

Highlights

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|----------------------------|---------------------------------|
| Fund Name: | Liberty All-Star® Equity Fund |
| Fund Type: | Closed-end, multi-managed |
| Ticker Symbols: | Market Price: USA NAV: XUSAX |
| Investment Advisor: | ALPS Advisors, Inc. |
| Inception Date: | October 1986 |

Investment Approach

Fund Style: Large-Cap Core

Fund Strategy: Combines three value-style and two growth-style investment managers. Those selected demonstrate a consistent investment philosophy, decision making process, continuity of key people and above-average long-term results compared to managers with similar styles.

Investment Managers:

Value Managers:
Matrix Asset Advisors, Inc.
Pzena Investment Management, LLC
Schneider Capital Management Corporation

Growth Managers:
Cornerstone Capital Management, Inc.
TCW Investment Management Company

Distributions

Distribution Frequency: Quarterly
6% of net asset value (NAV) per annum

Distribution Policy: The current policy is to pay distributions on its common shares totaling approximately 6 percent of its net asset value per year, payable in four quarterly installments of 1.5% of the Fund's net asset value at the close of the New York Stock Exchange on the Friday prior to each quarterly declaration date. **The fixed distributions are not related to the amount of the Fund's net investment income or net realized capital gains or losses and may be taxed as ordinary income up to the amount of the Fund's current and accumulated earnings and profits.** 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. The Fund retained such excess gains in 1993, 1996 and 1997.

Fund Data as of December 31, 2009

| | |
|--------------------|---------------|
| NAV | \$5.23 |
| Market Price (USA) | \$4.33 |
| Discount | 17.2% |
| YTD Dividends | \$0.31 |
| Net Assets | \$956 million |
| Expense Ratio | 1.09% |

Sector Breakdown (% of equity portfolio)*

| | |
|------------------------|-------|
| Information Technology | 23.3% |
| Financials | 18.5% |
| Energy | 13.0% |
| Consumer Discretionary | 12.7% |
| Health Care | 11.7% |
| Industrials | 9.4% |
| Consumer Staples | 5.9% |
| Utilities | 3.0% |
| Materials | 2.5% |

* Based on Standard & Poor's and MSCI Barra Global Industry Classification Standard (GICS).
The Liberty All-Star Equity Fund is a Closed-end fund and does not continuously offer shares.

Top 10 Holdings (holdings are subject to change)

| | |
|-----------------------|-------------------------|
| Apple, Inc. | Monsanto Co. |
| Bank of America Corp. | Chesapeake Energy Corp. |
| Dell, Inc. | PNC Financial |
| Google, Inc., Class A | Services Group, Inc. |
| QUALCOMM, Inc. | Forest Oil Corp. |
| Gilead Sciences, Inc. | |

Annualized Performance Summary

| | NAV | NAV Reinvested | Market Price Reinvested |
|----------|--------|----------------|-------------------------|
| 1 Year | 33.48% | 35.65% | 35.09% |
| 3 Years | -6.96% | -5.64% | -9.75% |
| 5 Years | -1.47% | -0.52% | -4.73% |
| 10 Years | 0.36% | 0.99% | 1.48% |
| 15 Years | 6.97% | 7.50% | 6.76% |
| 20 Years | 7.83% | 8.32% | 8.11% |

Returns for the Fund are total returns, which include dividends, after deducting fund expenses. The Fund's performance is calculated assuming that a shareholder reinvested all distributions and exercised all primary rights in the Fund's rights offerings. Past performance cannot predict future investment results.

Performance will fluctuate with changes in market conditions. Current performance may be lower or higher than the performance data shown. Performance information shown 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.

