.21 percent and 6.96, respectively. Compared with 2014, the discount at which Fund shares traded relative to their underlying NAV widened, ranging from a low of -11.8 percent to a high of -16.2 percent.

The Fund’s fourth quarter NAV results rank in the top quartile of the Lipper Large Cap Core peer group, returning 7.22 percent with shares valued at NAV with dividends reinvested and 7.99 percent with shares valued at market price with dividends reinvested. The Lipper Large-Cap Core Mutual Fund Average returned 6.00 percent for this period. The S&P 500® gained 7.04 percent for the quarter, while the Dow Jones Industrial Average advanced 7.70 percent. The best performance was NASDAQ Composite’s return of 8.71 percent.

Once again in 2015, the growth investment style outperformed the value style. To that point, the Russell 1000® Growth Index returned 5.67 percent for the year, while the Russell 1000® Value Index returned -3.83 percent. This detracted from Fund performance for the year, as three of the Fund’s five managers practice the value style. In addition, some of the value managers focused on deep value, cyclical equities, including a number in the energy sector, which, as noted, suffered throughout the year from declining prices for crude oil and natural gas. Fund management chose to replace two of the value managers during the second half, bringing in Delaware Investments as a manager in September and Aristotle Capital in December. The transition to the two new managers went smoothly, as evidenced by the Fund’s good fourth quarter performance.

Fund distributions totaled $0.51 per share in 2015. As shareholders may recall, the Fund's distribution policy has been in place since 1988 and is a major component of the Fund’s total return. These distributions add up to $25.17 since 1987 (the Fund's first full calendar year of operations). We continue to emphasize that shareholders should include these distributions when determining the return on their investment in the Fund.

One of the key principles on which the Fund was founded is multi-management, or the practice of allocating the Fund’s assets to carefully selected investment managers representing both value and growth styles of investing. Thus, we are once again offering insights into the managers’ thinking through our annual roundtable question-and-answer exchange, and invite shareholders to read the managers’ comments.

(Unaudited)

On December 3, 2015 Richard Lowry retired as Chairman of the Board of Trustees. Mr. Lowry was a founding member of the Board when the Fund was launched back in October 1986. He deserves special mention not only because of his long association with the Fund - but also for his enthusiastic support and dedication to the Fund's founding principles for all those years. His guidance and expertise will be missed and we wish him all the best. Thomas Brock who has been a member of the Board since 2005 will succeed Mr. Lowry as your new Chairman. We congratulate and welcome him as the Fund's new Chair and shareholders will be well served by his vast experience in the investment management industry.

As investors are well aware, the volatility that characterized 2015 continued and even greatly heightened as 2016 opened, the concerns being much the same as described in this letter. This is a painful situation for all investors, but we find a small degree of comfort in our recent decision to replace two managers and thus mitigate some of the volatility that has impacted deep cyclical stocks. These decisions underscore a pledge that we have made consistently over many years to our shareholders: That we will remain vigilant, disciplined and focused on our objective of maintaining a well-managed core equity holding for long-term investors. We thank you for your confidence in the Fund, and pledge our continued best efforts on your behalf.

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, 2015

FUND STATISTICS:	
Net Asset Value (NAV)	$6.18
Market Price	$5.35
Discount	-13.4%

	Quarter	2015
Distributions*	$0.13	$0.51
Market Price Trading Range	$4.95 to $5.49	$4.43 to $6.04
Premium/(Discount) Range	-13.3% to -16.2%	-11.8% to -16.2%

PERFORMANCE:		
Shares Valued at NAV with Dividends Reinvested	7.22%	-1.01%
Shares Valued at Market Price with Dividends Reinvested	7.99%	-1.98%
Dow Jones Industrial Average	7.70%	0.21%
NASDAQ Composite Index	8.71%	6.96%
Lipper Large-Cap Core Mutual Fund Average	6.00%	-0.56%
S&P 500® Index	7.04%	1.38%

(Unaudited)

LONG-TERM PERFORMANCE SUMMARY AND DISTRIBUTIONS	ANNUALIZED RATES OF RETURN				
PERIODS ENDED DECEMBER 31, 2015	3 YEARS	5 YEARS	10 YEARS	15 YEARS	25 YEARS
LIBERTY ALL-STAR® EQUITY FUND					
Distributions	$1.25	$1.91	$4.96	$9.58	$21.50
Shares Valued at NAV with Dividends Reinvested	12.98%	9.27%	5.33%	4.14%	8.99%
Shares Valued at Market Price with Dividends Reinvested	11.87%	9.25%	4.52%	3.80%	8.97%
Dow Jones Industrial Average	12.66%	11.30%	7.75%	5.80%	10.46%
Lipper Large-Cap Core Mutual Fund Average	13.38%	10.92%	6.41%	4.53%	9.26%
NASDAQ Composite Index	19.81%	14.91%	9.68%	5.72%	14.89%
S&P 500® Index	15.13%	12.57%	7.31%	5.00%	9.82%

* All 2015 distributions consist of ordinary dividends and long-term capital gains. A breakdown of each 2015 distribution for federal income tax purposes can be found in the table on page 46.

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

The returns shown for the Lipper Large-Cap Core Mutual Fund Average are based on open-end mutual funds' total returns, which include dividends, and are net of fund expenses. Figures shown 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 67.

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.

(Unaudited)

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. In addition, Fund shares offer immediate liquidity and there are no annual sales fees.

(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 8 percent of the Fund's net asset value (paid quarterly at 2 percent per quarter), providing a systematic mechanism for distributing funds to shareholders.

(Unaudited)

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

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, 2015	INVESTMENT STYLE SPECTRUM VALUE GROWTH						
						Total	S&P 500®
	Pzena	Delaware	Aristotle	Cornerstone	TCW	Fund	Index
Number of Holdings	41	33	41	41	30	164*	504
Percent of Holdings in Top 10	35%	33%	33%	43%	46%	17%	18%
Weighted Average Market Capitalization (billions)	$95	$77	$85	$133	$95	$97	$137
Average Five-Year Earnings Per Share Growth	-1%	6%	5%	8%	15%	6%	8%
Dividend Yield	2.7%	2.7%	2.2%	0.8%	0.5%	1.8%	2.2%
Price/Earnings Ratio**	14x	18x	16x	25x	41x	19x	19x
Price/Book Value Ratio	1.9x	2.3x	2.6x	4.5x	5.9x	3.0x	3.1x

*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, 2015. 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 $50,017 (including the December 31, 2015 value of the original investment of $8,917 plus distributions during the period of $39,983 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 $143,078.

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 $205,143 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.

Liberty All-Star® Equity Fund Table of Distributions and Rights Offerings

(Unaudited)

		RIGHTS OFFERINGS			
YEAR	PER SHARE DISTRIBUTIONS	MONTH COMPLETED	SHARES NEEDED TO PURCHASE ONE ADDITIONAL SHARE	SUBSCRIPTION PRICE	TAX CREDITS[1]
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				
Total	$23.99				

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.

December 31, 2015 (Unaudited)

The following are the major ($4 million or more) stock changes - both purchases and sales - that were made in the Fund's portfolio during the fourth quarter of 2015, excluding transactions from the manager replacement of Matrix Asset Advisors, Inc. with Aristotle Capital Management, LLC.

	SHARES	
SECURITY NAME	PURCHASE (SALES)	HELD AS OF 12/31/15
PURCHASES		
Envision Healthcare Holdings, Inc.	192,428	263,680
Microsoft Corp.	92,235	384,860
NXP Semiconductors NV	49,488	49,488
SALES		
Dollar General Corp.	(84,629)	0
EI du Pont de Nemours & Co.	(91,500)	109,500
Facebook, Inc., Class A	(42,877)	188,209

DISTRIBUTION POLICY

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

Liberty All-Star® Equity Fund Top 20 Holdings and Economic Sectors

December 31, 2015 (Unaudited)

TOP 20 HOLDINGS*	PERCENT OF NET ASSETS
Alphabet, Inc., Class A & C	2.63%
Microsoft Corp.	1.88
Amazon.com, Inc.	1.79
Salesforce.com, Inc.	1.76
Facebook, Inc., Class A	1.73
The Home Depot, Inc.	1.62
Visa, Inc., Class A	1.31
Bank of America Corp.	1.31
Alexion Pharmaceuticals, Inc.	1.30
Intel Corp.	1.28
ACE Ltd.	1.24
Mondelez International, Inc., Class A	1.13
JPMorgan Chase & Co.	1.13
CVS Health Corp.	1.11
American Tower Corp.	1.03
Archer-Daniels-Midland Co.	1.01
Oracle Corp.	1.00
Baxalta, Inc.	0.95
The Coca-Cola Co.	0.94
The Charles Schwab Corp.	0.93
	27.08%

ECONOMIC SECTORS*	PERCENT OF NET ASSETS
Financials	20.26%
Information Technology	20.15
Health Care	16.73
Consumer Discretionary	13.68
Consumer Staples	8.89
Industrials	7.21
Energy	6.81
Materials	1.72
Utilities	1.51
Telecommunication Services	1.27
Other Net Assets	1.77

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.

(Unaudited)

MANAGER ROUNDTABLE

Company fundamentals versus global macro events: that was the tension shaping financial markets in 2015. While S&P 500® earnings slowed somewhat, U.S. corporations generally remained in solid financial condition and the domestic economy continued to grow, albeit slowly. But it was the lack of growth in most regions of the world that concerned investors, compounded by geopolitical issues, from continuing conflict in the Middle East to flair-ups in Ukraine, Greece and East Asia to the migrant crisis that engulfed most of Europe. The Fund's managers—reflecting their value and growth styles—faced this very same investment environment in 2015. Their response: to focus on what they do best ... conduct in-depth research that assesses companies' prospects one at a time, focus on well-managed high-quality enterprises, take a long-term perspective in the face of emotion-driven volatility, and adhere to their investment style and strategy.

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 a catalyst exists 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.

CORNERSTONE CAPITAL MANAGEMENT LLC
Portfolio Manager/Thomas G. Kamp, CFA
President and Chief Investment Officer
Investment Style/Growth – Cornerstone's portfolio is focused on stocks in which its research has identified Perception Gaps (underappreciated opportunities) for growth in the key metrics that drive the financial statements of the company. Stock selection is further based on the fundamentals of revenue, earnings, cash flow, and management depth and credibility.

DELAWARE INVESTMENTS
Portfolio Manager/D. Tysen Nutt, Jr.
Senior Vice President, Senior Portfolio Manager, Team Leader
Investment Style/Value – Delaware 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. Delaware seeks to buy companies at times of excessive pessimism and sell at times of undue optimism.

(Unaudited)

PZENA INVESTMENT MANAGEMENT, LLC
Portfolio Managers/Richard S. Pzena, Founder and Co-Chief Investment Officer
John P. Goetz, Managing Principal and Co-Chief Investment Officer
Benjamin S. Silver, CFA, Principal and Co-Director of Research
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.

TCW INVESTMENT MANAGEMENT COMPANY
Portfolio Manager/Craig C. Blum, CFA
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.

Do you primarily take a bottom-up, top-down or combination of the two approaches when it comes to picking stocks? We ask because in recent years investors have seen macro events have an increasingly negative impact on quality individual stocks with excellent fundamentals and good performance. Tom Kamp and Craig Blum, let's hear from the growth managers to start.

Kamp (Cornerstone – Growth): Cornerstone is a research-driven, fundamental investor seeking long-term growth of capital through high-growth companies where our research has identified one or more Perception Gaps. Our bottom-up approach is founded on the opportunistic selection of stocks expected to demonstrate underappreciated growth in one or more of the key fundamental factors that drive each company's financial statements. Individual stock selection is based on the fundamentals of revenue, earnings, cash flow, and management depth and credibility. Cornerstone views macro analysis as the "framework" of the global, investable environment as it puts interest rates, economic cycles, commodities, currencies and government policy into perspective. Bottom-up, company-specific, fundamental and industry data points provide clarity to the picture within that macro framework. The more data points we can discover, the clearer will be our picture of reality and the greater our confidence can be in making an investment decision or stock selection.

"Our bottom-up approach is founded on the opportunistic selection of stocks expected to demonstrate underappreciated growth in one or more of the key fundamental factors that drive each company's financial statements."

Tom Kamp
(Cornerstone – Growth)

Blum (TCW – Growth): The portfolio is constructed one stock at a time, i.e., bottom-up, but our portfolio construction process is top-down. In early 2008, recognizing new realities facing global markets, we elected to employ a light macro overlay to our portfolio construction process whereby about two-thirds of our stocks are "offensive," or more cyclical, and roughly one-third are "defensive," or less cyclical and uncorrelated to GDP. Importantly, we are not sacrificing growth with our defensive stocks; these companies still meet our stringent investment criteria but also limit down capture in an increasingly macro, policy-driven stock market.

(Unaudited)

Given the macro forces at work today and the unprecedented amount of global stimulus, we believe it is critical to have a balanced portfolio. For investors with increasingly short-time horizons, it can be easy to get whipsawed by the market's shift between "risk-on" and "risk-off." Timing this is almost impossible. We believe our blend of secular growth stocks is a key competitive advantage for the strategy.

"Given the macro forces at work today and the unprecedented amount of global stimulus, we believe it is critical to have a balanced portfolio."

Craig Blum
(TCW – Growth)

Let's get the value perspective. What's Pzena's point of view?

Pzena (Pzena – Value): Our stock selection process is strictly bottom-up, and we adhere to this discipline throughout market cycles. Situations arise when macro factors drive investors to ignore good businesses, and these are precisely the types of opportunities we love to find and use to populate our portfolios. Investor behavior in the short term can be emotional, but over time the value of a good business franchise is recognized, driving returns in a deep value portfolio. The history of value cycles over the last 50 years provides evidence that this approach, though cyclical in nature, works to produce excess returns over both the broad market and a naive value index over the course of an entire market cycle. Today, investor preference for growth and stability has left good businesses in economically sensitive sectors attractively valued, and we have taken advantage, with significant exposures in financial services, mature technology, energy and, to a growing extent, industrial cyclicals.

"Today, investor preference for growth and stability has left good businesses in economically sensitive sectors attractively valued, and we have taken advantage."

Rich Pzena
(Pzena – Value)

Thanks. Let's welcome Aristotle Capital and Delaware Investments to our annual roundtable and ask for their thoughts.

Gleicher (Aristotle – Value): We take a bottom-up approach to security selection. In the short term, macro events may take a toll on stocks of any quality. We believe, however, that over a market cycle, high-quality companies—those market leaders with disciplined, insightful management teams and sustainable competitive advantages—will outperform their peers, regardless of the environment. These companies should hold up better in the face of adversity as well as lead when the wind is at their backs.

Nonetheless, we understand that no company operates in a vacuum. As part of our rigorous fundamental analysis, we stress-test businesses to analyze how we expect them to perform in market extremes, selecting those companies we believe will outperform. It is also important for us to understand the industry dynamics within which companies operate. Above all, however, we prefer to focus our efforts where we feel we have the most skill: identifying and owning great businesses.

Nutt (Delaware – Value): Our investment process has always included bottom-up fundamental research and a top-down view, or what we call our macroeconomic overlay. While in-depth company research is the driving force in our process, the trade-off between top-down and bottom-up will vary depending on market circumstances. Sometimes our macro view and sector valuations drive the search for securities—sometimes the bottom-up development of compelling purchase ideas drives changes in sector weights. Right now, we're finding it difficult to identify compelling purchase candidates because of relatively high valuations across much of the U.S. equity market, so we would characterize our current approach as being more bottom-up than usual.

(Unaudited)

A follow-up question from last year, when we asked about periods of high volatility roiling equity markets: The same thing happened again in 2015, as early as the first quarter—when the S&P 500® Index was up or down by 1 percent or more 19 times—and more recently the 12 percent correction in August. What, in your view, is behind these bouts of high volatility, and is higher volatility the "new normal"? Let's stay with the value managers.

Gleicher (Aristotle – Value): We at Aristotle Capital believe that with volatility comes opportunity. Typically, the cause of volatility is short-term news—or, as we prefer to think of it, noise. It is precisely when a stock price trades away from the company's underlying fundamentals that we can add value through bottom-up security selection.

Consistent with our long-term perspective, our investment team endeavors to not be distracted by near-term volatility. Focusing on the long-term can enable us to take advantage of short-term inefficiencies in the market when they arise, as they frequently do, even among large capitalization stocks.

"We believe that with volatility comes opportunity. Typically, the cause of volatility is short-term news—or, as we prefer to think of it, noise."

Howard Gleicher
(Aristotle – Value)

Given the proliferation of available corporate financial information, trade data, macroeconomic statistics and other information that investors may use to make investment (or trading) decisions, volatility will likely persist. Against this backdrop, we remain committed to identifying what we believe to be high-quality businesses that possess sustainable competitive advantages and that have the ability to outperform their peers in varying environments.

Nutt (Delaware – Value): We've often seen that periods of low volatility are followed by higher volatility. Until recently, volatility had been fairly low. When the correction hit last August, it had been about four years since the U.S. stock market experienced a drop of 10 percent or more. Furthermore, the S&P 500® Index had tripled, on a total return basis, since the market bottomed in March 2009. Now, there are a number of risks investors appear to be focused on, including high debt levels, slower economic growth, inflated asset prices, softer corporate revenue and earnings growth, central bank policy changes, and rising geopolitical instability. It wouldn't surprise us if volatility trended higher in 2016. We don't know, however, if higher volatility is the "new normal."

"We've often seen that periods of low volatility are followed by higher volatility. Until recently, volatility had been fairly low... It wouldn't surprise us if volatility trended higher in 2016."

Ty Nutt
(Delaware – Value)

Pzena (Pzena – Value): Volatility tends to spike during periods of uncertainty, which we certainly saw during 2015. Early in the year markets were digesting the potential impact of plunging oil prices, while the August correction reflected investors' anxieties around slowing emerging market economies, particularly China, and how that might impact developed economies. Our view is that bouts of volatility will continue to be a fixture of equity markets, and should be used as opportunities to buy good businesses whose values are temporarily depressed. We are sensitive to extreme volatility, which can be a signal for potential distress, but welcome the chance to pick up bargains when others hesitate.

(Unaudited)

Craig Blum and Tom Kamp, what are the growth managers' thoughts about volatility?

Blum (TCW – Growth): We are in the midst of conducting, arguably, the greatest monetary experiment in history. There have been over 700 global rate cuts since June 2006, over $57 trillion in new global debt has been added since the financial crisis, and we believe the historical "risk-off" asset, U.S. Treasuries, is in a bubble, guaranteeing a negative return in real terms. December's 25-basis-point tightening marked the end of the Fed's operating a zero rate policy for the longest period on record—exceeding the WWII August 1937 – September 1942 zero rate period. While the Fed remains "accommodative," we are in unchartered waters and we expect an extended period of volatility. As an active manager with a longer-term view, we welcome volatility as we believe it provides opportunity.

Kamp (Cornerstone – Growth): Cornerstone believes that the elevated levels of volatility in the marketplace seen in 2015 represent a transition back to more normalized levels of volatility relative to history. Due to the unprecedented monetary policy experiment of quantitative easing, or QE, including the multi-trillion dollars injected into the financial markets since 2009, valuations in the stock market climbed to abnormally high levels. With the support of QE now largely in the rearview mirror, macro- and geopolitical shocks in the marketplace will have a greater effect on the U.S. market as well as global financial markets. Furthermore, with valuations high and interest rates set to move higher, investors are increasingly jittery. The comments of Hillary Clinton regarding drug prices or Disney CEO Bob Iger about cable TV viewers' cord-cutting caused significant dislocations in the pharmaceutical/biotech and media industries, respectively. While such volatility in a given industry can be surprising, we actually like to see it since our research process should surface investable opportunities when the crowd has it wrong.

A question for the value managers: Growth has outperformed value in recent years. Now, there is some sentiment that value is poised to rotate into the lead. What are the catalysts that could bring about this change in leadership?

Nutt (Delaware – Value): Growth has tended to outperform value in the latter stages of economic expansions, which is where we are now, six-plus years since the end of the last recession. With slower rates of economic growth affecting much of the world, this trend could continue. Inflated expectations, where unattainable earnings projections get priced into a narrow subset of growth stocks, could bring about a change in leadership favoring value. So could a meaningful change in market valuation levels or a reversal in any number of established trends, such as U.S. dollar strength, low interest rates or low inflation expectations.

Pzena (Pzena – Value): Growth has clearly trounced value over the last five years, with 2015 producing some of the widest performance variances. The low-growth, low-yield environment has created an overwhelming demand for companies that have been able to grow their top lines, pushing their valuations to extreme levels and, conversely, leaving others to languish. We believe this is unsustainable, and further believe that we are positioned for value to enter a period of outperformance. It is never possible to predict the timing of this shift; however, indicators to watch for would be a sustained pickup in nominal GDP growth, accelerating company revenues and rising interest rates.

(Unaudited)

Gleicher (Aristotle – Value): At Aristotle Capital, we look at companies not as growth or value stocks, but as operating entities. We have not attempted to position our portion of the Fund to take advantage of an ultimate reversion to value's favor, as timing such a rotation is all but impossible. Rather, we have made investments, based on in-depth fundamental research, in a diversified portfolio of companies that we believe have the potential to outperform their peers and the market over the coming years.

Notwithstanding these comments, catalysts that could precipitate a shift back to value may include a recovery in commodity prices, as the energy and materials sectors are traditionally considered value sectors, and increased regulation and growing competition in health care, often viewed as a growth sector. Gradually rising interest rates could also benefit financial services companies that are properly positioned for the long-anticipated lift-off, to the benefit of the value indices, which are more heavily weighted in banks than their growth counterparts.

Let's ask the growth managers, if 2015 could be summed up in one word it may well be "growth" ... or the lack thereof. From China to Europe to the U.S., slow/no growth was the worry that hung over equity markets all year. Where are you focusing as you search for growth opportunities over the next 12 – 18 months?

Kamp (Cornerstone – Growth): The collapse in oil prices that began in late 2014 has led to severe capital spending cutbacks throughout the energy industry. These cutbacks had a ripple effect in other industries both inside and outside the U.S. Certainly, the strong dollar, tough foreign exchange comparisons, slow economic growth around the world and the uncertainty caused by our own Federal Reserve's monetary policies were additional headwinds for equity market performance.

Cornerstone continues to find investable opportunities in a variety of industries where we believe the consensus has got it wrong. Our research indicates that despite a populist backlash about drug prices, few, if any, changes are likely to become reality or progress through the legislative process in the next few years. Furthermore, those companies that are focusing on innovative, life-altering therapies are less likely to face increased price pressure. Thus, it was our view that the sell-off in our biotech stocks was overdone and we took the opportunity to increase our exposure to the most attractive names in the industry.

We also believe that oil prices are overshooting to the downside and will probably experience a rebound before the end of 2016. Our confidence is driven by the size and magnitude of exploration and production cuts and the narrowness of the current excess supply in the industry.

Blum (TCW – Growth): Global purchasing manager indices are weakening, China remains the elephant in the room, the job growth recovery in the U.S. is one of the weakest on record, yet there are still pockets of strength in the economy. Over a year ago, we began adding to our health care and information technology holdings and aggressively trimming our energy and industrials exposure. Our investment process is unique in that we are somewhat indifferent to which sector offers opportunity; rather, we focus on only owning companies with superior business models with large and growing end markets. It is always difficult to predict the next 12-18 months but over the next 3-5 years we continue to believe compelling organic growth is most likely to be found in the health care and IT sectors.

(Unaudited)

What is a stock in the portion of the Liberty All-Star Equity Fund that you manage that did especially well for you in 2015, and what is a stock whose prospects you like for 2016? Let's ask Cornerstone, Pzena and TCW to respond first, as they were managers for the Fund throughout 2015.

Kamp (Cornerstone – Growth): Amazon.com, Inc. (AMZN) was once again a large positive contributor to performance in the fourth quarter capping off a year where the stock price rose nearly 118 percent. While earnings estimates for major brick-and-mortar retail competitors were collapsing, Amazon's earnings estimates more than doubled throughout the year and continued to rise in the fourth quarter as Amazon's competitive moats expanded further. Amazon invested early and heavily into large markets, accepted de minimis margins for years and is now in a position to begin to reap higher margins as competitors fall by the wayside.

We expect Amazon to continue to perform well in 2016. We estimate that subscriber growth for Amazon's Prime service will continue to be very robust despite rising penetration levels in the U.S. and the price increase to $99/year. In the coming 12-18 months, we also expect to see many leading fashion/sportswear brands open "shop-in-shops" on Amazon.com. This new selling format will further cement Amazon's dominance in retail as it will allow brands to improve product roll-outs and inventory management while enabling better margin control and reducing the risk of counterfeit goods. Finally Amazon Web Services, Amazon's Infrastructure as a Service (IaaS) business, continues to dominate its industry and experience hyper-growth of over 70 percent annually.

In the media industry, investors have been laser-focused on reductions in cable affiliate revenue due to cord-cutting and cord-shaving of the cable network bundle. While we acknowledge these subscriber losses, the lost revenue and profitability of Disney (DIS), in particular, will be more than recovered by the superlative performance of the studio division due to the power of the coming movie line-up and the increasing reception for Disney's movies outside the U.S. Looking ahead, we expect this strong studio performance to create an extremely favorable knock-on effect for the parks and consumer products.

Pzena (Pzena – Value): Health insurer Cigna Corp. (CI) was a particularly strong contributor to the portfolio in 2015, returning 42 percent for the year. We originally bought Cigna on the premise that the Affordable Care Act would benefit the large insurers. Investors drove up Cigna's stock price earlier in the year as membership growth accelerated and medical loss ratios fell, lifting its bottom line. The company then became a takeover target of Anthem, Inc., operator of the largest group of plans in the Blue Cross Blue Shield Association, pushing its stock price up further. Looking forward, we believe the most compelling risk/reward opportunities in our portfolio are among the large financial institutions. A good example is Goldman Sachs (GS), which is trading at book value and generating a 9 percent return on equity in an environment where rising interest rates, increases in securities trading and cost reductions provide multiple paths to earnings improvement.

Blum (TCW – Growth): Starbucks Corporation (SBUX), which we first purchased in August 2012, was our biggest contributor in 2015. Years ago, the company wisely invested for future growth through its acquisitions of Teavana and La Boulange, the "My Starbucks Rewards" program and mobile pay, and these investments were rewarded in 2015. We remain positive on shares of SBUX. A stock that we like for 2016 is CVS Health (CVS). The company provides integrated pharmacy health care services, including the operation of some 8,000 retail drugstore and health care clinics throughout the U.S. Its role in the health care value chain continues to broaden beyond traditional pharmacy benefits management and traditional retail pharmacy through greater specialty pharmacy capabilities, long-term care pharmacy solutions, in-store clinics and additional points of distribution, including a deal to take over Target's approximately 1,600 pharmacies. Customers today can walk in, see a medical practitioner and get prescriptions filled within the same facility. We believe it is a business that should hold up in a slow-growth economy.

(Unaudited)

Howard and Ty, Aristotle Capital and Delaware Investments managed assets for the Fund for just a part of 2015, so let us ask you to identify a long-term holding that exemplifies your approach to value style equity investing. And, what is a stock in the portion of the Liberty All-Star Equity Fund that you manage whose prospects you like for 2016?

Gleicher (Aristotle – Value): We have held Texas Instruments (TI) in client portfolios for more than a decade. Launched in 1930 to provide geophysical services to oil companies, TI successfully transitioned to become a manufacturer of laboratory and electronic equipment during one of many oil busts. Over the years, TI has been a leader in microprocessors, memory chips and cell phone components. As each of these businesses became highly competitive, the company continually adapted its business model to achieve higher returns on invested capital. Today, TI is a profitable leader in analog semiconductors, imbedded processors and, still, scientific calculators. More recently, we reinvested in hospital equipment and supply provider Baxter International (BAX). Not only do its dialysis equipment and infusion pumps command leading market shares and enjoy high barriers to entry, but Baxter's recent spinoff of its biosciences division should enable management to focus on and optimize these steadily growing businesses in 2016 and beyond.

Nutt (Delaware – Value): Express Scripts (ESRX), the largest pharmacy benefits manager (PBM) in the U.S., is a holding that exemplifies our approach. PBMs play an important role in the health care system, delivering cost savings while simultaneously improving health outcomes. Express Scripts had a history of strong growth. Following its acquisition of rival Medco, however, it experienced a period of weak client retention. Accordingly, investor sentiment deteriorated. Express Scripts became attractively valued, trading at or below longer-term average price multiples, and had sound financial attributes, in our view. We saw a number of important trends that could help drive Express Scripts' business, including: rising demand for prescription drugs based on an aging U.S. population, growing generic usage (more profitable for PBMs) and the pervasive focus on cost containment in health care.

We would be reluctant to identify a holding we like for 2016 because of our long timeframe perspective. As patient, long-term investors, we always consider a horizon of at least three to five years because we believe shorter-term market movements are more unpredictable, driven by human emotion and crowd psychology. Longer term, fundamentals matter most, in our view. This is why the portfolio has equal weighted positions. Our conviction is high for the longer term, but less so over shorter periods.

Many thanks to all for sharing excellent insights into your investment philosophy and for perspective that may be useful to individual investors.

Liberty All-Star® Equity Fund Schedule of Investments

December 31, 2015

	SHARES	MARKET VALUE
COMMON STOCKS (98.23%)		
CONSUMER DISCRETIONARY (13.68%)		
Auto Components (0.58%)		
Johnson Controls, Inc.	166,200	$6,563,238
Automobiles (0.48%)		
Ford Motor Co.	385,900	5,437,331
Hotels, Restaurants & Leisure (1.19%)		
Chipotle Mexican Grill, Inc.[a]	9,876	4,738,998
Starbucks Corp.	146,900	8,818,407
		13,557,405
Household Durables (1.17%)		
Lennar Corp., Class A[b]	136,000	6,651,760
PulteGroup, Inc.	373,985	6,664,413
		13,316,173
Internet & Catalog Retail (2.54%)		
Amazon.com, Inc.[a]	30,119	20,357,131
The Priceline Group, Inc.[a]	6,739	8,591,888
		28,949,019
Media (2.87%)		
Grupo Televisa SAB[c]	83,604	2,274,865
The Interpublic Group of Cos., Inc.	128,075	2,981,586
News Corp., Class A	305,600	4,082,816
News Corp., Class B	112,445	1,569,732
Omnicom Group, Inc.	93,825	7,098,800
Time Warner, Inc.	91,400	5,910,838
The Walt Disney Co.	82,764	8,696,841
		32,615,478
Specialty Retail (3.85%)		
The Home Depot, Inc.	139,388	18,434,063
Lowe's Cos., Inc.	98,000	7,451,920
Ross Stores, Inc.	156,007	8,394,737
Staples, Inc.	597,507	5,658,391
Tiffany & Co.	50,200	3,829,758
		43,768,869
Textiles, Apparel & Luxury Goods (1.00%)		
NIKE, Inc., Class B	113,593	7,099,562
Under Armour, Inc., Class A[a][b]	52,600	4,240,086
		11,339,648
CONSUMER STAPLES (8.89%)		
Beverages (1.87%)		
The Coca-Cola Co.	248,358	10,669,460
Diageo PLC[c]	40,800	4,450,056

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Liberty All-Star® Equity Fund Schedule of Investments

December 31, 2015

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Beverages (continued)		
Monster Beverage Corp.[(a)]	40,900	$6,092,464
		21,211,980
Food & Staples Retailing (2.84%)		
Costco Wholesale Corp.	39,275	6,342,913
CVS Health Corp.	128,700	12,582,999
Walgreens Boots Alliance, Inc.	83,100	7,076,380
Wal-Mart Stores, Inc.	102,925	6,309,302
		32,311,594
Food Products (3.43%)		
Archer-Daniels-Midland Co.	311,500	11,425,820
The Hershey Co.	36,500	3,258,355
The Kraft Heinz Co.	93,900	6,832,164
Mead Johnson Nutrition Co.	57,600	4,547,520
Mondelez International, Inc., Class A	287,600	12,895,984
		38,959,843
Personal Products (0.75%)		
Coty, Inc., Class A[(a)(b)]	119,000	3,049,970
Unilever NV	126,100	5,462,652
		8,512,622
ENERGY (6.81%)		
Energy Equipment & Services (0.86%)		
Halliburton Co.	287,500	9,786,500
Oil, Gas & Consumable Fuels (5.95%)		
Anadarko Petroleum Corp.	112,631	5,471,614
BP PLC[(c)]	211,926	6,624,807
Chevron Corp.	77,600	6,980,896
ConocoPhillips	137,300	6,410,537
EOG Resources, Inc.	20,697	1,465,141
Exxon Mobil Corp.	123,925	9,659,954
Marathon Oil Corp.	229,700	2,891,923
Murphy Oil Corp.	94,175	2,114,229
Occidental Petroleum Corp.	94,800	6,409,428
Phillips 66	80,300	6,568,540
Pioneer Natural Resources Co.	24,700	3,096,886
Royal Dutch Shell PLC, Class A[(c)]	215,645	9,874,384
		67,568,339
FINANCIALS (20.26%)		
Capital Markets (4.88%)		
Affiliated Managers Group, Inc.[(a)]	34,554	5,520,347
Ameriprise Financial, Inc.	34,323	3,652,654
Bank of New York Mellon Corp.	166,600	6,867,252

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	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Capital Markets (continued)		
The Charles Schwab Corp.	320,634	$10,558,478
Franklin Resources, Inc.	153,875	5,665,677
The Goldman Sachs Group, Inc.	31,875	5,744,831
Morgan Stanley	177,175	5,635,937
State Street Corp.	82,925	5,502,903
UBS Group AG	325,600	6,306,872
		55,454,951
Commercial Banks (3.90%)		
Banco Bilbao Vizcaya Argentaria SA[(b)(c)]	559,300	4,099,669
BB&T Corp.	190,800	7,214,148
BOK Financial Corp.[(b)]	29,100	1,739,889
Cullen/Frost Bankers, Inc.[(b)]	28,600	1,716,000
First Republic Bank	151,344	9,997,784
M&T Bank Corp.	35,400	4,289,772
Mitsubishi UFJ Financial Group, Inc.[(c)]	682,100	4,242,662
The PNC Financial Services Group, Inc.	53,541	5,102,993
Regions Financial Corp.	614,950	5,903,520
		44,306,437
Consumer Finance (1.31%)		
Visa, Inc., Class A	192,712	14,944,816
Diversified Financial Services (3.66%)		
Bank of America Corp.	885,800	14,908,014
Citigroup, Inc.	160,481	8,304,892
JPMorgan Chase & Co.	195,075	12,880,802
Voya Financial, Inc.	150,750	5,564,182
		41,657,890
Insurance (4.84%)		
ACE Ltd.	120,900	14,127,165
The Allstate Corp.	113,900	7,072,051
American International Group, Inc.	132,925	8,237,362
Axis Capital Holdings Ltd.	118,750	6,676,125
Marsh & McLennan Cos., Inc.	128,500	7,125,325
Metlife, Inc.	140,725	6,784,352
Willis Group Holdings PLC	102,450	4,975,997
		54,998,377
Real Estate Investment Trusts (1.67%)		
American Tower Corp.	120,450	11,677,628
Equinix, Inc.	23,991	7,254,878
		18,932,506

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	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
HEALTH CARE (16.73%)		
Biotechnology (5.41%)		
AbbVie, Inc.	107,900	$6,391,996
Alexion Pharmaceuticals, Inc.[(a)]	77,520	14,786,940
Baxalta, Inc.	277,300	10,823,019
BioMarin Pharmaceutical, Inc.[(a)]	47,673	4,994,223
Celgene Corp.[(a)]	76,330	9,141,281
Gilead Sciences, Inc.	62,155	6,289,464
Puma Biotechnology, Inc.[(a)(b)]	45,212	3,544,621
Vertex Pharmaceuticals, Inc.[(a)]	43,984	5,534,507
		61,506,051
Health Care Equipment & Supplies (1.46%)		
Baxter International, Inc.	262,375	10,009,606
Medtronic PLC	86,200	6,630,504
		16,640,110
Health Care Providers & Services (3.48%)		
Cardinal Health, Inc.	83,200	7,427,264
Cigna Corp.	55,092	8,061,612
Envision Healthcare Holdings, Inc.[(a)]	263,680	6,847,770
Express Scripts Holding Co.[(a)]	85,200	7,447,332
Humana, Inc.	12,659	2,259,758
Quest Diagnostics, Inc.	105,800	7,526,612
		39,570,348
Health Care Technology (1.79%)		
Athenahealth, Inc.[(a)]	48,200	7,758,754
Cerner Corp.[(a)]	145,600	8,760,752
HMS Holdings Corp.[(a)]	309,708	3,821,797
		20,341,303
Life Sciences Tools & Services (0.66%)		
Illumina, Inc.[(a)]	39,100	7,505,050
Pharmaceuticals (3.93%)		
Abbott Laboratories	107,925	4,846,912
Allergan, PLC[(a)]	22,000	6,875,000
Johnson & Johnson	71,600	7,354,752
Merck & Co., Inc.	134,100	7,083,162
Novartis AG[(b)(c)]	58,200	5,007,528
Perrigo Co. PLC	46,021	6,659,238
Pfizer, Inc.	211,400	6,823,992
		44,650,584
INDUSTRIALS (7.21%)		
Aerospace & Defense (2.22%)		
General Dynamics Corp.	43,300	5,947,688

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	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Aerospace & Defense (continued)		
Northrop Grumman Corp.	39,800	$7,514,638
Raytheon Co.	59,400	7,397,082
Textron, Inc.	104,385	4,385,214
		25,244,622
Airlines (0.13%)		
Delta Air Lines, Inc.	28,405	1,439,849
Building Products (0.09%)		
Masco Corp.	35,498	1,004,593
Commercial Services & Supplies (0.63%)		
Waste Management, Inc.	133,900	7,146,243
Industrial Conglomerates (0.50%)		
General Electric Co.	183,200	5,706,680
Machinery (2.64%)		
Deere & Co.[b]	43,000	3,279,610
Dover Corp.	106,975	6,558,637
Illinois Tool Works, Inc.	51,300	4,754,484
Oshkosh Corp.	104,500	4,079,680
Parker-Hannifin Corp.	56,925	5,520,587
Stanley Black & Decker, Inc.	54,675	5,835,463
		30,028,461
Road & Rail (0.49%)		
J.B. Hunt Transport Services, Inc.	75,291	5,523,348
Trading Companies & Distributors (0.51%)		
HD Supply Holdings, Inc.[a]	194,665	5,845,790
INFORMATION TECHNOLOGY (20.15%)		
Communications Equipment (1.03%)		
Cisco Systems, Inc.	259,900	7,057,585
Palo Alto Networks, Inc.[a]	26,616	4,688,142
		11,745,727
Computers & Peripherals (0.33%)		
Hewlett-Packard Co.	315,950	3,740,848
Electronic Equipment & Instruments (0.34%)		
Corning, Inc.	209,425	3,828,289

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December 31, 2015

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Internet Software & Services (5.79%)		
Alphabet, Inc., Class A[(a)]	18,803	$14,628,922
Alphabet, Inc., Class C[(a)]	20,100	15,253,488
CoStar Group, Inc.[(a)]	12,913	2,668,988
Criteo SA[(a)(c)]	40,040	1,585,584
Facebook, Inc., Class A[(a)]	188,209	19,697,954
LinkedIn Corp., Class A[(a)]	36,250	8,159,150
Pandora Media, Inc.[(a)(b)]	288,726	3,871,816
		65,865,902
IT Services (0.99%)		
PayPal Holdings, Inc.[(a)]	104,200	3,772,040
Xerox Corp.	706,400	7,509,032
		11,281,072
Semiconductors & Semiconductor Equipment (2.59%)		
ARM Holdings PLC[(c)]	121,300	5,487,612
Intel Corp.	421,450	14,518,952
NXP Semiconductors NV[(a)]	49,488	4,169,364
Texas Instruments, Inc.	95,000	5,206,950
		29,382,878
Software (8.14%)		
Adobe Systems, Inc.[(a)]	71,900	6,754,286
CA, Inc.	255,400	7,294,224
Imperva, Inc.[(a)]	42,617	2,698,082
Microsoft Corp.	384,860	21,352,033
Mobileye NV[(a)(b)]	151,450	6,403,306
Oracle Corp.	311,625	11,383,661
Salesforce.com, Inc.[(a)]	255,069	19,997,410
ServiceNow, Inc.[(a)]	92,100	7,972,176
Splunk, Inc.[(a)]	102,400	6,022,144
Tableau Software, Inc., Class A[(a)]	27,963	2,634,674
		92,511,996
Technology Hardware & Equipment (0.50%)		
Apple, Inc.	53,474	5,628,673
Technology Hardware, Storage & Equipment (0.44%)		
Hewlett Packard Enterprise Co.[(a)]	315,950	4,802,440
Seagate Technology	7,000	256,620
		5,059,060
MATERIALS (1.72%)		
Chemicals (1.23%)		
The Dow Chemical Co.	99,100	5,101,668
Ecolab, Inc.	14,136	1,616,876

See Notes to Schedule of Investments and Financial Statements.

December 31, 2015

	SHARES	MARKET VALUE
COMMON STOCKS (continued)		
Chemicals (continued)		
EI du Pont de Nemours & Co.	109,500	$7,292,700
		14,011,244
Construction Materials (0.49%)		
Martin Marietta Materials, Inc.	40,600	5,545,148
TELECOMMUNICATION SERVICES (1.27%)		
Diversified Telecommunication (1.27%)		
AT&T, Inc.	213,500	7,346,535
Verizon Communications, Inc.	154,000	7,117,880
		14,464,415
UTILITIES (1.51%)		
Electric Utilities (0.82%)		
Edison International	116,500	6,897,965
ITC Holdings Corp.	61,000	2,394,250
		9,292,215
Gas Utilities (0.37%)		
National Fuel Gas Co.[(b)]	98,600	4,215,150
Independent Power and Renewable Energy Producers (0.32%)		
AES Corp.	378,400	3,621,288
TOTAL COMMON STOCKS (COST OF $982,003,999)		1,116,539,953

	PAR VALUE/ SHARES	MARKET VALUE
SHORT TERM INVESTMENTS (6.20%)		
REPURCHASE AGREEMENT (3.27%)		
Repurchase agreement with State Street Bank & Trust Co., dated 12/31/15, due 01/04/16 at 0.01%, collateralized by Federal Home Loan Mortgage Corp., 3.00%, 03/15/43, market value of $37,877,372 and par value of $56,200,000. (Repurchase proceeds of $37,125,041). (COST OF $37,125,000)	$37,125,000	$37,125,000

See Notes to Schedule of Investments and Financial Statements.

Liberty All-Star® Equity Fund Schedule of Investments

December 31, 2015

	PAR VALUE/ SHARES	MARKET VALUE
SHORT TERM INVESTMENTS (continued)		
INVESTMENTS PURCHASED WITH COLLATERAL FROM SECURITIES LOANED (2.93%)		
State Street Navigator Securities Lending Prime Portfolio, 0.31% (COST OF $33,286,486)	$33,286,486	$33,286,486
TOTAL SHORT TERM INVESTMENTS (COST OF $70,411,486)		70,411,486
TOTAL INVESTMENTS (104.43%) (COST OF $1,052,415,485)[d]		1,186,951,439
LIABILITIES IN EXCESS OF OTHER ASSETS (-4.43%)		(50,359,674)
NET ASSETS (100.00%)		$1,136,591,765
NET ASSET VALUE PER SHARE (184,052,350 SHARES OUTSTANDING)		$6.18

Notes to Schedule of Investments:

[a] Non-income producing security.
[b] Security, or a portion of the security position, is currently on loan. The total market value of securities on loan is $32,909,298.
[c] American Depositary Receipt.
[d] Cost of investments for federal income tax purposes is $1,056,153,234.

Gross unrealized appreciation and depreciation at December 31, 2015 based on cost of investments for federal income tax purp

Gross unrealized appreciation	$179,150,473
Gross unrealized depreciation	(48,352,268)
Net unrealized appreciation	$130,798,205

See Notes to Schedule of Investments and Financial Statements.

Liberty All-Star® Equity Fund Statement of Assets and Liabilities

December 31, 2015

ASSETS:	
Investments at market value (Cost $1,052,415,485)	$1,186,951,439
Cash	2,334
Receivable for investment securities sold	2,019,535
Dividends and interest receivable	1,646,616
Prepaid and other assets	59,417
TOTAL ASSETS	1,190,679,341
LIABILITIES:	
Payable for investments purchased	2,576,666
Distributions payable to shareholders	17,112,583
Investment advisory fee payable	702,322
Payable for administration, pricing and bookkeeping fees	188,281
Payable for collateral upon return of securities loaned	33,286,486
Accrued expenses	221,238
TOTAL LIABILITIES	54,087,576
NET ASSETS	$1,136,591,765
NET ASSETS REPRESENTED BY:	
Paid-in capital	$1,011,466,781
Distributions in excess of net investment income	(1,541,450)
Accumulated net realized loss on investments	(7,869,520)
Net unrealized appreciation on investments	134,535,954
NET ASSETS	$1,136,591,765
Shares of common stock outstanding (unlimited number of shares of beneficial interest without par value authorized)	184,052,350
NET ASSET VALUE PER SHARE	$6.18

See Notes to Financial Statements.

Liberty All-Star® Equity Fund Statement of Operations

For the Year Ended December 31, 2015

INVESTMENT INCOME:	
Dividends (Net of foreign taxes withheld at source which amounted to $73,973)	$19,000,139
Securities lending income	326,481
Interest	3,040
TOTAL INVESTMENT INCOME	19,329,660
EXPENSES:	
Investment advisory fee	8,552,300
Administration fee	2,138,075
Pricing and bookkeeping fees	199,712
Audit fee	47,187
Custodian fee	115,837
Insurance expense	60,290
Legal fees	378,916
NYSE fee	169,265
Shareholder communication expenses	133,709
Transfer agent fees	111,266
Trustees' fees and expenses	255,217
Miscellaneous expenses	119,122
TOTAL EXPENSES	12,280,896
NET INVESTMENT INCOME	7,048,764
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Net realized gain on investment transactions	99,752,650
Net change in unrealized depreciation on investments	(130,429,134)
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	(30,676,484)
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	$(23,627,720)

See Notes to Financial Statements.

Liberty All-Star® Equity Fund Statements of Changes in Net Assets

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
FROM OPERATIONS:		
Net investment income	$7,048,764	$3,781,928
Net realized gain on investment transactions	99,752,650	47,267,828
Net change in unrealized appreciation/(depreciation) on investments	(130,429,134)	44,084,187
Net Increase/(Decrease) in Net Assets From Operations	(23,627,720)	95,133,943
DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income	–	(14,835,410)
From net realized gains on investments	(92,237,880)	(52,825,167)
Tax return of capital	–	(1,286,981)
Total Distributions	(92,237,880)	(68,947,558)
CAPITAL SHARE TRANSACTIONS:		
Dividend reinvestments	27,755,527	21,199,279
Net Increase/(Decrease) in Net Assets	(88,110,073)	47,385,664
NET ASSETS:		
Beginning of period	1,224,701,838	1,177,316,174
End of period (Includes distributions in excess of net investment income of $(1,541,450) and $(11,053,482), respectively)	$1,136,591,765	$1,224,701,838

See Notes to Financial Statements.

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
Tax return of capital
Total Distributions
Change due to tender offer[(b)]
Net asset value at end of period
Market price at end of period

TOTAL INVESTMENT RETURN FOR SHAREHOLDERS:[(c)]
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 after reimbursement
Ratio of expenses to average net assets before reimbursement
Ratio of net investment income to average net assets
Portfolio turnover rate

(a) Calculated using average shares outstanding during the period.
(b) Effect of Fund's tender offer for shares at a price below net asset value, net of costs.
(c) 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.

Financial Highlights

For the Year Ended December 31,				
2015	2014	2013	2012	2011
$6.84	$6.71	$5.35	$4.99	$5.69
0.04	0.02	0.03	0.04	0.02
(0.19)	0.50	1.66	0.64	(0.38)
(0.15)	0.52	1.69	0.68	(0.36)
–	(0.08)	(0.31)	(0.32)	(0.26)
(0.51)	(0.30)	(0.04)	–	–
–	(0.01)	–	–	(0.08)
(0.51)	(0.39)	(0.35)	(0.32)	(0.34)
–	–	0.02	–	–
$6.18	$6.84	$6.71	$5.35	$4.99
$5.35	$5.98	$5.97	$4.77	$4.22
(1.0 %)	8.9 %	33.8 %	14.7 %	(5.8 %)
(2.0 %)	7.0 %	33.5 %	20.9 %	(8.1 %)
$1,137	$1,225	$1,177	$991	$912
N/A	N/A	N/A	1.07 %	N/A
1.04 %	1.03 %	1.05 %	1.08 %	1.05 %
0.60 %	0.32 %	0.44 %	0.72 %	0.33 %
76 %	36 %	41 %	45 %	48 %

December 31, 2015

NOTE 1. ORGANIZATION

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

Investment Goal

The Fund seeks total investment return comprised of 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. 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 accounting principles generally accepted in the United States of America ("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 Prime Portfolio, 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. Repurchase agreements are valued at cost, which approximates fair value.

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 Advisor, ALPS Advisors Inc. (the "Advisor") 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, 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, 2015, the Fund held no securities that were fair valued.

December 31, 2015

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.

Repurchase Agreements
The Fund engages in repurchase agreement transactions with institutions that the Fund's investment advisor has determined are creditworthy. The Fund, through its custodian, receives delivery of underlying securities collateralizing a repurchase agreement. Collateral is at least equal, at all times, to the value of the repurchase obligation including interest. A repurchase agreement transaction involves certain risks in the event of default or insolvency of the counterparty. These risks include possible delays or restrictions upon a Fund's ability to dispose of the underlying securities and a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights.

Repurchase agreements are entered into by the Fund under a Master Repurchase Agreement ("MRA") which permits the Fund, under certain circumstances, including an event of default (such as bankruptcy or insolvency), to offset payables and/or receivables under the MRA with collateral held and/or posted to the counterparty and create one single net payment due or from the Fund.

At December 31, 2015, the open repurchase agreement with the counterparty State Street Bank & Trust Co., and subject to a MRA on a net payment basis, was as follows:

				Gross Amounts Not Offset In The Statement Of Financial Position		
Description	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statements of Assets and Liabilities	Net Amounts Presented in the Statements of Assets and Liabilities	Financial Instruments Collateral Received	Cash Collateral Received	Net Amount
Repurchase Agreement	$ 37,125,000	$ –	$ 37,125,000	$ (37,125,000)	$ –	$ –
Total	$ 37,125,000	$ –	$ 37,125,000	$ (37.125,000)	$ –	$ –

December 31, 2015

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 a money market fund managed by SSB as disclosed in the Fund's Schedule of Investments and is reflected in the Statement of Assets and Liabilities as a payable for collateral upon return of securities loaned. 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. As of December 31, 2015, the market value of securities on loan was $32,909,298 and the total cash collateral and non-cash collateral received was $33,286,486 and $595,842, respectively. 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.

The following table indicates the total amount of securities loaned by type, reconciled to gross liability payable upon return of the securities loaned by the Fund as of December 31, 2015:

	Remaining contractual maturity of the lending agreement				
Securities Lending Transactions	Overnight & Continuous	Up to 30 days	30-90 days	Greater than 90 days	Total
Common Stocks	$ 32,909,298	$ –	$ –	$ –	$ 32,909,298
Total Loans					32,909,298
Gross amount of recognized liabilities for securities lending (collateral received)					$ 33,286,486
Amounts due to counterparty					$ 377,188

December 31, 2015

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 value 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. Repurchase agreements are valued at cost, which approximates fair value, and are categorized as Level 2 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.

December 31, 2015

The following is a summary of the inputs used to value the Fund's investments as of December 31, 2015:

	Valuation Inputs			
Investments in Securities at Value*	Level 1	Level 2	Level 3	Total
Common Stocks	$ 1,116,539,953	$ –	$ –	$ 1,116,539,953
Short Term Investment	–	37,125,000	–	37,125,000
Investments Purchased with Collateral from Securities Loaned	33,286,486	–	–	33,286,486
Total	$ 1,149,826,439	$ 37,125,000	$ –	$ 1,186,951,439

* See Schedule of Investments for industry classifications.

The Fund recognizes transfers between the levels as of the end of the period. For the year ended December 31, 2015, the Fund did not have any transfers between Level 1 and Level 2 securities. The Fund did not have any securities which 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 8% of its net asset value per year. The distributions are payable in four quarterly distributions of 2% of the Fund's net asset value at the close of the NYSE 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 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. The amounts and characteristics of tax basis distributions and composition of distributable earnings/(accumulated losses) are finalized at fiscal year-end. Also, 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.

December 31, 2015

For the year ended December 31, 2015, 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:

Accumulated Net Investment Income	Accumulated Net Realized Loss	Paid-In Capital
$2,463,268	$(2,463,268)	$–

The tax character distributions paid during the years ended December 31, 2015 and December 31, 2014 were as follows:

Distributions Paid From:	12/31/2015	12/31/2014
Ordinary Income	$ –	$ 27,469,252
Long-term capital gains	92,237,880	40,191,325
Return of Capital	–	1,286,981
Total	$ 92,237,880	$ 68,947,558

As of December 31, 2015, the components of distributable earnings on a tax basis were as follows:

Accumulated Capital Loss	Net Unrealized Appreciation	Other Cumulative Effect of Timing Differences	Total
$(4,131,771)	$130,798,205	$(1,541,450)	$125,124,984

As of December 31, 2015, the costs of investments for federal income tax purposes and accumulated net unrealized appreciation/(depreciation) on investments were 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
$1,056,153,234	$179,150,473	$(48,352,268)	$130,798,205

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.

The fund elects to defer to the fiscal year ending December 31, 2016, capital losses recognized during the period from November 1, 2015 to December 31, 2015 in the amount of $4,131,771.

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, 2015, 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

ALPS Advisors, Inc. ("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 ending December 31, 2015 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, 2015 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.

December 31, 2015

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, 2015, the cost of purchases and proceeds from sales of securities, excluding short-term obligations, were $883,611,272 and $931,946,442, respectively.

NOTE 6. CAPITAL TRANSACTIONS

During the years ended December 31, 2015 and December 31, 2014, distributions in the amounts of $27,755,527 and $21,199,279, 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 5,021,023 and of 3,609,021 shares, respectively.

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. 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, subject to certain limitations as described more fully in the Plan. Distributions declared payable in shares 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.

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.

NOTE 8. TRUSTEES FEES

As of December 31, 2015, there were six Trustees, five of whom are not "interested persons" of the Fund within the meaning of that term under the 1940 Act (each, an "Independent Trustee"). The Independent Chairman of the Board receives a quarterly retainer of $8,250; the Independent Audit Chairman receives a quarterly retainer of $5,750; all other Independent Trustees receive a quarterly retainer of $4,500. Each Independent Trustee also receives a meeting fee of $4,500 for attendance in person at a regular scheduled meeting or a special meeting; $4,500 for attendance by telephone at a regular meeting; $1,000 for attendance by telephone for a special meeting; and reimbursement for all reasonable out-of-pocket expenses relating to attendance at meetings. Trustees' fees are allocated between the Fund and the Liberty All-Star® Growth Fund, Inc. One-third of the Trustees' fees are equally shared and the remaining two-thirds are allocated based on each Fund's proportionate share of total net assets. Trustees' fees and expenses accrued by the Fund for the year ending December 31, 2015 are reported on the Statement of Operations.

December 31, 2015

NOTE 9. SHAREHOLDER MEETING RESULTS

On November 19, 2015, a Special Meeting of Shareholders of the Fund was held to approve a new Portfolio Management Agreement with Delaware Investments Fund Advisers, a series of Delaware Business Management Trust ("Delaware Investments"). On September 16, 2015, the record date for the meeting, the Fund had outstanding 182,754,403 shares of beneficial interest. The votes cast at the meeting were as follows:

Proposal - To approve a new Portfolio Management Agreement with Delaware Investments:

For	Against	Abstain	Broker Non-Votes
92,009,517	11,760,838	2,596,478	None

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

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, 2015, and 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, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2015, 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.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Liberty All-Star® Equity Fund as of December 31, 2015, 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.

DELOITTE & TOUCHE LLP

Denver, Colorado
February 18, 2016

(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.

(Unaudited)

All 2015 distributions, whether received in cash or shares of the Fund, consist of the following:

(1) ordinary dividends
(2) long-term capital gains

The table below details the breakdown of each 2015 distribution for federal income tax purposes.

			Total Ordinary Dividends		
Record Date	Payable Date	Amount per Share	Qualified	Non-Qualified	Long-Term Capital Gains
10/31/14*	01/02/15	$0.062038	6.93%	–	93.07%
01/23/15	03/09/15	$0.10	6.93%	–	93.07%
05/01/15	06/15/15	$0.14	6.93%	–	93.07%
07/31/15	09/14/15	$0.14	6.93%	–	93.07%
10/30/15	01/04/16	$0.121565	6.93%	–	93.07%
10/30/15**	01/04/16	$0.008435	–	–	–

* Pursuant to Section 852 of the Internal Revenue Code, the taxability of this distribution will be reported in the Form 1099-DIV for 2015.
** Pursuant to Section 852 of the Internal Revenue Code, the taxability of this distribution will be reported in the Form 1099-DIV for 2016.

Tax Designations

The Fund designates the following as a percentage of taxable ordinary income distributions for the calendar year ended December 31, 2015:

Qualified Dividend Income	100.00%
Dividend Received Deduction	100.00%

Pursuant to Section 852(b)(3) of the Internal Revenue Code, the Fund designated $94,701,148 as long-term capital gain dividends.

(Unaudited)

INDEPENDENT TRUSTEES

Name (Age) 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/Director**	Other Directorships Held
John A. Benning Year of Birth: 1934	Trustee Since 2002; Term expires 2018	Retired since December, 1999	2	Director, Liberty All-Star Growth Fund, Inc. (since 2002)
Thomas W. Brock Year of Birth: 1947	Trustee Since 2005, Chairman Since 2015; Term expires 2017	Interim Chief Executive Officer, Silver Bay Realty (since 2016); Director, Silver Bay Realty (December 2012 – present); Former Chief Executive Officer, Stone Harbor Investment Partners LP (April 2006-2012); Adjunct Professor, Columbia University Graduate School of Business (since 1998)	2	Director, Liberty All-Star Growth Fund, Inc. (since 2005); Trustee, Equitable AXA Annuity Trust (since 2016)
George R. Gaspari Year of Birth: 1940	Trustee Since 2006; Term Expires 2017	Financial Services Consultant (1996-2012)	2	Director, Liberty All-Star Growth Fund, Inc. (since 1999); Trustee (since 1999) and Chairman – Audit Committee (since 2015), The Select Sector SPDR Trust
John J. Neuhauser Year of Birth: 1943	Trustee Since 1998; Term Expires 2016	President, St. Michael's College (since August, 2007); University Professor December 2005-2007, Boston College (formerly Academic Vice President and Dean of Faculties, from August 1999 to December 2005, Boston College)	2	Director, Liberty All-Star Growth Fund, Inc. (since 1998); Trustee, Columbia Funds Series Trust I (since 1985)

*The address for all Directors is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.

(Unaudited)

INDEPENDENT TRUSTEES (continued)

Name (Age) 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/Director**	Other Directorships Held
Richard C. Rantzow Year of Birth: 1938	Trustee Since 2006; Term expires 2016	Retired, Ernst & Young Partner (1993); Chief Financial Officer, Miller Sports (1993-1998)	2	Director, Liberty All-Star Growth Fund, Inc. (since 2006); Trustee, Clough Global Allocation Fund (since 2004), Trustee, Clough Global Equity Fund (since 2005) and Trustee, Clough Global Opportunities Fund (since 2006)

* The address for all Directors is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.

(Unaudited)

INTERESTED TRUSTEE & OFFICER

Name (Age) 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/Director**	Other Directorships Held
Edmund J. Burke*** Year of Birth: 1961	Trustee Since 2006; Term expires 2018	Chief Executive Officer and President of ALPS Holdings, Inc., a DST Company (since November 2011); CEO and a Director of: ALPS Holdings, Inc. (since 2005); Director of ALPS Advisors, Inc. (since 2001), ALPS Distributors, Inc. (since 2000), ALPS Fund Services, Inc., (since 2000) and ALPS Portfolio Solutions Distributor, Inc. (since 2013). Mr. Burke is also a Director of Boston Financial Data Services (since 2013).	2	Director, Liberty All-Star Growth Fund, Inc. (since 2006); President (since 2006), Trustee and Chairman (since 2009), Financial Investors Trust; Trustee (since 2004) and President (since 2006), Clough Global Allocation Fund, Trustee (since 2006), and President (since 2005), Clough Global Equity Fund, Trustee and President (since 2006), Clough Global Opportunities Fund. Mr. Burke is deemed an affiliate of the Funds as defined under the 1940 Act.

* The address for all Trustees is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; 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 Cornerstone Capital Management LLC, Delaware Investments Fund Advisers, Pzena Investment Management LLC, Weatherbie Capital LLC, TCW Investment Management Company, Sustainable Growth Advisers, LP, and Aristotle Capital Management, LLC.

*** Mr. Burke is an “interested person” of the Funds, as defined in the 1940 Act, because he is an officer of ALPS Holdings, Inc. and a Director of ALPS Advisors, Inc. and ALPS Fund Services, Inc.

(Unaudited)

OFFICERS

Name (Age) 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 Fund (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.
Edmund J. Burke Year of Birth: 1961	Vice President	2006	Chief Executive Officer and President of ALPS Holdings, Inc., a DST Company (since November 2011); CEO and a Director of: ALPS Holdings, Inc. (since 2005); Director of ALPS Advisors, Inc. (since 2001), ALPS Distributors, Inc. (since 2000), ALPS Fund Services, Inc., (since 2000) and ALPS Portfolio Solutions Distributor, Inc. (since 2013). Mr. Burke is also a Director of Boston Financial Data Services (since 2013). Mr. Burke is deemed an affiliate of the Funds as defined under the 1940 Act.
Kimberly R. Storms Year of Birth: 1972	Treasurer	2013	Senior Vice President and Director of Fund Administration of ALPS. Ms. Storms is also Treasurer of ALPS Series Trust, Financial Investors Trust, and the Liberty All-Star Growth Fund, Inc. Ms. Storms also serves as a Board member and Treasurer of The Center for Trauma & Resilience, a nonprofit agency. Ms. Storms is deemed an affiliate of the Funds as defined under the 1940 Act.

*The address for all Trustees is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.

(Unaudited)

OFFICERS (continued)

Name (Age) and Address*	Position with Fund	Year First Elected or Appointed to Office	Principal Occupation(s) During Past Five Years
Andrew P. Meloni Year of Birth: 1969	Assistant Treasurer	2015	Fund Controller, ALPS Fund Services, Inc. Employee of ALPS Fund Services, Inc. since March 2007. Mr. Meloni is also an Assistant Treasurer to the Liberty All-Star Growth Fund, Inc. Mr. Meloni is deemed an affiliate of the Funds as defined under the 1940 Act.
Erin D. Nelson Year of Birth: 1977	Chief Compliance Officer	2015	Ms. Nelson is Senior Vice President and Chief Compliance Officer of ALPS Advisors, Inc. Prior to 2015, Ms. Nelson was Vice-President and Assistant General Counsel of ALPS. Ms. Nelson is also Chief Compliance Officer of the Principal Real Estate Income Fund, ALPS ETF Trust, ALPS Variable Investment Trust, the Liberty All-Star Growth Fund, Inc. and the RiverNorth Tactical Opportunities Fund, Inc. Ms. Nelson is deemed an affiliate of the Funds as defined under the 1940 Act.
Alex J. Marks Year of Birth: 1974	Secretary	2015	Senior Investment Company Act Paralegal, ALPS Fund Services, Inc. Employee of ALPS Fund Services, Inc. since June 2011. Mr. Marks also served as an employee of ALPS Fund Services, Inc. from July 2006 to September 2010. Mr. Marks is also Secretary of the Liberty All-Star Growth Fund, Inc. Mr. Marks is deemed an affiliate of the Funds as defined under the 1940 Act.

* The address for all Trustees is: c/o ALPS Fund Services, Inc., 1290 Broadway, Suite 1100; Denver, CO 80203.

(Unaudited)

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 10, 2015, 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 the five separate Portfolio Management Agreements, among the Fund, AAI and the following independent investment management firms: Cornerstone Capital Management LLC ("Cornerstone"), Matrix Asset Advisors, Inc. ("Matrix"), Pzena Investment Management, LLC ("Pzena"), and TCW Investment Management Company ("TCW").

It was noted that Schneider Capital Management Corporation ("Schneider") currently serves as a Portfolio Manager to the Equity Fund, but the Portfolio Management Agreement with Schneider was not considered for renewal at the meeting. Instead, a new Portfolio Management Agreement with Delaware Investments Fund Advisers was being proposed. (Cornerstone, Delaware, Matrix, Pzena, and TCW are referred to as "Portfolio Managers" and each a "Portfolio Manager.")

Prior to the Board 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 the Agreement and whether the Agreement was in the best interest 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 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 analysis of each Fund's investment performance and related financial information for the Fund, presentations given by each 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 each Fund's investment performance over various time periods as compared to a peer universe and a market index and each 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 and Broadridge Financial Solutions regarding review of the Lipper peer groups. The information provided by AAI generally included information reflecting each Fund's management fees, expense ratios, investment performance and profitability, including AAI's profitability with respect to each Fund.

(Unaudited)

As part of the process to consider the Agreements, legal counsel to the Independent Trustees requested information from AAI and each Portfolio Manager up for renewal, as well as Delaware. In response to these requests, the Board received reports from AAI and each Portfolio Manager up for renewal and Delaware that addressed specific factors designed to inform the Independent Trustees consideration of each Agreement. Counsel also provided the Board with a memorandum discussing the legal standards applicable to their consideration 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. The Board also unanimously concluded that the terms of the Delaware Agreement were reasonable, fair and in the best interest of the shareholders of the Equity Fund. The following is a summary of the Board’s considerations.

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 up for renewal, as well the proposed portfolio management services of Delaware, 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.

In addition, the Board also considered the demonstrated consistency in investment approach of each Portfolio Manager up for renewal. The Board considered that Cornerstone and TCW manage the large-cap growth portions of the Fund’s portfolio and that Matrix and Pzena manage the large-cap value portions of the Fund’s portfolio. In addition, they considered the proposal that Delaware also manage a large-cap value portion of the Fund’s portfolio.

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 the Portfolio Managers 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.

(Unaudited)

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 group. 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 Fund's Portfolio Managers that were up for renewal, and Delaware, including the performance of other investment companies and accounts managed by the Portfolio Managers and 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.

Among other information, the Board received information regarding the Fund's return on an absolute and a relative basis, based on NAV and market price, for various periods. In particular, the Board received information which indicated that, based on NAV, the Fund underperformed the Lipper Large-Cap Core Mutual Fund Average ("Lipper Average") for the one-, five-, and ten-year periods, but outperformed the Lipper Average and S&P 500® Index for the fifteen-year period ended June 30, 2015.

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 Independent Trustees considered that the Fund's total expenses were lower than the median of a representative group of closed-end funds consisting of the Lipper growth, core, and value universes ("Lipper Group"). The Board also considered that the Fund's management and administrative fees were lower than the median for the multi-manager open-end equity funds selected by AAI, and the total expense ratio was also lower.

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 comparable closed-end funds and open-end equity funds.

(Unaudited)

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 each 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 each 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 each 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.

(Unaudited)

Benefits to be Derived from the Relationship with the Fund
The Boards also considered the potential "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 Boards considered, among other things, that AAI and the Portfolio Managers may derive ancillary benefits from the Fund's operations. For example, under the Agreements, 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 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 a 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.

Conclusions
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.

BOARD CONSIDERATION OF THE RENEWAL OF THE FUND MANAGEMENT AGREEMENT AND CERTAIN PORTFOLIO MANAGEMENT AGREEMENTS AND THE INITIAL APPROVAL OF THE PORTFOLIO MANAGEMENT AGREEMENTS WITH DELAWARE INVESTMENTS FUND ADVISERS AND ARISTOTLE CAPITAL MANAGEMENT, LLC

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"), consider on an initial basis and annually thereafter, at an in-person meeting called for such purpose, whether to approve the Fund's investment advisory agreements and to renew them for an additional year. At its meeting on September 10, 2015, the Board, including a majority of the Independent Trustees, conducted such a review and approved (1) the continuation of the Fund Management Agreement between the Fund and ALPS Advisors, Inc. ("AAI") and the four separate Portfolio Management Agreements among the Fund, AAI, and the following independent investment management firms: Cornerstone Capital Management LLC ("Cornerstone"), Matrix Asset Advisors, Inc. ("Matrix"), Pzena Investment Management, LLC ("Pzena"), and TCW Investment Management Company ("TCW"); and (2) the initial Portfolio Management Agreement among the Fund, AAI, and Delaware Investments Fund Advisers ("Delaware"), an independent investment management firm. It was noted that Schneider Capital Management Corporation ("Schneider") currently serves as a Portfolio Manager to the Fund, but the Portfolio Management Agreement with Schneider was not considered for renewal at the meeting.

(Unaudited)

Further, at a meeting on December 3, 2015, the Board, including a majority of the Independent Trustees, approved the initial Portfolio Management Agreement among the Fund, AAI, and Aristotle Capital Management, LLC ("Aristotle"), an independent investment management firm. Cornerstone, Matrix, Pzena, TCW, Delaware, and Aristotle are collectively referred to as "Portfolio Managers" and each as a "Portfolio Manager." The Portfolio Management Agreements with Cornerstone, Matrix, Pzena, and TCW are collectively referred to as the "Portfolio Management Agreements," and the Portfolio Management Agreements with Delaware and Aristotle are referred to as the "Delaware Agreement" and the "Aristotle Agreement," respectively.

Prior to the Board's action at the September meeting, the Independent Trustees met to consider management's recommendations with respect to the renewal of the Fund Management Agreement and the Portfolio Management Agreements and the initial approval of the Delaware Agreement. Similarly, prior to the Board's action at the December meeting, the Independent Trustees met to consider management's recommendations with respect to the initial approval of the Aristotle Agreement. In reaching its decision to renew the Fund Management Agreement and the Portfolio Management Agreements and to approve the Delaware Agreement and the Aristotle Agreement (each, an "Agreement" and collectively, the "Agreements"), the Board considered the overall fairness of each Agreement and whether each Agreement was in the best interest 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 or to be 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 or to be 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 were 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 analysis 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 and approval 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 and Broadridge Financial Solutions 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.

(Unaudited)

As part of the process to consider the Agreements, legal counsel to the Independent Trustees requested information from AAI and each Portfolio Manager. In response to these requests, the Board received reports from AAI and each Portfolio Manager that addressed specific factors designed to inform the Independent Trustees' consideration of each Agreement. Counsel also provided the Independent Trustees and the Board with a memorandum discussing the legal standards applicable to their consideration 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 the Fund Management Agreement and the Portfolio Management Agreements and the initial approval of the Delaware Agreement and the Aristotle Agreement was in the best interests of the Fund and its shareholders. The following is a summary of the Board's considerations.

FUND MANAGEMENT AGREEMENT AND PORTFOLIO MANAGEMENT AGREEMENTS

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 up for renewal, 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.

In addition, the Board also considered the demonstrated consistency in investment approach of each Portfolio Manager up for renewal. The Board considered that Cornerstone and TCW manage the large-cap growth portions of the Fund's portfolio and that Matrix and Pzena manage the large-cap value portions of the Fund's portfolio.

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 the Portfolio Managers up for renewal were appropriate and consistent with the terms of the Fund Management Agreement and the Portfolio Management Agreements and that the Fund was likely to continue to benefit from services provided under the Fund Management Agreement and the Portfolio Management Agreements.

(Unaudited)

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 group. 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 Fund's Portfolio Managers that were up for renewal, including the performance of other investment accounts managed by the Portfolio Managers and 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.

Among other information, the Board received information regarding the Fund's return on an absolute and a relative basis, based on NAV and market price, for various periods. In particular, the Board received information which indicated that, based on NAV, the Fund underperformed the Lipper Large-Cap Core Mutual Fund Average ("Lipper Average") for the one-, five-, and ten-year periods, but outperformed the Lipper Average and S&P 500® Index for the fifteen-year period ended June 30, 2015.

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 Fund Management Agreement and the Portfolio Management 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 for selected closed-end funds and multi-manager open-end equity funds. The Board considered that the Fund's total expenses were lower than the median of a representative group of closed-end funds consisting of the Lipper growth, core, and value universes ("Lipper Group"). The Board also considered that the Fund's management and administrative fees were lower than the median for the multi-manager open-end equity funds selected by AAI, and the total expense ratio was also lower.

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 comparable closed-end funds and open-end equity funds.

(Unaudited)

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 Fund Management Agreement and the Portfolio Management 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 Fund Management Agreement and the Portfolio Management 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 Fund Management Agreement and the Portfolio Management 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.

(Unaudited)

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

Benefits to be Derived from the Relationship with the Fund
The Board also considered the potential "fall-out" benefits that AAI or the Portfolio Managers might receive in connection with their association with the Fund. In its consideration of the Fund Management Agreement and the Portfolio Management 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 Fund Management Agreement and the Portfolio Management Agreements, 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 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 Fund Management Agreement and the Portfolio Management Agreements.

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

DELAWARE AGREEMENT

Nature, Extent and Quality of Services
The Board considered information regarding Delaware's investment philosophy and investment style and the services to be provided by Delaware. In addition, the Board reviewed information regarding the financial condition of Delaware's parent company and the background and experience of the personnel who would be responsible for managing the large cap value equity allocation of the Fund's portfolio. The Board also considered information regarding Delaware's compliance program and compliance record. The Board concluded that the nature, extent and quality of the services to be provided by Delaware were consistent with the terms of the Delaware Agreement and that the Fund was likely to benefit from services provided by Delaware under the Delaware Agreement.

(Unaudited)

Investment Performance
The Board considered the performance of Delaware's large cap value composite ("Composite") relative to the Russell 1000 Value Index ("Index") and a comparable institutional peer group. The Board considered that the Composite outperformed the Index and the peer group for the 1-year, 3-year, 5-year and 10-year periods ended June 30, 2015. The Board also considered that the long-term performance of the Composite generally ranked favorably to the institutional peer group. The Board concluded that Delaware's large cap value equity investment performance has been reasonable.

Fees and Expenses
In evaluating the Delaware Agreement, the Board reviewed the proposed fee rate for services to be performed by Delaware on behalf of the Fund. The Board considered that the fee rate under the Delaware Agreement is the same as the fee rate paid to the Fund's prior subadviser. The Board also considered Delaware's representation that the fee rate under the Delaware Agreement is generally consistent with the fee rate charged to other similarly situated clients, assuming compensation on leveraged assets. In this regard, the Board considered Delaware's representation that Delaware may charge a lower fee to certain investment companies and institutional clients in the large cap value strategy that have significantly larger initial funding amounts, multiple mandates with the large cap value team and/or are longstanding clients of the firm. The Board also noted that the fee schedule for the Delaware Agreement has breakpoints at which the fee rate declines as the Fund assets allocated to Delaware increase above the breakpoint. The Board concluded that the fees payable to Delaware under the Delaware Agreement were reasonable in relation to the nature and quality of the services expected to be provided, taking into account the fee rates that Delaware charges to other clients.

Economies of Scale
The Board considered Delaware's representation that, as assets increase, there may be economies of scale in the subadvisory fee rate. The Board concluded that the breakpoints in the proposed fee schedule reflect economies of scale associated with the services to be provided to the Fund that Delaware may realize as the Fund's assets increase.

Costs of Services
The Board considered that the fee under the Delaware Agreement would be paid to Delaware by AAI, not the Fund, and noted the arm's-length nature of the relationship between AAI and Delaware with respect to the negotiation of the fee rate on behalf of the Fund. Accordingly, the Board determined that AAI's costs and profitability in providing services to the Fund were generally more relevant to the Board's evaluation of the fees and expenses paid by the Fund than Delaware's costs and profitability. The Board also noted that it would be considering AAI's costs and profitability in connection with its review of the Fund Management Agreement in 2016.

Other Benefits to be Derived By Delaware
The Board considered the potential "fall-out" benefits (including the receipt of research products and services from unaffiliated brokers) that Delaware might receive in connection with its association with the Fund. The Board also considered Delaware's representation that serving as subadviser to the Fund may enhance Delaware's prestige and visibility in the investment community. Based on the foregoing information, the Board concluded that the potential benefits accruing to Delaware by virtue of its relationship with the Fund appear to be fair and reasonable.

(Unaudited)

Conclusions
Based on its evaluation, the Board unanimously concluded that the terms of the Delaware Agreement were reasonable and fair and that the approval of the Delaware Agreement was in the best interests of the Fund and its shareholders.

ARISTOTLE AGREEMENT

Nature, Extent and Quality of Services
The Board considered information regarding Aristotle's investment philosophy and investment style and the services to be provided by Aristotle. In addition, the Board reviewed information regarding Aristotle's financial condition and the background and experience of the personnel who would be responsible for managing the large cap value equity allocation of the Fund's portfolio pursuant to Aristotle's Value Equity strategy. The Board also considered information regarding Aristotle's compliance program and compliance record. The Board concluded that the nature, extent and quality of the services to be provided by Aristotle were consistent with the terms of the Aristotle Agreement and that the Fund was likely to benefit from services provided by Aristotle under the Aristotle Agreement.

Investment Performance
The Board considered the performance of Aristotle's Value Equity Composite ("Composite"), gross and net of fees, relative to the Russell 1000® Value Index ("Russell Index"), the S&P 500® Index ("S&P 500"), and the Evestment US Large Cap Value institutional peer group ("Peer Group"). The Composite includes all discretionary accounts managed in the Value Equity strategy. The objective of the Value Equity strategy is to optimize long-term returns and is benchmarked to the Russell Index and the S&P 500® with a focus on mitigating market risk. The Value Equity strategy focuses on high-quality U.S. businesses and ADRs which appear to be trading at a discount to fair value and have a minimum market capitalization of approximately $2 billion. The performance of the Composite is calculated in compliance with the Global Investment Performance Standards (GIPS®).

The Board considered the ranking of the Composite, gross-of-fees, relative to the Peer Group and that the ranking of the Composite relative to the Peer Group as of September 30, 2015 for the one-year, three-year and since-inception periods generally exceeded the calendar year ranking of the Composite relative to the Peer Group for 2014, 2013, 2012, 2011 and 2010. The Board also considered that the Composite outperformed the Russell Index and the Peer Group for the year-to-date, 1-year, 3-year, and since inception periods ended September 30, 2015, and that the Composite outperformed the S&P 500 for the year-to-date, 1-year, and 3-year periods, but underperformed for the since inception period. Therefore, the Board considered that the long-term performance of the Composite generally ranked favorably to the Peer Group. The Board concluded that the investment performance of Aristotle's Value Equity strategy has been good.

Fees and Expenses
In evaluating the Aristotle Agreement, the Board reviewed the proposed fee rate for services to be performed by Aristotle on behalf of the Fund. The Board considered that the fee rate under the Aristotle Agreement is the same as the fee rate paid to the Fund's prior subadviser. The Board also considered Aristotle's representation that the fee rate under the Aristotle Agreement represents a discount from Aristotle's published fee schedule for accounts managed pursuant to the Value Equity strategy. However, the Board also considered that Aristotle charges a lower fee to certain investment companies and institutional clients in the Value Equity strategy that have negotiated a lower fee rate and may have larger accounts or multiple accounts that are aggregated for purposes of determining the applicable fee rate. The Board also noted that the fee schedule for the Aristotle Agreement has breakpoints at which the fee rate declines

as Fund assets allocated to Aristotle increase above a specific breakpoint. The Board concluded that the fees payable to Aristotle under the Aristotle Agreement were reasonable in relation to the nature and quality of the services expected to be provided, taking into account the fee rates that Aristotle charges to other clients.

(Unaudited)

Economies of Scale
The Board considered Aristotle's representation that, as assets increase, there may be economies of scale in the subadvisory fee rate. The Board took into consideration that there may be economies of scale in the future in the event that the Fund's assets increase.

Costs of Services
The Board considered that the fee under the Aristotle Agreement would be paid to Aristotle by AAI, not the Fund, and noted the arm's-length nature of the relationship between AAI and Aristotle with respect to the negotiation of the fee rate on behalf of the Fund. Accordingly, the Board determined that AAI's costs and profitability in providing services to the Fund were generally more relevant to the Board's evaluation of the fees and expenses paid by the Fund than Aristotle's costs and profitability. The Board also noted that it had considered AAI's costs and profitability in connection with its review of the Fund Management Agreement in September 2015.

Other Benefits to be Derived by Aristotle
The Board considered the potential "fall-out" benefits (including the receipt of proprietary research from unaffiliated brokers) that Aristotle might receive in connection with its association with the Fund. The Board also considered Aristotle's representation that serving as subadviser to the Fund may provide for better trade execution and greater access to research and company management. Based on the foregoing information, the Board concluded that the potential benefits accruing to Aristotle by virtue of its relationship with the Fund appear to be fair and reasonable.

Conclusions
Based on its evaluation, the Board unanimously concluded that the terms of the Aristotle Agreement were reasonable and fair and that the approval of the Aristotle Agreement was in the best interests of the Fund and its shareholders.

(Unaudited)

This Privacy Policy Notice discloses the privacy policies of the Liberty All-Star® Funds, which are advised by ALPS Advisors, Inc. and serviced by ALPS Fund Services, Inc. (the "Companies"). The Companies and the Funds are referred to herein collectively as "we" or "us."

Protecting Your Privacy is a Top Priority

We realize that our ability to offer superior products and services depends on the personal and financial information we collect from you. We value your business and are committed to maintaining your trust. That is why we have made your privacy a top priority.

The Information We Have and Where We Get It

We collect information about you from a variety of sources, including:

- Information we receive from you on applications or other forms, such as your name, address and phone number; your social security number; and your assets, income and other household information;
- Information about your other transactions with us, our affiliates or others, such as your account balances and transactions history; and
- Information from visitors to our websites provided through online forms, site visitorship data and online information-collecting devices known as "cookies."

We do not solicit personal or financial information from minors without written parental consent, nor do we knowingly market products and services to minors.

How We Use This Information

We may share all of the information we collect with the Companies as part of the ordinary course of providing financial products and services to you, for the purpose of offering you new products and services to address your financial needs, for product development purposes and as otherwise required or permitted by law.

To assist in our business dealings with you, we may also share this information with companies (other than the Companies) that perform services, including marketing services, on our behalf (such as vendors that package and mail our investor statements and marketing research firms that enhance our ability to market our products and services). We do not share your information with mailing list or direct marketing companies. Thus, the information you provide to us will not result in unwanted solicitations from third-party marketers.

Finally, we may share this information with other entities outside of the Companies for the following purposes, including among others:

- To respond to a subpoena or court order, judicial process or regulatory inquiry;
- To report suspicious transactions to government agencies and law enforcement officials;
- To protect against fraud;
- To provide products and services with the consent or the direction of a customer; or
- In connection with the proposed or actual sale or merger of all or a portion of a business or operating unit.

(Unaudited)

Except as described above, and except for information we provide to nonaffiliated third parties as otherwise required or permitted by law, we do not share information about you with nonaffiliated third parties.

Security of Personal Financial Information
We restrict access to information about you to those employees we determine need to know that information to provide products and services to you. We maintain physical, electronic and procedural safeguards to protect this information.

If you provide information to us via our websites in order to view your account activity or conduct transactions, we use 128-bit SSL encryption security with passwords to ensure a safe transmission of data between you and us. Information you provide is stored and transmitted in a secure environment, accessible only by a select group of people who are given a secure passcode to access the information.

We continuously assess new technology for protecting information and upgrade our systems where appropriate.

If You Have Any Questions or Concerns About This Privacy Policy Notice,
Please Write to Us at:

ALPS Advisors, Inc.
Attn: Compliance Department
1290 Broadway, Suite 1100
Denver, CO 80203

Former Customers
If, for whatever reason, our customer relationship with you ends, we will preserve your information as necessary to comply with applicable laws. The measures we take to protect the privacy of customer information, as described in this Privacy Policy Notice, will continue to apply to you. We also will comply with more restrictive state laws to the extent they apply.

We reserve the right to change this Privacy Policy Notice, and any of the policies described herein, at any time. The examples contained in this Privacy Policy Notice are illustrations; they are not intended to be exclusive.

(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 an average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, 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 higher price-to-book ratios and higher forecasted 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 lower price-to-book ratios and lower forecasted growth values. The Russell 1000®Index measures the performance of the 1,000 largest companies in the Russell 3000®Index.

Russell 3000® Index
Measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

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.

Item 2. Code of Ethics.

(a) The registrant has, as of the end of the period covered by this report, adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(b) Not Applicable.

(c) During the period covered by this report, there were not any amendments to a provision of the code of ethics adopted in 2(a) above.

(d) During the period covered by this report, there were not any waivers or implicit waivers to a provision of the code of ethics adopted in 2(a) above.

(e) Not Applicable.

(f) The registrant's Board adopted, effective December 10, 2007, a revised code of ethics described in 2(a) above. The revised code of ethics is incorporated by reference to the Registrant's Form N-CSR filing made on March 7, 2008. There have been no revisions to the code since that date.

Item 3. Audit Committee Financial Expert.

(a) (1) (i) The registrant's Board of Trustees has determined that there is one audit committee financial expert serving on its audit committee.

(a) (2) The registrant's Board of Trustees has determined that Mr. Richard C. Rantzow is an "audit committee financial expert" and is "independent" for purposes of this Item.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees. Aggregate Audit Fees billed by the principal accountant for professional services rendered during the fiscal years ended December 31, 2014 and December 31, 2015 and are $41,000 and $41,000, respectively. Audit Fees include amounts related to the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

(b) Audit-Related Fees. Aggregate Audit-Related Fees billed to the registrant by the principal accountant for professional services rendered during the fiscal years ended December 31, 2014 and December 31, 2015 were approximately $0 and $0, respectively. Audit-Related Fees include amounts for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported in Audit Fees above.

(c) Tax Fees. Aggregate Tax Fees billed by the principal accountant to the registrant for professional services rendered during the fiscal years ended December 31, 2014 and December 31, 2015 are approximately $3,940 and $3,940, respectively. Tax Fees in both fiscal years 2014 and 2015 consist primarily of the review of annual tax returns and include amounts for professional services by the principal accountant for tax compliance, tax advice and tax planning.

(d) All Other Fees. Aggregate All Other Fees billed by the principal accountant to the registrant for professional services rendered during the fiscal years ended December 31, 2014 and December 31, 2015 and were $0 and $0, respectively.

All Other Fees include amounts for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) above.

None of the amounts described in paragraphs (a) through (d) above were approved pursuant to the “de minimis” exception under paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. During the fiscal years ended December 31, 2014 and December 31, 2015, there were no Audit-Related Fees, Tax Fees and All Other Fees that were approved for services related directly to the operations and financial reporting of the registrant to the investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and any entity controlling, controlled by, or under common control with such investment advisor that provides ongoing services to the registrant under paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X.

(e)(1) Audit Committee Pre-Approval Policies and Procedures

The registrant’s Audit Committee is required to pre-approve the engagement of the registrant’s independent accountants to provide audit and non-audit services to the registrant and non-audit services to its investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) or any entity controlling, controlled by or under common control with such investment advisor that provides ongoing services to the registrant (“Advisor Affiliates”), if the engagement relates directly to the operations or financial reporting of the registrant, including the fees and other compensation to be paid to the independent accountants.

The Audit Committee has adopted a Policy for Engagement of Independent Accountants for Audit and Non-Audit Services (“Policy”). The Policy sets forth the understanding of the Audit Committees regarding the engagement of the registrant’s independent accountants to provide (i) audit and permissible audit-related, tax and other services to the registrant; (ii) non-audit services to the registrant’s investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and Advisor Affiliates, if the engagement relates directly to the operations or financial reporting of a Fund; and (iii) other audit and non-audit services to the registrant’s investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and Advisor Affiliates. Unless a type of service receives general pre-approval under the Policy, it requires specific pre-approval by the Audit Committee if it is to be provided by the independent accountants. Pre-approval of non-audit services to the registrant, the registrant’s investment advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor) and Advisor Affiliates may be waived provided that the “de minimis” requirements set forth in the SEC’s rules relating to pre-approval of non-audit services are met.

Under the Policy, the Audit Committee may delegate pre-approval authority to any pre-designated member or members who are Independent Trustees/Directors. The member(s) to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next regular meeting. The Audit Committee’s responsibilities with respect to the pre-approval of services performed by the independent accountants may not be delegated to management.

The Policy requires the Fund Treasurer and/or Director of Board Administration to submit to the Audit Committee, on an annual basis, a schedule of the types of services that are subject to general pre-approval. The schedule(s) provide a description of each type of service that is subject to general pre-approval and, where possible, will provide estimated fee caps for each instance of providing each service. The Audit Committees will review and approve the types of services and review the projected fees for the next fiscal year and may add to, or subtract from, the list of general pre-approved services from time to time based on subsequent determinations. That approval acknowledges that each Audit Committee is in agreement with the specific types of services that the independent accountants will be permitted to perform.

(e)(2) The percentage of services described in paragraphs (b) through (d) of this Item approved pursuant to the "de minimis" exception under paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X during both fiscal years ended December 31, 2014 and December 31, 2015 was zero, respectively.

(f) Not applicable.

(g) The aggregate non-audit fees billed by the registrant's accountant in each of the last two fiscal years of the Registrant were $303,560 in 2014 and $311,340 in 2015. These fees consisted of non-audit fees billed to (i) the Registrant of $3,940 in 2014 and $3,940 in 2015, respectively, as described in response to paragraph (c) above and (ii) to ALPS Fund Services, Inc., ("AFS"), an entity under common control with the ALPS Advisors, Inc., the Registrant's investment advisor, of $299,620 in 2014 and $307,400 in 2015, respectively. The non-audit fees billed to AFS related to SSAE 16 services and other compliance related matters.

(h) The registrant's Audit Committee has considered whether the provision of non-audit services that were rendered to the registrant's advisor (not including any sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by another investment advisor), and any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, is compatible with maintaining the principal accountant's independence. The Audit Committee determined that the provision of such services is compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants.

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)). As of December 31, 2015, John A. Benning, Thomas W. Brock, George R. Gaspari, John J. Neuhauser and Richard C. Rantzow are each independent trustees and collectively constitute the entire Audit Committee.

Item 6. Schedule.

(a) The registrant's "Schedule I – Investments in securities of unaffiliated issuers" (as set forth in 17 CFR 210.12-12) is included in Item 1 of this Form N-CSR.

(b) Not Applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

1. POLICY STATEMENT AND BACKGROUND

OVERVIEW

An investment adviser that exercises voting authority over clients' proxies must adopt written policies and procedures that are reasonably designed to ensure that those proxies are voted in the best economic interests of clients. An adviser's policies and procedures must address how the adviser resolves material conflicts of interest between its interests and those of its clients. An investment adviser must comply with certain record keeping and disclosure requirements with respect to its proxy voting responsibilities. In addition, an investment adviser to ERISA accounts has an affirmative obligation to vote proxies for an ERISA account, unless the client expressly retains proxy voting authority.

POLICY SUMMARY

With all advisory clients of AAI currently being investment companies registered under the 1940 Act, any assignment of voting authority over the Funds' voting securities is typically delegated to AAI as the Funds' investment adviser, or the Funds' sub-adviser by the respective Funds' Board of Trustees/Directors. If the Funds' day-to-day investment decisions are performed by the Funds' investment sub-adviser(s), Funds' Board of Trustees/Directors may elect to delegate the responsibility of voting proxies to such sub-adviser to be voted in accordance to the sub-adviser's proxy voting policies and procedures in conformance with Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. For securities in the portfolio of a Fund that is managed by more than one sub-adviser, each sub-adviser shall make voting decisions pursuant to their own proxy voting policies and procedures, as adopted in conformance with the Advisers Act for their respective portions of the Fund's portfolio, unless directed otherwise.

ALPS Advisors, Inc. ("AAI") has adopted and implemented the following policies and procedures, which it believes are reasonably designed to: (1) ensure that proxies are voted in the best economic interest of clients and (2) address material conflicts of interest that may arise. AAI will provide clients with a copy of its policies and procedures, as they may be updated from time to time, upon request. Information regarding AAI's proxy voting decisions is confidential. Therefore, the information may be shared on a need to know basis only, including within AAI. Advisory clients may obtain information on how their proxies were voted by AAI. However, AAI will not selectively disclose its investment company clients' proxy voting records to third parties; the investment company clients' proxy records will be disclosed to shareholders by publicly-available annual filings of each investment company's proxy voting record for 12-month periods ending June 30th.

POLICY

All proxies regarding client securities for which AAI has authority to vote will, unless AAI determines in accordance with policies stated below to refrain from voting, be voted in a manner considered by AAI to be in the best interest of AAI's clients.. The best interest of clients is defined for this purpose as the interest of enhancing or protecting the economic value of client accounts, considered as a group rather than individually, as AAI determines in its sole and absolute discretion. There may also be instances where a fund relies upon Section 12(d)(1)(F), and by law, the fund may be required to vote proxies in the same proportion as the vote of all other shareholders of the acquired fund (i.e., "echo vote"). In the event a client believes that its other interests require a different vote, AAI will vote as the client clearly instructs, provided AAI receives such instructions in time to act accordingly.
AAI endeavors to vote, in accordance with this Policy, all proxies of which it becomes aware, subject to the following general exceptions (unless otherwise agreed) when AAI expects to routinely refrain from voting:

i. Proxies will usually not be voted in cases where the security has been loaned from the Client's account and subsequently, AAI determines that the type of proxy issue is not material to shareholders. AAI will utilize the below considerations to determine if a security then on loan should be recalled for voting purposes. Decisions will generally be made on a case-by-case basis depending on whether, in AAI's judgment,:

· the matter to be voted on has critical significance to the potential value of the security in question;
· the security represents a significant holding and whether the security is considered a long-term holding; and
· AAI believes it can recall the security in time to cast the vote.

ii. Proxies will usually not be voted in cases where AAI deems the costs to the Client and/or the administrative inconvenience of voting the security outweigh the benefit of doing so (e.g., international issuers which impose share blocking restrictions).

AAI seeks to avoid the occurrence of actual or apparent material conflicts of interest in the proxy voting process by voting in accordance with predetermined voting guidelines and observing other procedures that are intended to guard against and manage conflicts of interest (refer to Section III, Conflicts of Interest below).

2. PROCEDURES AND CONTROLS

Where proxy voting is delegated to the sub-adviser, the sub-adviser will adopt proxy voting policies and procedures in accordance in conformance with Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. AAI has adopted the following proxy voting procedures and controls for any client securities which AAI has authority to vote on:

I. PROXY COMMITTEE

AAI has established a Proxy Committee whose standing members are determined by AAI's Chief Compliance Officer. These members participate as voting authorities on the Committee. Each standing member may designate a senior portfolio manager or a senior analyst officer to act as a substitute in a given matter on their behalf. Additionally, the Proxy Committee regularly involves other associates (e.g., Fund CCO or Legal representative) who participate as needed to enable effective execution of the Committee's responsibilities.

The Proxy Committee's functions include, in part,
(a) direction of the vote on proposals where there has been a recommendation to the Proxy Committee not to vote according to the predetermined Voting Guidelines (stated in Appendix A) or on proposals which require special, individual consideration in accordance with Section III.C;

(b) review periodically this Proxy Voting Policy and Procedure to ensure consistency with internal policies, client disclosures and regulatory requirements;
(c) development and modification of Voting Procedures, as stated in Section VI, as it deems appropriate or necessary.

II. CONFLICTS OF INTEREST

For purposes of this policy, a material conflict of interest is a relationship or activity engaged in by AAI, an AAI affiliate, or an AAI associate that creates an incentive (or appearance thereof) to favor the interests of AAI, the affiliate, or associate, rather than the clients' interests. For example, AAI may have a conflict of interest if either AAI has a significant business relationship with a company that is soliciting a proxy, or if an AAI associate involved in the proxy voting decision-making process has a significant personal or family relationship with the particular company. A conflict of interest is considered to be "material" to the extent that a reasonable person could expect the conflict to influence AAI's decision on the particular vote at issue. In all cases where there is deemed to be a material conflict of interest, AAI will seek to resolve it in the clients' best interests.

AAI follows the proxy guidelines and uses other research services provided by Institutional Shareholder Services, Inc. ("ISS") or another independent third party. In providing proxy voting services to AAI, ISS provides vote recommendations on a pre-determined policy. Generally, AAI will vote proxies based on ISS' pre-determined voting policy. In doing so, AAI demonstrates that its vote would not be a product of a conflict of interest as AAI would have little or no discretion on how the proxy was voted.

AAI has undertaken a review of ISS' conflicts of interest procedures, and will continue to monitor them on an ongoing basis. In the event that AAI determines that it would be appropriate to use another third party, it will undertake a similar conflicts of interest assessment review.

III. PROXY VOTING GUIDELINES

A. AAI's Proxy Voting Guidelines – General Practices.
The Proxy Committee has adopted the guidelines for voting proxies specified in Appendix A of this policy. AAI will use an independent, third-party vendor to implement its proxy voting process as AAI's proxy voting agent. In general, whenever a vote is solicited, ISS or another independent third party will execute the vote according to AAI's Voting Guidelines.

B. Ability to Vote Proxies Other than as Provided by Voting Guidelines.
A portfolio manager or other party involved with a client's account may conclude that the best interest of the firm's client, as defined above, requires that a proxy be voted in a manner that differs from the predetermined proxy Voting Guidelines. In this situation, he or she will request that the Proxy Committee consider voting the proxy other than according to such Guidelines. If any person, group, or entity requests the Proxy Committee (or any of its members) vote a proxy other than according to the predetermined Voting Guidelines, that person will furnish to the Proxy Committee a written explanation of the reasons for the request and a description of the person's, group's, or entity's relationship, if any, with the parties proposing and/or opposing the matter's adoption. The Proxy Committee may consider the matter including any potential conflicts of interest. A research analyst or portfolio manager must disclose in in writing any inappropriate attempt to influence their recommendation or any other personal interest that they have with the issuer (see Conflicts of Interest Disclosure and Certification Form - Appendix B to this policy).

C. Other Proxy Proposals
For the following categories of proposals either the Proxy Committee will determine how proxies related to all such proposals will be voted, or the proxies will be voted in accordance with ISS' or an individual client's guidelines.
1. New Proposals. For each new type of proposal that is expected to be proposed to shareholders of multiple companies, the Proxy Committee will develop a Voting Guideline which will be incorporated into this Policy.

2. Accounts Adhering to Taft Hartley Principles. All proposals for these accounts will be voted according to the Taft Hartley Guidelines developed by ISS.
3. Accounts Adhering to Socially Responsible Principles. All proposals for these accounts will be voted according to the Socially Responsible Guidelines developed by ISS or as specified by the client.
4. Proxies of International Issuers which Block Securities Sales between the Time a Shareholder submits a Proxy and the Vote. In general, AAI will refrain from voting such securities. However, in the exceptional circumstances that AAI determines that it would be appropriate to vote such proxies, all proposals for these securities will be voted only on the specific instruction of the Proxy Committee and to the extent practicable in accordance with the Voting Guidelines set forth in this Policy.

5. Proxies of Investment Company Shares. Proposals on issues other than those provided in Section III.B will be voted on the specific instruction of the Proxy Committee.
6. Executive/Director Compensation. Except as provided in Section III.B, proposals relating to compensation of any executive or director will be voted as recommended by ISS or as otherwise directed by the Proxy Committee.
7. Preemptive Rights. Proposals to create or eliminate shareholder preemptive rights. In evaluating these proposals the Proxy Committee will consider the size of the company and the nature of its shareholder base.

IV. VOTING PROCEDURES

The Proxy Committee has developed the following procedures to aid the voting of proxies according to the Voting Guidelines. The Proxy Committee may revise these procedures from time to time, as it deems necessary or appropriate to affect the purposes of this Policy.
1. AAI will use an independent, third-party vendor, to implement its proxy voting process as AAI's proxy voting agent. This retention is subject to AAI continuously assessing the vendor's independence from AAI and its affiliates, and the vendor's ability to perform its responsibilities (and, especially, its responsibility to vote client proxies in accordance with AAI's proxy voting guidelines) free of any actual, potential or apparent material conflicts of interests that may arise between the interests of the vendor, its affiliates, the vendor's other clients and the owners, officers or employees of any such firm, on the one hand, and AAI's clients, on the other hand. As means of performing this assessment, AAI will require various reports and notices from the vendor, as well as periodic audits of the vendor's voting record and other due diligence.

2. ISS will provide proxy analysis and record keeping services in addition to voting proxies on behalf of AAI in accordance with this Policy.

3. On a daily basis, AAI or designee will send to ISS a holdings file detailing each equity holding held in all accounts over which AAI has voting authority.

4. AAI will complete a Vote Authorization Registration with ISS for any new client which will describe how ballots will be executed on behalf of the client. In addition, AAI will complete and provide the client's custodian bank with a Letter of Authorization. The letter will serve as notice that AAI has retained ISS to act as the voting agent for the securities held in the client's account and will instruct the custodian bank to forward all ballots, meeting notices, and other proxy materials to ISS.

5. ISS will receive proxy material information from Proxy Edge or the custodian bank for the account. This will include issues to be voted upon, together with a breakdown of holdings for AAI accounts. ISS will then reconcile information it receives from Proxy Edge and custodian banks. Any discrepancies will be promptly noted and resolved by ISS, with notice to AAI.

6. Whenever a vote is solicited, ISS will execute the vote according to AAI's Voting Guidelines which will be delivered by AAI to ISS as set forth in Appendix A and anytime there is a material change to these guidelines.

- If ISS is unsure how to vote a particular proxy, ISS will issue a request for voting instructions to AAI over a secure website. AAI personnel will check this website regularly. The request will be accompanied by a recommended vote. The recommended vote will be based upon ISS' understanding of the Voting Guidelines previously delivered to ISS. AAI will promptly provide ISS with any amendments or modifications to the Voting Guidelines if necessary. AAI will return a final instruction to vote to ISS, which ISS will record with Proxy Edge or the custodian bank as our agent.

7. Each time that ISS sends AAI a request to vote, the request will be accompanied by the recommended vote determined in accordance with AAI's Voting Guidelines. ISS will vote as indicated in the request unless the client has reserved discretion, the Proxy Committee determines that the best interest of clients requires another vote, or the

proposal is a matter as to which the Proxy Committee affords special, individual consideration under Section III.B. In such situations, ISS will vote based on the direction of the client or the Proxy Committee, as the case may be. The interests of AAI's Taft Hartley or Socially Responsible clients may impact a proposal that normally should be voted in a certain way. ISS will inform AAI of all proposals having impact on its Taft Hartley and or Socially Responsible clients. The Proxy Voting Committee will be consulted before a vote is placed in cases where Taft Hartley or Socially Responsible issues are presented.

8. ISS will have procedures in place to ensure that a vote is cast on every security holding maintained by AAI on which a vote is solicited unless otherwise directed by the Proxy Committee. On a yearly basis, or as required by our clients AAI will receive a report from ISS detailing AAI's voting for the previous period.

V. SECURITIES LENDING

Each Fund advised by AAI, where authorized by its respective Board, may engage in securities lending transactions, to the extent permitted by the Fund's investment policies and limitations. The Adviser will be required to monitor for scheduled or anticipated proxy votes relating to securities on loan and determine whether the securities should be recalled from loan on the relevant record date. AAI has retained ISS to provide notifications relating to portfolio securities on loan, and AAI will make the determination whether or not to recall a particular security in order to cast the vote. There may be situations where the Adviser may not be able to recall the security in time to cast the vote.

VI. SUPERVISION

Managers and supervisory personnel are responsible for ensuring that their associates understand and follow this policy and any applicable procedures adopted by the business group to implement the policy. The Proxy Committee has ultimate responsibility for the implementation of this Policy.

VII. ESCALATION

With the exception of conflicts of interest-related matters, issues arising under this policy should be escalated to AAI's CCO, or designee. Issues involving potential or actual conflicts of interest should be promptly communicated to Compliance or Legal. Compliance will notify the Fund Chief Compliance Officer(s), if a material conflict of interest has arisen that deems the attention of the respective Fund Board(s).

VIII. MONITORING

AAI's Compliance Department is primarily responsible for overseeing the day-to-day operations of the proxy voting process. The Compliance Department's monitoring will take into account the following elements: (1) periodic review of ISS votes to ensure that ISS is accurately voting consistent with AAI's Proxy Guidelines; and (2) review of fund's N-PX report to ensure that it's filed in a timely and accurate manner. Additionally, AAI will review ISS' conflicts of interest policies.
AAI's Compliance Committee monitors proxy matters for its clients including monitoring material conflicts of interest identified.

IX. AVAILABILITY OF PROXY VOTING POLICY AND VOTING RECORD
A summary disclosure regarding the provisions of this Policy will be available in AAI's Form ADV, to the extent AAI is required to prepare a Part 2 to Form ADV. Upon receipt of a Client's request for more information, AAI will provide to the Client a copy of this Policy and/or how AAI voted proxies for the Client pursuant to this Policy for up to a one-year period. It is AAI's policy not to disclose how it voted a client's proxy to third parties.

With respect to its investment company clients, AAI will not selectively disclose its investment company clients' proxy voting records; rather, AAI will disclose such information by publicly available annual filings. AAI will create and maintain records of each investment company's proxy record for 12-month periods ended June 30th. AAI will compile the following information for each matter relating to a portfolio security considered at any shareholder meeting during the period covered by the annual report and which the company was entitled to vote:

· The name of the issuer of the security;
· The exchange ticker symbol of the portfolio security (is symbol is available through reasonably practicable means);
·

The Council on Uniform Securities Identification Procedures number for the portfolio security (if number is available through reasonably practicable means);

- The shareholder meeting date;
- A brief identification of the matter voted on;
- Whether the matter was proposed by the issuer or by a security holder;
- Whether the company cast its vote on the matter;
- How the company cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding the election of directors); and
- Whether the company cast its vote for or against management.

X. OTHER RECORD KEEPING REQUIREMENTS

Business groups and support partners are responsible for maintaining all records necessary to evidence compliance with this policy. The records must be properly maintained and readily accessible in order to evidence compliance with this policy.
These records include:

- Proxy Committee Meeting Minutes and Other Materials (routine oversight matters are discussed within AAI's Compliance Committee meetings and will be documented within the Compliance Committee's materials);
- Analysis and Supporting Materials of Investment Management Personnel Concerning Proxy Decisions and Recommendations;
- Conflicts of Interest Review Documentation, including Conflicts of Interest Forms; and
- Client Communications Regarding Proxy Matters.

Records should be retained for a period of not less than six years. Records must be retained in an appropriate office of AAI for the first three years.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

Cornerstone Capital Management, LLC ("Cornerstone")

(a)(1) MANAGEMENT. The portion of the Fund allocated to Cornerstone is managed by Thomas G. Kamp, CFA, President of Cornerstone and Chief Investment Officer of the Growth Equity strategy of Cornerstone. Tom joined Cornerstone in February 2006 after thirteen years with Alliance Capital Management. As the Chief Investment Officer for the Growth Equity strategy, Tom leads the research team and is responsible for all portfolio management decisions. At Alliance Capital Management, he was a Senior Vice President and Portfolio Manager within the Large Capitalization Growth Equity Group. He managed the Minneapolis office of Alliance and had responsibility for over $9 billion in assets in December 2005. Prior to joining Alliance Capital in 1993, Tom evaluated and participated in funding emerging companies for IAI Venture Capital Group. He earned an MBA with a specialization in Accounting from Northwestern University and a BSME with a minor in Applied Mathematics from Southern Methodist University. He has earned the right to use the CFA Institute Chartered Financial Analyst designation.

(a)(2) OTHER ACCOUNTS. The table below provides information regarding the other accounts managed by Thomas G. Kamp as of December 31, 2015:

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts Managed for which Advisory Fee is Performance-Based	Assets Managed for which Advisory Fee is Performance-Based (in millions)
Thomas G. Kamp				
Registered Investment Companies	5	$2,074.44	0	N/A

Other pooled investment vehicles	6	$714.33	0	N/A
Other accounts	12	$688.83	0	N/A

MATERIAL CONFILCTS OF INTEREST: None

(a)(3) COMPENSATION STRUCTURE. Mr. Kamp's compensation consists of base salary, bonus and stock options.

(a)(4) OWNERSHIP BY PORTFOLIO MANAGERS.

Portfolio Managers	Dollar Range of the Registrant's Securities Owned by the Portfolio Managers
Thomas G. Kamp	None

Aristotle Capital Management, LLC ("Aristotle")

(a)(1) MANAGEMENT. The portion of the Fund allocated to Aristotle is managed by Howard Gleicher, CFA. Mr. Gleicher is CEO and Chief Investment Officer of Aristotle. Having over 30 years of investment experience, Howard heads the firm and leads the investment effort. Prior to founding Aristotle, Howard was co-founder, CEO and Chief Investment Officer at Metropolitan West Capital Management, LLC. Howard's prior investment-related experience includes serving as a Principal, Portfolio Manager and Investment Policy Committee member at Palley-Needelman Asset Management, Inc., and an Equity Portfolio Manager at Pacific Investment Management Company (PIMCO). Howard earned his Bachelor of Science and Master of Science degrees in Electrical Engineering from Stanford University, and his MBA from Harvard University. He is a CFA® charterholder.

(a)(2) OTHER ACCOUNTS. The table below provides information regarding the other accounts managed by Howard Gleicher as of December 31, 2015:

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts Managed for which Advisory Fee is Performance-Based	Assets Managed for which Advisory Fee is Performance- Based (in millions)
Howard Gleicher				
Registered Investment Companies	5	$981.93	0	N/A
Other pooled investment vehicles	4	$1,987.16	0	N/A
Other accounts	1797	$6,084.78	0	N/A

MATERIAL CONFILCTS OF INTEREST: Potential conflicts of interest could arise when there is side-by-side management of private funds, separately managed accounts and mutual funds. These conflicts may arise through trade allocation and through selections of portfolio securities.

Aristotle seeks to mitigate conflict related to trade allocation through its trade rotation procedures. With regard to portfolio selections and the different positions that Aristotle's portfolio managers may take related to different strategies, a potential conflict could arise when different classes of a security are purchased for different portfolios in the same strategy or one strategy is long in a position and another is short in the same security. When different classes of a security are purchased across several portfolios, this often due to the availability of the security and not due a preference for one class over another among client portfolios and often a portfolio could end up with both classes. Aristotle manages strategies that include a long/short component. In this case, the long/short component would be in line with hedge on the position. However, it is acknowledged, that a separate strategy could be long only in the same security which could pose a conflict.

Aristotle acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. In order to ensure that Aristotle is aware of the facts necessary to identify conflicts, management of Aristotle must disclose to the CCO any personal conflicts such as officer or director positions held by them, their spouses or close relatives, in any portfolio company. Conflicts based on business relationships with Aristotle or any affiliate of Aristotle will be considered only to the extent that Aristotle has actual knowledge of such relationships. If a conflict may exist which cannot be otherwise addressed by the Chief Investment Officer or his designee, Aristotle may choose one of several options including: (1) “echo” or “mirror” voting the proxies in the same proportion as the votes of other proxy holders that are not Aristotle clients; (2) if possible, erecting information barriers around the person or persons making the voting decision sufficient to insulate the decision from the conflict; or (3) if agreed upon in writing with the client, forwarding the proxies to affected clients and allowing them to vote their own proxies.

(a)(3) COMPENSATION STRUCTURE. All investment professionals are compensated by competitive base salaries and are eligible to receive an annual bonus that reflects an individual's team contribution to company objectives. (Market indices are not used in determining an employee's annual bonus.) Each portfolio manager at Aristotle is an equity partner of the firm and receives a portion of the overall profits of Aristotle as part of his ownership interest. Aristotle's culture is driven by a collegial and collaborative atmosphere that inspires teamwork and does not foster a "zero sum" environment where individual analysts are perceived to be in competition with one another.

(a)(4) OWNERSHIP BY PORTFOLIO MANAGERS.

Portfolio Managers	Dollar Range of the Registrant's Securities Owned by the Portfolio Managers
Howard Gleicher, CFA	None

Pzena Investment Management, LLC ("Pzena")

(a)(1) MANAGEMENT. The portion of the Fund allocated to Pzena is managed by a team of portfolio managers. Individual portfolio managers on the team do not have any latitude to make independent portfolio decisions. All decisions require unanimous consent of a four-person portfolio management team. For the Fund, Richard Pzena, John Goetz, and Benjamin Silver have joint decision-making responsibility and "veto authority" over any decision.

Richard S. Pzena – Mr. Pzena is the Founder, Co-Chief Investment Officer, Portfolio Manager, and member of the firm's Executive Committee. Mr. Pzena is the architect of the firm's investment strategy and conceived and developed our proprietary screening model. He serves as co-portfolio manager for the U.S. large cap and mid cap strategies, Focused Value, and U.S. Best Ideas. Prior to forming Pzena Investment Management, Mr. Pzena was the director of U.S. Equity Investments and chief research officer for Sanford C. Bernstein & Company. He joined Bernstein as an oil industry analyst and was named to the Institutional Investor All America Research Team for three years running. Mr. Pzena also served as chief investment officer, Small Cap Equities. Prior to joining Bernstein, Mr. Pzena worked for the Amoco Corporation in various financial and planning roles. He earned a B.S. summa cum laude and an M.B.A. from the Wharton School of the University of Pennsylvania.

John P. Goetz – Mr. Goetz is a Managing Principal, Co-Chief Investment Officer, Portfolio Manager, and member of the firm's Executive Committee. Mr. Goetz serves as co-portfolio manager for the U.S. large cap strategies and all non-U.S. strategies. He was also the director of Research and was responsible for building and training the research team. Prior to joining Pzena Investment Management, Mr. Goetz held a range of key positions at Amoco Corporation, his last as the Global Business Manager for Amoco's $1 billion polypropylene business where he had bottom-line responsibility for operations and development worldwide. Prior positions included strategic planning, joint venture investments, and project financing in various oil and chemical businesses. Before joining Amoco, Mr. Goetz had been employed by The Northern Trust Company and Bank of America. He earned a B.A. summa cum laude in Mathematics and Economics from Wheaton College and an M.B.A from the Kellogg School at Northwestern University.

Benjamin S. Silver – Mr. Silver is a CFA, CPA, Principal, Co–Director of Research, and Portfolio Manager. Mr. Silver serves as co-portfolio manager for the U.S. large cap strategies, Focused Value, and Small Cap Focused Value. Prior to joining Pzena Investment Management, Mr. Silver was a research analyst at Levitas & Company, a value based equity hedge funds and a manager for Ernst & Young LLP in their Financial Services Group. He earned a B.S. magna cum laude in Accounting from Sy Syms School of Business at Yeshiva University. Mr. Silver is a Certified Public Accountant and holds the Chartered Financial Analyst designation.

(a)(2) OTHER ACCOUNTS. The table below provides information regarding the other accounts managed by Messrs. Pzena, Goetz, and Silver, as of December 31, 2015.

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts Managed for which Advisory Fee is Performance-Based	Assets Managed for which Advisory Fee is Performance-Based (in millions)
Richard S. Pzena				
Registered Investment Companies	8	$9,017	2	$6,433
Other pooled investment vehicles	25	$697	1	$28
Other accounts	86	$3,566	2	$709
John P. Goetz				
Registered Investment Companies	11	$8,290	1	$5,064
Other pooled investment vehicles	40	$4,609	4	$599
Other accounts	56	$8,327	1	$70
Benjamin Silver				
Registered Investment Companies	7	$7,456	1	$5,064
Other pooled investment vehicles	29	$692	1	$28
Other accounts	106	$4,319	3	$715

MATERIAL CONFLICTS OF INTEREST: Conflicts of interest may arise in managing the Fund’s portfolio investments, on the one hand, and the portfolios of Pzena’s other clients and/or accounts (together “Accounts”), on the other. Set forth below is a brief description of some of the material conflicts which may arise and Pzena’s policy or procedure for handling them.

Although Pzena has designed such procedures to prevent and address conflicts, there is no guarantee that such procedures will detect every situation in which a conflict arises.

The management of multiple Accounts inherently means there may be competing interests for the portfolio management team’s time and attention. Pzena seeks to minimize this by utilizing one investment approach (i.e., “classic” value investing), and by managing all Accounts on a product specific basis. Thus, all large cap value Accounts, whether they are mutual fund accounts, institutional accounts or individual accounts, are managed using the same investment discipline, strategy and proprietary investment model as the Fund.

If the portfolio management team identifies a limited investment opportunity which may be suitable for more than one Account, the Fund may not be able to take full advantage of that opportunity. However, Pzena has adopted procedures for allocating portfolio transactions across Accounts so that each Account is treated fairly.

With respect to securities transactions for the Accounts, Pzena determines which broker to use to execute each order, consistent with its duty to seek best execution. Pzena aggregates like orders where it believes doing so is beneficial to the Accounts. However, with respect to certain Accounts, Pzena may be limited by clients with respect to the selection of brokers or it may be instructed to direct trades through particular brokers. In these cases, Pzena may place separate, non-simultaneous transactions for the Fund and another Account which may temporarily affect the market price of the security or the execution of the transaction to the detriment of one or the other.

Conflicts of interest may arise when members of the portfolio management team transact personally in securities investments made or to be made for the Fund or other Accounts. To address this, Pzena has adopted a written Code of Business Conduct and Ethics designed to prevent and detect personal trading activities that may interfere or conflict with client interests (including Fund shareholders' interests) or its current investment strategy.

Pzena manages some Accounts under performance-based fee arrangements. Pzena recognizes that this type of incentive compensation creates the risk for potential conflicts of interest. The structure may create inherent pressure to allocate investments having a greater potential for higher returns to those Accounts with higher performance fees. To prevent conflicts of interest associated with managing accounts with different fee structures, Pzena generally requires portfolio decisions to be made on a product specific basis (i.e., for all large cap value Accounts). Pzena also requires pre-allocation of all client orders based on specific fee-neutral criteria set forth above. Additionally, Pzena requires average pricing of all aggregated orders. Finally, Pzena has adopted a policy prohibiting portfolio managers (and all employees) from placing the investment interests of one client or a group of clients with the same investment objectives above the investment interests of any other client or group of clients with the same or similar investment objectives.

(a)(3) COMPENSATION STRUCTURE. Pzena portfolio managers, including Messrs Pzena, Goetz, and Silver, and other investment professionals at Pzena are compensated through a combination of a fixed base salary, performance bonus and equity ownership, if appropriate due to superior performance. Pzena avoids a compensation model that is driven by individual security performance, as this can lead to short-term thinking which is contrary to the firm's value investment philosophy. Pzena considers both quantitative and qualitative factors when determining performance bonuses; however, performance bonuses are not based directly on the performance of the Fund or other clients. For investment professionals, Pzena examines such things as effort, efficiency, ability to focus on the correct issues, stock modeling ability, and ability to successfully interact with company management. However, Pzena always looks at the person as a whole and the contributions that he/she has made and is likely to make in the future. The time frame Pzena examines for bonus compensation is annual. Ultimately, equity ownership is the primary tool used by Pzena for attracting and retaining the best people. Shares may be in the form of capital interests or profits only interests. All shares are voting shares (i.e., not phantom stock).

(a)(4) OWNERSHIP BY PORTFOLIO MANAGERS:

Portfolio Managers	Dollar Range of the Registrant's Securities Owned by the Portfolio Managers
Richard S. Pzena	None
John P. Goetz	None
Benjamin Silver	None

Delaware Investment Fund Advisers ("Delaware")

(a)(1) MANAGEMENT. The portion of the Fund allocated to Delaware is managed by the Delaware Large-Cap Value team:

D. Tysen Nutt Jr.
Senior Vice President, Senior Portfolio Manager, Team Leader
D. Tysen Nutt Jr. is senior portfolio manager and team leader for the firm's Large-Cap Value team. Before joining Delaware Investments in 2004 as senior vice president and senior portfolio manager, Nutt led the U.S. Active Large-Cap Value team within Merrill Lynch Investment Managers, where he managed mutual funds and separate accounts for institutions and private clients. He departed Merrill Lynch Investment Managers as a managing director. Prior to joining Merrill Lynch Investment Managers in 1994, Nutt was with Van Deventer & Hoch where he managed large-cap value portfolios for institutions and private clients. He began his investment career at Dean Witter Reynolds, where he eventually became vice president, investments. Nutt earned his bachelor's degree from Dartmouth College, and he is a member of the New York Society of Security Analysts and the CFA Institute.

Kristen E. Bartholdson
Vice President, Senior Portfolio Manager
Kristen E. Bartholdson is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining the firm in 2006 as an associate portfolio manager, she worked at Susquehanna International Group from 2004 to 2006, where she was an equity research salesperson. From 2000 to 2004, she worked in equity research at Credit Suisse, most recently as an associate analyst in investment strategy. Bartholdson earned her bachelor's degree in economics from Princeton University.

Nikhil G. Lalvani, CFA
Vice President, Senior Portfolio Manager
Nikhil G. Lalvani is a senior portfolio manager for the firm's Large-Cap Value team. At Delaware Investments, Lalvani has worked as both a fundamental and quantitative analyst. Prior to joining the firm in 1997 as an account analyst, he was a research associate with Bloomberg. Lalvani holds a bachelor's degree in finance from The

Pennsylvania State University. He is a member of the CFA Institute and the CFA Society of Philadelphia.

Robert A. Vogel Jr., CFA
Vice President, Senior Portfolio Manager
Robert A. Vogel Jr. is a senior portfolio manager for the firm's Large-Cap Value team. Prior to joining Delaware Investments in 2004 as vice president and senior portfolio manager, he worked at Merrill Lynch Investment Managers for more than seven years, where he rose to the position of director and portfolio manager within the U.S. Active Large-Cap Value team. He began his career in 1992 as a financial consultant at Merrill Lynch. Vogel graduated from Loyola University Maryland, earning both bachelors and master's degrees in finance. He also earned an MBA with a concentration in finance from The Wharton School of the University of Pennsylvania. Vogel is a member of the New York Society of Security Analysts, the CFA Institute, and the CFA Society of Philadelphia.

(a)(2) OTHER ACCOUNTS. The table below provides information regarding the other accounts managed by the Large-Cap Value team as of December 31, 2015:

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts Managed for which Advisory Fee is Performance-Based	Assets Managed for which Advisory Fee is Performance-Based (in millions)
Kristen E. Bartholdson				
Registered Investment Companies	8	$12,162	0	N/A
Other pooled investment vehicles	6	$1,099	0	N/A
Other accounts	38	$7,264	1	2,482
Nikhil G. Lalvani, CFA				
Registered Investment Companies	8	$12,162	0	N/A
Other pooled investment vehicles	6	$1,099	0	N/A
Other accounts	39	$7,264	1	2,482
D. Tysen Nutt Jr.				
Registered Investment Companies	9	$12,423	0	N/A
Other pooled investment vehicles	6	$1,099	0	N/A
Other accounts	36	$7,264	1	2,482
Robert A. Vogel Jr., CFA				
Registered Investment Companies	8	$12,162	0	N/A
Other pooled investment vehicles	6	$1,099	0	N/A
Other accounts	39	$7,264	1	2,482

MATERIAL CONFILCTS OF INTEREST: Individual portfolio managers may perform investment management services for other funds or accounts similar to those provided to the Fund and the investment action for such other fund or account and the Fund may differ. For example, an account or fund may be selling a security, while another account or the Fund may be purchasing or holding the same security. As a result, transactions executed for one fund or account may adversely affect the value of securities held by another fund or account. Additionally, the management of multiple other funds or accounts and the Fund may give rise to potential conflicts of interest, as a portfolio manager must allocate time and effort to multiple funds or accounts and the Fund. A portfolio manager may discover an investment opportunity that may be suitable for more than one account or fund. The investment opportunity may be limited, however, so that all funds or accounts for which the investment would be suitable may not be able to participate. DIFA has adopted procedures designed to allocate investments fairly across multiple funds or accounts.

One of the accounts managed by the portfolio managers have performance-based fees. This compensation structure presents a potential conflict of interest. The portfolio manager has an incentive to manage this account so as to enhance its performance, to the possible detriment of other accounts for which the Manager does not receive a performance-based fee.

A portfolio manager's management of personal accounts also may present certain conflicts of interest. While DIFA's code of ethics is designed to address these potential conflicts, there is no guarantee that it will do so.

(a)(3) COMPENSATION STRUCTURE. The Large-Cap Value team's compensation consists of the below structure:

Compensation Structure

Each portfolio's manager's compensation consists of the following:

Base Salary - Each named portfolio manager receives a fixed base salary. Salaries are determined by a comparison to industry data prepared by third parties to ensure that portfolio manager salaries are in line with salaries paid at peer investment advisory firms.

Bonus - Each named portfolio manager is eligible to receive an annual cash bonus. The bonus pool is determined by the revenues associated with the products a portfolio manager manages. Delaware Investments keeps a percentage of the revenues and the remaining percentage of revenues (minus appropriate expenses associated with relevant product and the investment management team) create the "bonus pool" for the product. Various members of the team have the ability to earn a percentage of the bonus pool. The pool is allotted based on subjective factors and objective factors. The primary objective factor is the one-, three-, and five-year performance of the funds managed relative to the performance of the appropriate Lipper peer groups and the performance of institutional composites relative to the appropriate indices. Three- and five-year performance is weighted more heavily and there is no objective award for a fund whose performance falls below the 50th percentile for a given time period.

Individual allocations of the bonus pool are based on individual performance measurements, both objective and subjective, as determined by senior management.

Portfolio managers participate in retention programs, including the Delaware Investments Incentive Unit Plan, the Delaware Investments Notional Investment Plan, and the Macquarie Group Employee Retained Equity Plan, for alignment of interest purposes.

Delaware Investments Incentive Unit Plan - Portfolio managers may be awarded incentive unit awards ("Awards") relating to the underlying shares of common stock of Delaware Management Holdings, Inc. issuable pursuant to the terms of the Delaware Investments Incentive Unit Plan (the "Plan") adopted on November 30, 2010.

The Plan was adopted in order to: assist the Manager in attracting, retaining, and rewarding key employees of the company; enable such employees to acquire or increase an equity interest in the company in order to align the interest of such employees and the Manager; and provide such employees with incentives to expend their maximum efforts. Subject to the terms of the Plan and applicable award agreements, Awards typically vest in 25% increments on a four-year schedule, and shares of common stock underlying the Awards are issued after vesting. The fair market value of the shares of Delaware Management Holdings, Inc., is normally determined as of each March 31, June 30, September 30 and December 31 by an independent appraiser. Generally, a stockholder may put shares back to the company during the put period communicated in connection with the applicable valuation.

Delaware Investments Notional Investment Plan – A portion of a portfolio manager's retained profit share may be notionally exposed to the return of a portfolio of Delaware Investments Family of Funds-managed funds pursuant to the terms of the Delaware Investments Notional Investment Plan. The retained amount will vest in three equal tranches in each of the first, second and third years following the date upon which the investment is made.

Macquarie Group Employee Retained Equity Plan – A portion of a portfolio manager's retained profit share may be invested in the Macquarie Group Employee Retained Equity Plan ("MEREP"), which is used to deliver remuneration in the form of Macquarie Group Limited ("Macquarie") equity. The main type of award currently being offered under the MEREP is units comprising a beneficial interest in a Macquarie share held in a trust for the employee, subject to the vesting and forfeiture provisions of the MEREP. Subject to vesting conditions, vesting and release of the shares occurs in equal tranches two, three, and four years after the date of investment.

Other Compensation - Portfolio managers may also participate in benefit plans and programs available generally to all employees.

(a)(4) OWNERSHIP BY PORTFOLIO MANAGERS.

Portfolio Managers	Dollar Range of the Registrant's Securities Owned by the Portfolio Managers
Kristen E. Bartholdson	None
Nikhil G. Lalvani	None
D. Tysen Nutt Jr.	None
Robert A. Vogel Jr.	None

TCW Investment Management Company ("TCW")

(a)(1) MANAGEMENT. The portion of the Fund allocated to TCW is managed by Craig C. Blum, CFA, Portfolio Manager, Managing Director and US Equities – Mr. Blum is Co-Portfolio Manager of the Concentrated Core and Select Equities investment strategies. He joined TCW in 1999 as part of a program designed to fast-track high potential individuals, providing them with in-depth knowledge of the firm's various investment groups. After gaining experience in the High Yield and Mortgage-Backed Securities Groups, in 2000 Mr. Blum joined the US Equity Research Group as an Analyst covering data networking, communications equipment, and enterprise hardware and software companies. In 2002, Mr. Blum became a member of the Concentrated Core / Select Equities Group, and in 2004 he was promoted to Co-Portfolio Manager. Prior to joining TCW, Mr. Blum focused on commercial mortgage-backed securities cash flow modeling and deal structuring as a Senior Analyst with FMAC Capital Markets. Prior to that, he worked in institutional sales and mortgage-backed securities analysis at PaineWebber. Mr. Blum began his investment career in 1994 at Merrill Lynch where he developed a financial advisory business focused on high net worth and corporate clients. He has more than 10 years experience in the investment management industry. Mr. Blum received his Bachelor of Science in Applied Mathematics and Computer Science from the University of California at Los Angeles (UCLA) in 1993, and his MBA in Finance from the UCLA Anderson Graduate School of Management in 1999. Mr. Blum has earned the right to use the CFA Institute Chartered Financial Analyst designation.

(a)(2) OTHER ACCOUNTS. The table below provides information about the other accounts managed by Mr. Blum as of December 31, 2015:

Type of Account	Number of Accounts Managed	Total Assets Managed (in millions)	Number of Accounts Managed for which Advisory Fee is Performance-Based	Assets Managed for which Advisory Fee is Performance-Based (in millions)
Craig C. Blum				
Registered Investment Companies	2	$2,121	0	$0
Other pooled investment vehicles	3	$315	1	$201
Other accounts	49	$5,061	2	$4,761

COMPENSATION STRUCTURE.

The overall objective of the Advisor's compensation program for portfolio managers is to attract experienced and expert investment professionals and to retain them over the long-term. Compensation is comprised of several components which, in the aggregate, are designed to achieve these objectives and to reward the portfolio managers for their contributions to the successful performance of the accounts they manage. Portfolio managers are compensated through a combination of base salary, profit sharing based compensation ("profit sharing"), bonus and equity incentive participation in the Advisor's parent company ("equity incentives"). Profit sharing and equity incentives generally represent most of the portfolio managers' compensation. In some cases, portfolio managers are eligible for discretionary bonuses.

Salary. Salary is agreed to with managers at time of employment and is reviewed from time to time. It does not change significantly and often does not constitute a significant part of the portfolio manager's compensation.

Profit Sharing. Profit sharing for investment professionals is based on net income relating to accounts in the investment strategy area for which the investment professionals are responsible. In most cases, revenues are allocated to a pool and profit sharing compensation is allocated among members of the investment team after the deduction of certain expenses (including base salaries) related to the strategy group. The allocations are based on the investment professionals' contributions to TCW and its clients, including qualitative and quantitative contributions. The profit sharing percentage used to compensate a portfolio manager for management of the Fund is generally the same as that used to compensate portfolio managers for all other client accounts in the same strategy managed by the Advisor or one of the other TCW Advisors (together, "the TCW Group"). In some cases, the pool includes revenues related to more than one equity or fixed income product where the portfolio managers work together as a team, in which case each participant in the pool is entitled to profit sharing derived from all the included products. In certain cases, a portfolio manager may also participate in a profit sharing pool that includes revenues from products besides the strategies offered in the Funds, including alternative investment products; the portfolio manager would be entitled to participate in such pool where he or she supervises, is involved in the management of, or is associated with a group, other members of which manage, such products

Investment professionals are not directly compensated for generating performance fees. In some cases, the profit sharing percentage or pool may be increased by the relative pre-tax performance of the investment strategy composite returns, net of fees and expenses, to that of the benchmark. The measurement of performance relative to the benchmark can be based on single year or multiple year metrics, or a combination thereof. The benchmark used is the one associated with the Fund managed by the portfolio manager as disclosed in the prospectus. Benchmarks vary from strategy to strategy but, within a given strategy, the same benchmark applies to all accounts, including the Fund.

Discretionary Bonus/Guaranteed Minimums. In general, portfolio managers do not receive discretionary bonuses. However, in some cases bonuses may be paid on a discretionary basis out of a department profit sharing pool, as determined by the supervisor(s) in the department. In other cases where portfolio managers do not receive profit sharing or where the company has determined the combination of salary and profit sharing does not adequately compensate the portfolio manager, discretionary bonuses may be paid by the TCW Group. Also, pursuant to contractual arrangements, some portfolio managers may be entitled to a mandatory bonus if the sum of their salary and profit sharing does not meet certain minimum thresholds.

Equity Incentives. Many portfolio managers participate in equity incentives based on overall firm performance of the TCW Group and its affiliates, through ownership or participation in restricted unit plans that vest over time or unit appreciation plans of the Advisor’s parent company. The plans include the Fixed Income Retention Plan, Restricted Unit Plan and 2013 Equity Unit Incentive Plan.

Under the Fixed Income Retention Plan, certain portfolio managers in the fixed income area were awarded cash and/or partnership units in the Advisor’s parent company, either on a contractually-determined basis or on a discretionary basis. Awards under this plan were made in or after 2010 vested over a period of time.

Under the Restricted Unit Plan, certain portfolio managers in the fixed income and equity areas were awarded partnership units in the Advisor’s parent company. Awards under this plan vest over time. Vesting is in part dependent on satisfaction of performance criteria.

Under the 2013 Equity Unit Incentive Plan, certain portfolio managers in the fixed income and equity areas are awarded options to acquire partnership units in the Advisor’s parent company with a strike price equal to the fair market value of the option at the date of grant. The options granted under the plan are subject to vesting and other conditions.

Potential conflicts of interest in managing multiple accounts

Like other investment professionals with multiple clients, a portfolio manager for a Fund may face certain potential conflicts of interest in connection with managing both the Fund and other accounts at the same time. The paragraphs below describe some of these potential conflicts, which may be faced by investment professionals at most major financial firms. ALPS Advisors, Inc. and the Fund have adopted compliance policies and procedures that attempt to address certain of these potential conflicts.

The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance ("performance fee accounts"), may raise potential conflicts of interest by creating an incentive to favor higher-fee accounts. These potential conflicts may include, among others:

- The most attractive investments could be allocated to higher-fee accounts or performance fee accounts.

- The trading of higher-fee accounts could be favored as to timing and/or execution price. For example, higher-fee accounts could be permitted to sell securities earlier than other accounts when a prompt sale is desirable or to buy securities at an earlier and more opportune time.

- The trading of other accounts could be used to benefit higher-fee accounts (front-running).

- The investment management team could focus their time and efforts primarily on higher-fee accounts due to a personal stake in compensation.

Potential conflicts of interest may also arise when the portfolio managers have personal investments in other accounts that may create an incentive to favor those accounts.

A potential conflict of interest may arise when a Fund and other accounts purchase or sell the same securities. On occasions when a portfolio manager considers the purchase or sale of a security to be in the best interests of a Fund as well as other accounts, the adviser's trading desk may, to the extent permitted by applicable laws and regulations, aggregate the securities to be sold or purchased in order to obtain the best execution and lower brokerage commissions, if any. Aggregation of trades may create the potential for unfairness to a Fund or another account if one account is favored over another in allocating the securities purchased or sold – for example, by allocating a disproportionate amount of a security that is likely to increase in value to a favored account.

"Cross trades," in which one account sells a particular security to another account (potentially saving transaction costs for both accounts), may also pose a potential conflict of interest. Cross trades may be seen to involve a potential conflict of interest if, for example, one account is permitted to sell a security to another account at a higher price than an independent third party would pay. The Fund has adopted compliance procedures that provide that any transactions between a Fund and another advised account are to be made at an independent current market price, as required by law.

Another potential conflict of interest may arise based on the different investment objectives and strategies of a Fund and other accounts. For example, another account may have a shorter-term investment horizon or different investment objectives, policies or restrictions than a Fund. Depending on another account's objectives or other factors, a portfolio manager may give advice and make decisions that may differ from advice given, or the timing or nature of decisions made, with respect to a Fund. In addition, investment decisions are the product of many factors in addition to basic suitability for the particular account involved. Thus, a particular security may be bought or sold for certain accounts even though it could have been bought or sold for other accounts at the same time. More rarely, a particular security may be bought for one or more accounts managed by a portfolio manager when one or more other accounts are selling the security (including short sales). There may be circumstances when purchases or sales of portfolio securities for one or more accounts may have an adverse effect on other accounts.

A Fund's portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. As a result, the portfolio manager may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he or she were to devote substantially more attention to the management of a single fund. The effects of this potential conflict may be more pronounced where funds and/or accounts overseen by a particular portfolio manager have different investment strategies.

A Fund's portfolio managers may be able to select or influence the selection of the brokers and dealers that are used to execute securities transactions for the Fund. In addition to executing trades, some brokers and dealers provide portfolio managers with brokerage and research services (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934), which may result in the payment of higher brokerage fees than might have otherwise be available. These services may be more beneficial to certain funds or accounts than to others. Although the payment of brokerage commissions is subject to the requirement that the portfolio manager determine in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided to the fund, a portfolio manager's decision as to the selection of brokers and dealers could yield disproportionate costs and benefits among the funds and/or accounts that he or she manages.

The adviser or an affiliate may provide more services (such as distribution or recordkeeping) for some types of funds or accounts than for others. In such cases, a portfolio manager may benefit, either directly or indirectly, by devoting disproportionate attention to the management of fund and/or accounts that provide greater overall returns to the investment manager and its affiliates.

A Fund's portfolio manager(s) may also face other potential conflicts of interest in managing the Fund, and the description above is not a complete description of every conflict that could be deemed to exist in managing both a Fund and other accounts. In addition, a Fund's portfolio manager may also manage other accounts (including their personal assets or the assets of family members) in their personal capacity. The management of these accounts may also involve certain of the potential conflicts described above. Investment personnel at the advisers, including each Fund's portfolio manager, are subject to restrictions on engaging in personal securities transactions pursuant to Codes of Ethics adopted by the adviser.

The adviser has trade allocation and other policies and procedures that it believes are reasonably designed to address these and other potential conflicts of interest.

(a)(4) OWNERSHIP BY PORTFOLIO MANAGERS.

Portfolio Managers	Dollar Range of the Registrant's Securities Owned by the Portfolio Managers
Craig C. Plum	None

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

During the fiscal year ended December 31, 2015, there were no purchases made by or on behalf of the registrant or any "affiliated purchaser", as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934 ("Exchange Act"), of shares or other units of any class of the registrant's equity securities that are registered by the registrant pursuant to Section 12 of the Exchange Act.

Item 10. Submission of Matters to a Vote of Security Holders.

There have not been any material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors, since those procedures were last disclosed in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A or this Item.

Item 11. Controls and Procedures.

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

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) The registrant's Code of Ethics for Principal Executive and Senior Financial Officers that applies to the registrant's principal executive officer and principal financial officer and as described in Item 2 hereof is incorporated by reference to Exhibit-99-12(a)(1) to the registrant's Form N-CSR for its fiscal year ended December 31, 2007, filed electronically with the Securities and Exchange Commission on March 7, 2008.

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

(a)(3) Not applicable.

(b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(b)) attached hereto as Exhibit 99.906CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY ALL-STAR EQUITY FUND

By: /s/ William R. Parmentier, Jr.
William R. Parmentier, Jr.
(Principal Executive Officer)
President

Date: February 29, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY ALL-STAR EQUITY FUND

By: /s/ William R. Parmentier, Jr.
William R. Parmentier, Jr.
(Principal Executive Officer)
President

Date: February 29, 2016

By: /s/ Kimberly R. Storms
Kimberly R. Storms (Principal Financial Officer)
Treasurer

Date: February 29, 2016