

LIBERTY ALL STAR EQUITY FUND  
Form N-CSR  
March 07, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

File Nos. 333-145600 and 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)

Tane T. Tyler, General Counsel

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, 2010

**Item 1. Report of Shareholders.**





Fellow Shareholders:

February 2011

Equity investors generally enjoyed a rewarding year in 2010, as stocks built on 2009's momentum, posting gains in three out of four quarters and finishing the year with a strong December.

For the year, the S&P 500 Index rose 15.06 percent on top of the 26.46 percent advance in 2009. The index gained 10.76 percent in the final quarter and headed into 2011 on the strength of a 6.68 percent return in December. Reinforcing the patience and long-term commitment that is often required of investors—especially as they suffered through the financial crisis of 2008 and early 2009—the S&P 500 Index returned 93.08 percent from its low in March 2009 through year-end 2010.

The stock market performed well in 2010 in spite of a lack of enthusiasm, periodic bouts of doubt, continued problems with employment and housing on the home front, and nervousness over sovereign debt abroad. Many economists gave little credence to the durability of the recovery even as it made progress through the year, and some high profile strategists continued to believe that the economy was vulnerable to a double dip recession. Given the depths to which the economy had plunged, however, a slow but steady recovery was acceptable, even if not warmly embraced. Despite the lackluster economy, the major source of strength for the stock market has been the strong rebound in corporate profits. Profitability was driven by surging productivity and a reasonable pickup in demand. During the recession, companies lowered their break even points by shuttering inefficient plants, reducing capacity and lowering unit labor costs—setting up a scenario in which even a modest rebound in economic activity would produce a strong recovery in corporate profitability.

As it turned out, the only negative period was the second quarter, when the S&P 500 Index retreated 11.43 percent. Many factors contributed to the retracement: chief among them were the previously mentioned sovereign debt problems, and one unnerving event, the

so-called "flash crash" on May 6, when the Dow Jones Industrial Average briefly and inexplicably fell 1,000 points. Stocks continued to drift lower through June before rallying in July, only to weaken again in August. On August 26, however, Federal Reserve Chairman Ben Bernanke opened the door for another round of bond purchases to boost the economy. From that point, the trajectory was higher through the end of the year, with the November 3 announcement of another round of quantitative easing.

For the year, Liberty All-Star® Equity Fund returned 15.59 percent with shares valued at net asset value (NAV), 16.28 percent with shares valued at NAV with dividends reinvested and 21.69 percent with shares valued at market price with dividends reinvested. All three measures of return topped the S&P 500 (+15.06 percent), as well as the 12.94 percent rise in the Fund's primary benchmark, the Upper Large-Cap Core Mutual Fund Average. For calendar year 2010, the Fund's NAV reinvested return ranked it in the top 10 percent of all funds in that universe. This was the second consecutive year the Fund placed in the top decile within that peer group. Longer term, from the market's March 9, 2009 low point through December 31, 2010, the Fund's NAV with dividends reinvested advanced more than 105 percent, while Fund shares valued at market price with dividends reinvested gained almost 140 percent.

Over the course of the year, the discount at which Fund shares traded relative to their underlying NAV ranged from 10.4 percent to 17.6 percent versus a range of 15.6 percent to 26.5 percent in 2009. We are pleased that the discount narrowed over the year, even though it remains above the Fund's historical average. We believe that the discount range of closed-end domestic equity funds remains relatively wide as investors have favored bond and international equities, particularly emerging markets. We believe those investment flows may be in the process of reversing and if the current direction holds we should see discounts continue to narrow.

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**PRESIDENT'S LETTER (UNAUDITED)**

Once again, in this annual report we offer a question and answer session with the Fund's five investment managers. We believe you will find the comments of these leading investment managers to be both interesting and insightful. As we have also done in recent annual reports, we once again offer a brief summary of the Fund's attributes (on pages 4 and 5). I urge you to revisit these attributes, as they help to make the Fund a unique and attractive investment vehicle.

One of those attributes is the Fund's distribution policy. This policy which has been in place since 1988 is a major component of the Fund's total return. Often, however, these distributions either in cash or reinvested in additional Fund shares are overlooked. As you will see in the table on the facing page, these distributions add up over time in fact, over the past 20 years they total \$19.59 per share. We would emphasize that shareholders need to include these distributions when determining the return on their investment in the Fund.

Before closing, I would like to point out that 2011 marks the Fund's 25th anniversary, as it commenced operations in 1986. It has been a remarkable 25 years in the history of the country as well as in events and actions in the broad stock market.

We are most gratified that over these two and one-half decades the Fund had confirmed the validity of its multi-manager structure and its ability to meet its objective of serving as a high quality, long-term, core equity holding. The chart of All-Star's 20-year track record found on page 6 provides clear testimony to the value of the multi-management strategy. We continue to believe that the fundamental structure of the Fund provides a sound foundation for investing throughout ever-changing market environments, such as we have witnessed over the past 25 years. Be assured that we at Liberty All-Star® Equity Fund will continue to diligently manage the Fund with the best long-term interests of shareholders first and foremost.

Sincerely,

William R. Parmentier, Jr.

President and Chief Executive Officer

Liberty All-Star® Equity Fund

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## FUND STATISTICS AND SHORT-TERM PERFORMANCE

PERIODS ENDING DECEMBER 31, 2010

## FUND STATISTICS:

Net Asset Value (NAV)	\$5.69
Market Price	\$4.93
Discount	13.4%

	Quarter	2010
Distributions	\$0.08	\$0.31
Market Price Trading Range	\$4.33 to \$4.94	\$3.82 to \$4.98
Discount Range	13.4% to 15.3%	10.4% to 17.6%

## PERFORMANCE:

Shares Valued at NAV	12.70%	15.59%
Shares Valued at NAV with Dividends Reinvested	12.91%	16.28%
Shares Valued at Market Price with Dividends Reinvested	13.58%	21.69%
S&P 500 Index	10.76%	15.06%
Lipper Large-Cap Core Mutual Fund Average*	10.41%	12.94%
NAV Reinvested Percentile Rank (1 = best; 100 = worst)	7th	10th
Number of Funds in Category	1105	1069

## LONG-TERM PERFORMANCE SUMMARY AND DISTRIBUTIONS

## ANNUALIZED RATES OF RETURN

PERIODS ENDING DECEMBER 31, 2010

## LIBERTY ALL-STAR® EQUITY FUND

	3 YEARS	5 YEARS	10 YEARS	20 YEARS
Distributions	\$1.27	\$2.96	\$7.67	\$19.59
Shares Valued at NAV	(3.79%)	0.42%	1.09%	8.47%
Shares Valued at NAV with Dividends Reinvested	(2.47%)	1.53%	1.66%	8.92%
Shares Valued at Market Price with Dividends Reinvested	(2.74%)	(0.01%)	1.18%	8.91%
S&P 500 Index	(2.86%)	2.29%	1.41%	9.14%
Lipper Large-Cap Core Mutual Fund Average*	(3.23%)	1.93%	1.34%	8.70%
NAV Reinvested Percentile Ranking (1 = best; 100 = worst)	36th	61st	42nd	50th
Number of Funds in Category	910	768	461	89

\* Percentile ranks calculated using the Fund's NAV Reinvested results within the Lipper Large-Cap Core Open-end Mutual Fund Universe. Figures shown for the Fund and the Lipper Large-Cap Core Mutual Fund Average are total returns, which include dividends, after deducting Fund expenses. The Fund's performance is calculated assuming that a shareholder exercised all primary rights in the Fund's rights offerings. Figures shown

for the unmanaged S&P 500 Index are total returns, including dividends. A description of the Lipper benchmark and the S&P 500 Index can be found on page 38.

**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.

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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.

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UNIQUE FUND ATTRIBUTES (UNAUDITED)

## 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.

## 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 6 percent of the Fund's net asset value (paid quarterly at 1.5 percent per quarter), providing a systematic mechanism for distributing funds to shareholders.

**LIBERTY ALL-STAR® EQUITY FUND**

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**MULTI-MANAGEMENT HAS PRODUCED MORE CONSISTENT RETURNS (UNAUDITED)**

The narrative on the preceding two pages is intended to focus on the unique attributes of the Fund. The chart below demonstrates the long-term outcome of these attributes, particularly the Fund's multi-management structure. Most mutual funds are run by a single portfolio manager or an internal team of managers pursuing a particular investment style, whether it's growth or value. But styles go in and out of favor. A style that outperforms on a relative basis one year may disappoint the next, leading to higher volatility.

As discussed in our "Unique Fund Attributes" feature, ALPS utilizes multi-management, that is, combining managers who practice different investment styles to reduce volatility while producing competitive returns.

All-Star's long-term track record provides clear testimony to the value of the multi-management strategy. The chart below demonstrates that for the trailing 20-year period ending December 31, 2010, the Fund has achieved better-than-average returns and better-than-average consistency compared with peer funds in the Lipper Large-Cap Core universe that have a 20-year performance history.

Each dot represents the precise 20-year return and consistency record ending December 31, 2010, of each fund in the universe of 63 open-end Large-Cap Core equity mutual funds (as classified by Lipper, Inc.) that has a 20-year history. The star represents the Fund's 20-year NAV reinvested return for the period ending December 31, 2010. The Fund is a closed-end fund and does not continuously offer shares. The Fund trades in the secondary market, investors wishing to buy or sell shares need to place orders through an intermediary or broker. The share price of a closed-end fund is based on the market's value.

Consistency is measured by the volatility of non-market monthly returns, calculated by subtracting the return of the S&P 500 Index from each mutual fund's return. The lower the volatility, the higher the consistency of results compared with the stock market.

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**INVESTMENT MANAGERS/PORTFOLIO CHARACTERISTICS (UNAUDITED)**

**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, 2010	INVESTMENT STYLE SPECTRUM					GROWTH	
	VALUE					Total	S&P
	Schneider	Pzena	Matrix	Cornerstone	TCW	Fund	500 Index
Number of Holdings	36	41	37	46	32	157*	500
Percent of Holdings in Top 10	51%	36%	34%	39%	45%	18%	19%
Weighted Average Market Capitalization (billions)	\$38	\$56	\$57	\$56	\$60	\$53	\$86
Average Five-Year Earnings Per Share Growth	(7)%	(4)%	(4)%	18%	23%	5%	5%
Dividend Yield	1.1%	1.5%	1.3%	0.7%	0.7%	1.1%	1.9%
Price/Earnings Ratio**	14x	12x	14x	18x	25x	16x	18x
Price/Book Value Ratio	1.7x	1.9x	2.7x	4.7x	5.4x	3.3x	3.4x

\* Certain holdings are held by more than one manager.

\*\* Excludes negative earnings.

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MANAGER ROUNDTABLE (UNAUDITED)**

## Investment Manager Roundtable

*The Fund's five investment managers look at markets and investing in 2010 and at what they anticipate in 2011 through the lens of their value or growth style*

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:

### **CORNERSTONE CAPITAL MANAGEMENT, INC.**

*Portfolio Manager/Thomas G. Kamp, CFA*

President and Chief Investment Officer

*Investment Style/Growth* Cornerstone evaluates stocks that its research identifies as offering underappreciated opportunities for growth as defined by one or more of their metrics. Stock selection is further based on the fundamentals of revenue, earnings, cash flow, and management depth and credibility.

### **MATRIX ASSET ADVISORS, INC.**

*Portfolio Manager/David A. Katz, CFA*

President and Chief Executive Officer

*Investment Style/Value* Matrix follows an opportunistic value-oriented investment philosophy. Matrix believes that value can be found in all sectors of the economy, and thus looks for investment opportunities beyond traditional value industries.

### **PZENA INVESTMENT MANAGEMENT, LLC**

*Portfolio Manager/Antonio DeSpirito, III*

Principal and Portfolio Manager

*Investment Style/Value* Pzena uses fundamental research and a disciplined process to identify good companies with a sustainable business advantage that the firm believes are undervalued on the basis of current price to an estimated normal level of earnings.

### **SCHNEIDER CAPITAL MANAGEMENT CORPORATION**

*Portfolio Manager/Arnold C. Schneider, III, CFA*

President and Chief Investment Officer

*Investment Style/Value* The firm practices a disciplined, fundamental approach to add value over time. Research focuses on uncovering new ideas and owning undervalued stocks before they experience a rebound in earnings and come to the attention of other investors.

### **TCW INVESTMENT MANAGEMENT COMPANY**

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*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.

Thank you for your participation in this year's roundtable. To start, a style-based question: Across the capitalization range, growth outperformed value in 2010. From your point of view—either growth or value—to what do you attribute this? And, once again from the perspective of your growth or value style, make the case for outperformance by your style in 2011. Tom Kamp and Craig Blum, let's hear from the growth managers to start.

**Kamp (Cornerstone Growth):** Growth outperformed in 2010 due to the fact that in a slow growth economy such as we had growth is more difficult to find, which generally results in higher valuations for growth stocks. We believe the same forces that caused growth to beat value in 2010 will continue to play out in 2011; therefore, we expect growth to beat value.

Every day is a new day, so don't lament missed opportunities.

Tony DeSpirito (Pzena Value)

**Blum (TCW Growth):** Market returns in 2009 were heavily driven by multiple expansion, setting up 2010 to be a proving ground for earnings. While earnings were generally more than supportive of the expectations being priced in during the latter part of 2009, the market began to differentiate between companies generating top line growth versus those merely cutting costs. Many growth companies, therefore, saw additional multiple expansion in addition to better-than-expected earnings in 2010. In 2011, we believe the market will continue to reward companies producing attractive top line growth amid a less-than-robust recovery, leading to continued outperformance of growth stocks.

Thank you both. Let's turn to the value managers and ask Tony DeSpirito to begin.

**DeSpirito (Pzena Value):** When sentiment shifted from fear of an economic slowdown to optimism for a sustained, if tepid, recovery, cyclical stocks in consumer durables, materials and producer durables led the rally. These stocks currently have a proportionately greater representation in the growth indexes. Conversely, the financial sector, which is currently more than a quarter of the value index, lagged as regulatory uncertainty continued to weigh on the sector. For 2011, we see an environment where there are valuation spreads between cheap stocks and the broad market. There is a host of deeply discounted

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stocks providing ample opportunity for outperformance in the coming year. We continue to have large weights in the financials, technology, defense and building products.

Thank you. Let's hear from Matrix and Schneider to round out our first discussion point.

**Katz (Matrix Value):** The outperformance of growth over value in 2010 was across the board, but not overly dramatic within any capitalization weighting. The outperformance was due to a combination of factors, including: a greater number of economically sensitive holdings among growth stocks, a modest reversal of the significant outperformance of value over growth in 2009 and outperformance in the growth sectors of consumer discretionary, producer durables and technology. Nevertheless, as we have mentioned in the past, the lines between growth and value have blurred somewhat in the past several years.

More dramatic, however, was the differential across capitalizations. Small stocks significantly outpaced large ones in a nearly linear relationship.

We believe this offers a reversionary opportunity in 2011. Large and, certainly, mega-cap stocks are long overdue for outperformance. As the economic recovery matures, it is likely that higher quality and larger companies will play catch-up with smaller names. From a fundamental perspective, they should be doing much better, as their valuations are often compelling and business prospects look quite strong. We believe our portfolio should benefit from a move toward large and mega-cap stocks.

**Schneider (Schneider Capital Management Value):** We don't believe the difference between growth and value in 2010 was very meaningful. Strong outperformance for value indices in December gave the Russell 3000® Growth Index a 17.6 percent return for the year versus 16.2 percent for the Russell 3000® Value Index. The spread had been 360 basis points through November, but narrowed to just 140 basis points by year end. So, in our view, that narrow spread was noise and not really a story line.

Overall, we are encouraged by the investment opportunities in our value style portfolio. Our internal valuation measures suggest that the potential upside remains significantly higher than the historical average even after a strong showing during the past two years. We hold investments in several diverse, economically-sensitive industries, where we have committed substantial capital with high conviction. Although profitability measures for much of corporate America should return to normal levels in 2011, we own a number of companies that are still capable of a sharp upward earnings trajectory. If their operations improve as we expect, investors should take notice.

OK, interesting views all around. Let us now ask you to summarize what produced the best results for you in 2010 and what, in retrospect, didn't play out the way you thought. We'll stay with the value managers and ask Arnie Schneider to begin.

**Schneider (Schneider Capital Management Value):** Our overweight position in coal mining stocks had a very favorable performance impact. Industry fundamentals continue to improve for the U.S. thermal (utility) coal market. Arch Coal and Consol Energy are well positioned to benefit from continued progress in pricing and demand. The group has measurably outperformed the overall equity market over the past two years, but we still see healthy upside potential from here.

selling at a high and buying back at lower prices. Few, if any, investors are able to accomplish this feat.

Our investments in homebuilders were flat overall for the year. We believe that housing market conditions have

Arnie Schneider

(Schneider Capital Management Value)

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largely stabilized and can show some modest progress beginning in the second half of 2011. Given that new home inventories are quite low, order levels for new homes should improve this year. Even at the current severely depressed levels for new home starts, the homebuilders in the portfolio are expected to be profitable. Their stock prices appear to us to reflect an overly pessimistic outlook.

[Let's hear from Matrix and Pzena.](#)

**Katz (Matrix Value):** We had strong positive contributions from our energy, producer durables and consumer stocks, both discretionary and staples. Technology, which had been a leader for us in 2009, was far less strong in 2010. Healthcare stocks were sub-par and financial stocks were disappointing, though positive.

Energy, which had lagged considerably in 2009, showed great strength in 2010. Similarly, many of our biggest laggards in the first half of 2010 were among our strongest performers in the second half.

Our mega-cap stocks were laggards in a number of sectors, particularly in technology and financials. This is part of the direction of the overall market where smaller performed better than larger pretty much across the board. As mentioned, we believe many of these mega-cap stocks represent the most attractive investment opportunities in the market today as their stock prices have not nearly kept pace with many very solid business trends.

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MANAGER ROUNDTABLE (UNAUDITED)**

**DeSpirito (Pzena Value):** Areas that worked best for us in 2010 were those that were the most depressed coming into the year. These included stocks exposed to consumer spending such as J.C. Penney (retail), Fortune Brands (building products), Sherwin-Williams (paints and coatings), Magna International (auto parts) and Tyco Electronics (electronic components). Several financial services stocks also did well, particularly Citigroup and Torchmark (life insurance). Weaker contributors included a number of technology stocks, where multiples contracted despite strong earnings. We have been adding to a number of weaker performers where we believe the outlook continues to be bright, and their valuations are among the most attractive in our investment universe.

Growth style managers, how do you reflect on 2010?

**Blum (TCW Growth):** Strong secular tailwinds in combination with leverage to a recovering economy in a host of key holdings drove the outperformance of our portfolio in 2010. Our holdings in technology including Internet names energy and industrials were particularly strong. Our outperformance was tempered, however, by the defensive growth portion of our portfolio that we continue to hold in light of our structural concerns. Specifically, we note the unusually weak recovery in U.S. employment, even after accounting for historical lags, supports a modest exposure to extremely resilient businesses. Although the caution represented in the construction of the portfolio held back our performance last year, we continue to believe it makes for a more robust portfolio that should outperform in a variety of macro environments.

**Kamp (Cornerstone Growth):** Cornerstone's three best performing sectors were information technology, industrials and consumer staples. Looking at individual names, the three strongest contributors were Baidu (Internet search), priceline.com (online travel) and Acme Packet (networking hardware). The three poorest performing sectors were consumer discretionary, energy and healthcare, and the three biggest individual detractors were Apollo Group (for-profit education), Petrohawk Energy (oil and gas) and Adobe Systems (computer software).

Let's look ahead and ask what will you be focused on going into 2011. Also, tell us about a stock in the portion of the All-Star portfolio that you manage that reflects your point of view. Let's ask the growth managers to lead off followed by the value managers.

**Kamp (Cornerstone Growth):** We look forward to 2011 with optimism for attractive returns in the U.S. equity market based on continued strong revenue growth, some further margin expansion and solid earnings growth in the low double digits. This situation is occurring at an

historic point when cash and fixed income investments are being debased and corporate cash balances are at record highs. We

If you can keep your head when all about you are losing theirs  
yours is the Earth and everything that's in it.

Craig Blum (TCW Growth)

with a bow to Rudyard Kipling)

believe the outlook for mergers and acquisitions, including for a number of our companies, is very attractive. The biggest risk is a rise in commodity prices that destroys consumer purchasing power and economic growth. Therefore, while it may be bumpy at times, we would encourage investors to enjoy the ride. As to a specific holding, we are optimistic about Joy Global. Joy has been a volatile stock over the last five years, reflecting the cyclical nature of the mining equipment business, wildly changing commodity prices and, consequently, the wildly changing sentiment surrounding coal demand. Our research indicates that the world's energy demands will continue to be satisfied largely by coal despite proposed cap and trade legislation and regulations on carbon emissions. The industry in which Joy competes has been and continues to be a duopoly, but Joy's primary competitor is being acquired by Caterpillar. Joy itself remains an attractive take-out candidate by a handful of capital equipment manufacturers looking to consolidate their global offerings. Finally, the U.S. coal market should experience a turn upward in demand as power generation continues to recover.

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**Blum (TCW Growth):** We continue to be cyclically bullish but structurally have our eyes wide open. As a result, we are maintaining a barbell approach to our portfolio construction. Two-thirds of the portfolio is in more aggressive growth names that have strong secular tailwinds, such as Salesforce.com, while one-third of the portfolio is in more defensive growth names, like American Tower, which enjoys huge competitive barriers, long-term contracts with price escalators and secular tailwinds around wireless data, giving it superior revenue and cash flow visibility.

**DeSpirito (Pzena Value):** We continue to focus on deeply undervalued stocks where temporary issues create an investment opportunity for long-term investors. Our research is uncovering companies where economic recovery has not been fully discounted in share prices. These include housing-related and technology stocks. We are also focusing on areas where regulatory or fiscal uncertainties have depressed valuations; examples include financials and defense. Hewlett-Packard is a prime example of a global technology leader that has a number one or number two position in virtually all the businesses in which it competes, yet currently trades for less than eight times forecasted 2011 earnings, giving us a rare opportunity to own this high quality business at a sale price.

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**Schneider (Schneider Capital Management Value):** The portfolio moved to a relative overweight position in banks during late 2009. We believe the worst is past for the large banks, given the peak in nonperforming assets and historically high levels of capital. We expect a substantial improvement in bank fundamentals over the next two years, which should lead to a surge in earnings and pickup in dividend increases, stock buybacks and acquisition activity. JPMorgan Chase might buy back more of its shares than investors expect given its historically high levels of reserves and capital. The stock also trades at a compelling valuation.

**Katz (Matrix Value):** We start with the fundamental premise that the economy will be in continuing recovery mode in 2011. This will include long-awaited improvement in the labor markets. As a result, we believe that the stock market will again post respectable results.

We look for consumer, technology and energy stocks to have a solid year. We also expect that areas that have yet to rebound significantly, most especially financials, will provide much more attractive performance in 2011.

Dollar cost averaging is the best advice I have ever been given

Finally, we believe that the large-cap stocks, and especially the mega-caps, which have lagged for some time now, will start to rebound. In this regard,

Tom Kamp

(Cornerstone Growth)

we would point to Cisco Systems and Microsoft among the techs that have been unloved despite having solid business performance. Among the financials, JPMorgan Chase would be another mega-cap 2010 laggard that we expect to show strong performance in 2011.

A final question: Lacking confidence, many individual investors have shunned stocks and missed two good years. What is a piece of advice that you received at some point in your career that you'd pass along to individual investors? Craig Blum and Tom Kamp, start off for the growth managers, please.

**Blum (TCW Growth):** To quote Rudyard Kipling, "If you can keep your head when all about you are losing theirs and yours is the Earth and everything that's in it. Markets cycle through pessimism and euphoria but rarely are things as bad as they seem during the dark days nor as good as they seem during the booms. And opportunity rarely comes in nice packaging.

**Kamp (Cornerstone Growth):** Dollar cost averaging is the best advice I have ever been given and I would say to any individual investor, determine the appropriate amount of equity exposure you can tolerate and begin to invest monthly in equal amounts until you have reached

your target and then rebalance every year, either taking some off the table or putting some back on it.

Both are terrific thoughts. Thank you. Value managers, we will ask you to conclude and invite David Katz to begin.

**Katz (Matrix Value):** Unfortunately, many investors sold low in 2008 and have bought back higher since the market

Staying the course: Markets are far too counter-intuitive to be figured out or timed.

David Katz (Matrix Value)

recovery, or, as you suggest, not at all. We are ardent believers in staying the course. Markets are far too counter-intuitive to be figured out or timed. The same mindset that takes one out of the market - fear - almost invariably prevents one from coming back in until there has been so much validation that the investor is buying in higher than where he/she sold. Investors should decide how much they are comfortable allocating to stocks on an all-weather basis and then maintain that allocation through thick and thin.

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**Schneider (Schneider Capital Management Value):** Successful moves into and out of the market require two well-timed trades – selling at a high and buying back at lower prices. Few, if any, investors are able to accomplish this feat on a consistent basis.

**DeSpirito (Pzena Value):** Every day is a new day, so don't lament missed opportunities. Although valuations are not nearly as depressed as they were two years ago, there are still ample opportunities to invest selectively in world-class companies sporting solid balance sheets and significant free cash flow at attractive valuations. Given current stock prices, our models indicate the expected long-term return on U.S. equities is approximately 10 percent annually, which is quite attractive, especially in a world where 10-year treasuries are yielding a little over 3 percent. So, even though you may have missed the gains of the last two years, equities are still attractive and the opportunity for the value investor continues to be robust.

Sound thinking from experienced, knowledgeable investment managers and we thank you all. Let's hope that a year from now we can look back on a good 2011.

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USA

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**12 LIBERTY ALL-STAR® EQUITY FUND**  
**INVESTMENT GROWTH (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, 2010. 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 10 percent distribution policy in 1988. Effective with the 2009 second quarter distribution, the annual distribution rate was changed from 10 percent to 6 percent.

\_\_\_\_\_ 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 \$46,133 (including the December 31, 2010 value of the original investment of \$8,217 plus distributions during the period of \$36,799 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 \$91,929.

\_\_\_\_\_ 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 \$113,944 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.

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**LIBERTY ALL-STAR® EQUITY FUND**  
**TABLE OF DISTRIBUTIONS AND RIGHTS OFFERINGS (UNAUDITED) 13**

YEAR	PER SHARE DISTRIBUTIONS	MONTH COMPLETED	RIGHTS OFFERINGS		SUBSCRIPTION PRICE	TAX CREDITS*
			SHARES NEEDED TO PURCHASE	ONE ADDITIONAL SHARE		
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**		8.34	
2005	0.87					
2006	0.88					
2007	0.90	December	10		6.51	
2008	0.65					
2009***	0.31					
2010	0.31					

\* 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.

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

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

#### **DISTRIBUTION POLICY**

Liberty All-Star® Equity Fund's current policy is to pay distributions on its shares totaling approximately 6 percent of its net asset value per year, payable in four quarterly installments of 1.5 percent of the Fund's net asset value at the close of the New York Stock Exchange on the Friday prior to each quarterly declaration date. 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.



**14 LIBERTY ALL-STAR® EQUITY FUND**  
**TOP 20 HOLDINGS AND ECONOMIC SECTORS (UNAUDITED)**  
*December 31, 2010*

TOP 20 HOLDINGS*	PERCENT OF NET ASSETS
Apple, Inc.	2.74%
Bank of America Corp.	2.08
JPMorgan Chase & Co.	2.07
Dell, Inc.	1.81
QUALCOMM, Inc.	1.70
Google, Inc., Class A	1.64
Arch Coal, Inc.	1.58
PNC Financial Services Group, Inc.	1.47
Amazon.com, Inc.	1.28
Wells Fargo & Co.	1.23
Consol Energy, Inc.	1.19
Cisco Systems, Inc.	1.18
The Allstate Corp.	1.16
Valero Energy Corp.	1.14
The Western Union Co.	1.12
State Street Corp.	1.10
	1.08



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Tyco Electronics Ltd.

C.H. Robinson Worldwide, Inc. 1.07

Citigroup, Inc. 1.07

Costco Wholesale Corp. 1.06  
28.77%

**ECONOMIC SECTORS\***

**PERCENT OF NET ASSETS**

Information Technology 23.75%

Financials 20.13

Energy 14.42

Consumer Discretionary 10.42

Health Care 10.59

Industrials 8.54

Consumer Staples 5.21

Materials 2.82

Utilities 2.09

Telecommunication Services 0.64

Other Net Assets 1.39  
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.



**LIBERTY ALL-STAR® EQUITY FUND**  
**MAJOR STOCK CHANGES IN THE QUARTER (UNAUDITED)** 15  
*December 31, 2010*

The following are the major (\$3 million or more) stock changes - both purchases and sales - that were made in the Fund's portfolio during the fourth quarter of 2010.

SECURITY NAME	PURCHASES (SALES)	SHARES AS OF 12/31/10
<b>PURCHASES</b>		
Apollo Group, Inc., Class A	74,738	180,746
Bank of America Corp.	325,287	1,620,201
Burberry Group Plc	90,264	90,264
Citigroup, Inc.	1,189,415	2,344,983
Ecolab, Inc.	63,102	63,102
General Mills, Inc.	115,609	115,609
Google, Inc., Class A	10,870	28,670
Marvell Technology Group Ltd.	491,620	491,620
Precision Castparts Corp.	31,100	31,100
Visa, Inc., Class A	71,042	153,142
<b>SALES</b>		
Broadcom Corp., Class A	(200,773)	56,245
Flowserve Corp.	(39,606)	0
	(83,010)	0

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Honeywell International, Inc.

Johnson Controls, Inc.	(113,700)	0
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Mastercard, Inc., Class A	(19,884)	0
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Omnicom Group, Inc.	(75,025)	107,825
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priceline.com, Inc.	(8,788)	12,900
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Quanta Services, Inc.	(188,400)	0
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Wells Fargo & Co.	(103,705)	412,480
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**16 LIBERTY ALL-STAR® EQUITY FUND**  
**SCHEDULE OF INVESTMENTS**
*as of December 31, 2010*

COMMON STOCKS (98.50%)	SHARES	MARKET VALUE
<b>u CONSUMER DISCRETIONARY (10.42%)</b>		
<b>Auto Components (0.70%)</b>		
Magna International, Inc.	139,440	\$ 7,250,880
<b>Automobiles (0.06%)</b>		
General Motors Co. <sup>(a)</sup>	16,795	619,064
<b>Diversified Consumer Services (0.69%)</b>		
Apollo Group, Inc., Class A <sup>(a)</sup>	180,746	7,137,660
<b>Hotels, Restaurants &amp; Leisure (0.88%)</b>		
Carnival Corp.	198,750	9,164,362
<b>Household Durables (1.60%)</b>		
DR Horton, Inc.	482,362	5,754,579
Fortune Brands, Inc.	65,725	3,959,931
NVR, Inc. <sup>(a)</sup>	9,985	6,899,835
		16,614,345
<b>Internet &amp; Catalog Retail (1.77%)</b>		
Amazon.com, Inc. <sup>(a)</sup>	73,621	13,251,780
priceline.com, Inc. <sup>(a)</sup>	12,900	5,154,195
		18,405,975
<b>Media (1.79%)</b>		
Discovery Communications, Inc., Class A <sup>(a)</sup>	22,605	942,628
Discovery Communications, Inc., Class C <sup>(a)</sup>	57,298	2,102,264
The McGraw Hill Cos., Inc.	181,000	6,590,210
Omnicom Group, Inc.	107,825	4,938,385
The Walt Disney Co.	106,808	4,006,368
		18,579,855
<b>Multi-Line Retail (1.48%)</b>		
J.C. Penney Co., Inc.	325,030	10,501,719
Target Corp.	81,520	4,901,798

15,403,517

<b>Specialty Retail (1.14%)</b>		
Dick's Sporting Goods, Inc. <sup>(a)</sup>	105,085	3,940,688
Staples, Inc.	255,000	5,806,350
Urban Outfitters, Inc. <sup>(a)</sup>	59,336	2,124,822
		11,871,860
<b>Textiles, Apparel &amp; Luxury Goods (0.31%)</b>		
Burberry Group PLC <sup>(b)</sup>	90,264	3,168,266
<b>u CONSUMER STAPLES (5.21%)</b>		
<b>Beverages (0.71%)</b>		
The Coca-Cola Co.	48,000	3,156,960
Diageo Plc <sup>(b)</sup>	57,249	4,255,318
		7,412,278
<b>Food &amp; Staples Retailing (2.20%)</b>		
Costco Wholesale Corp.	152,955	11,044,880
CVS Caremark Corp.	129,600	4,506,192
Walgreen Co.	188,500	7,343,960
		22,895,032

See Notes to Schedule of Investments and Financial Statements

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**LIBERTY ALL-STAR® EQUITY FUND**  
**SCHEDULE OF INVESTMENTS**  
*as of December 31, 2010*

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<b>COMMON STOCKS (continued)</b>	<b>SHARES</b>	<b>MARKET VALUE</b>
<b>Food Products (1.20%)</b>		
Archer-Daniels-Midland Co.	128,000	\$ 3,850,240
General Mills, Inc.	115,609	4,114,524
Mead Johnson Nutrition Co.	68,800	4,282,800
Smithfield Foods, Inc. <sup>(a)</sup>	9,245	190,725
		12,438,289
<b>Household Products (0.72%)</b>		
The Procter & Gamble Co.	116,500	7,494,445
<b>Personal Products (0.09%)</b>		
Avon Products, Inc.	30,818	895,571
<b>Tobacco (0.29%)</b>		
Philip Morris International, Inc.	51,111	2,991,527
<b>u ENERGY (14.42%)</b>		
<b>Energy Equipment &amp; Services (3.25%)</b>		
FMC Technologies, Inc. <sup>(a)</sup>	82,610	7,344,855
Oceaneering International, Inc. <sup>(a)</sup>	65,700	4,837,491
Schlumberger Ltd.	84,530	7,058,255
Tidewater, Inc.	124,000	6,676,160
Weatherford International Ltd. <sup>(a)</sup>	341,952	7,796,506
		33,713,267
<b>Oil, Gas &amp; Consumable Fuels (11.17%)</b>		
Anadarko Petroleum Corp.	83,109	6,329,581
Apache Corp.	37,100	4,423,433
Arch Coal, Inc.	468,285	16,418,072
BP Plc <sup>(b)</sup>	242,979	10,732,382
Chesapeake Energy Corp.	369,949	9,585,379
Chevron Corp.	69,300	6,323,625
ConocoPhillips	117,000	7,967,700
Consol Energy, Inc.	253,150	12,338,531
Devon Energy Corp.	100,500	7,890,255
Exxon Mobil Corp.	126,675	9,262,476
Occidental Petroleum Corp.	75,700	7,426,170
Petrohawk Energy Corp. <sup>(a)</sup>	301,472	5,501,864
Valero Energy Corp.	513,850	11,880,212
		116,079,680

**FINANCIALS (20.13%)**

**Capital Markets (4.48%)**

Bank of New York Mellon Corp.	226,000	6,825,200
The Charles Schwab Corp.	238,500	4,080,735
The Goldman Sachs Group, Inc.	50,880	8,555,981
Morgan Stanley	341,900	9,303,099
State Street Corp.	247,450	11,466,833
UBS AG <sup>(a)</sup>	381,200	6,278,364

46,510,212

**Commercial Banks (2.97%)**

BB&T Corp.	108,000	2,839,320
PNC Financial Services Group, Inc.	250,896	15,234,405
Wells Fargo & Co.	412,480	12,782,755

30,856,480

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**18 LIBERTY ALL-STAR® EQUITY FUND**  
**SCHEDULE OF INVESTMENTS**
*as of December 31, 2010*

<b>COMMON STOCKS (continued)</b>	<b>SHARES</b>	<b>MARKET VALUE</b>
<b>Consumer Finance (0.53%)</b>		
American Express Co.	129,500	\$ 5,558,140
<b>Diversified Financial Services (5.66%)</b>		
Bank of America Corp.	1,620,201	21,613,481
Citigroup, Inc. <sup>(a)</sup>	2,344,983	11,091,770
IntercontinentalExchange, Inc. <sup>(a)</sup>	38,506	4,587,990
JPMorgan Chase & Co.	506,890	21,502,274
		58,795,515
<b>Insurance (6.13%)</b>		
ACE Ltd.	165,837	10,323,353
Aflac, Inc.	53,877	3,040,279
The Allstate Corp.	378,705	12,073,115
Assured Guaranty Ltd.	301,414	5,335,028
Axis Capital Holdings Ltd.	152,725	5,479,773
Brown & Brown, Inc.	93,550	2,239,587
Fidelity National Financial, Inc., Class A	287,050	3,926,844
The Hartford Financial Services Group, Inc.	86,500	2,291,385
Lincoln National Corp.	72,230	2,008,716
MetLife, Inc.	33,000	1,466,520
RenaissanceRe Holdings Ltd.	36,460	2,322,138
Torchmark Corp.	105,800	6,320,492
Willis Group Holdings Plc	196,485	6,804,276
		63,631,506
<b>Real Estate Investment Trusts (0.36%)</b>		
Annaly Capital Management, Inc.	209,894	3,761,300
<b>u HEALTH CARE (10.59%)</b>		
<b>Biotechnology (1.54%)</b>		
Celgene Corp. <sup>(a)</sup>	41,399	2,448,337
Genzyme Corp. <sup>(a)</sup>	65,000	4,628,000
Gilead Sciences, Inc. <sup>(a)</sup>	160,627	5,821,122
Myriad Genetics, Inc. <sup>(a)</sup>	137,259	3,134,996
		16,032,455
<b>Health Care Equipment &amp; Supplies (3.49%)</b>		
Covidien Ltd.	86,000	3,926,760
Intuitive Surgical, Inc. <sup>(a)</sup>	18,300	4,716,825
NuVasive, Inc. <sup>(a)</sup>	124,557	3,194,887
St. Jude Medical, Inc. <sup>(a)</sup>	135,000	5,771,250
Varian Medical Systems, Inc. <sup>(a)</sup>	109,800	7,606,944
Zimmer Holdings, Inc. <sup>(a)</sup>	205,350	11,023,188
		36,239,854
<b>Health Care Providers &amp; Services (1.86%)</b>		
Aetna, Inc.	121,950	3,720,694
Brookdale Senior Living, Inc. <sup>(a)</sup>	190,624	4,081,260

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Laboratory Corp. of America Holdings <sup>(a)</sup>	60,300	5,301,576
WellPoint, Inc <sup>(a)</sup>	109,541	6,228,501
		19,332,031

**Health Care Technology (0.65%)**

Cerner Corp. <sup>(a)</sup>	71,232	6,748,520
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**LIBERTY ALL-STAR® EQUITY FUND**  
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*as of December 31, 2010*

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<b>COMMON STOCKS (continued)</b>	<b>SHARES</b>	<b>MARKET VALUE</b>
<b>Life Sciences Tools &amp; Services (0.66%)</b>		
Life Technologies Corp. <sup>(a)</sup>	124,300	\$ 6,898,650
<b>Pharmaceuticals (2.39%)</b>		
Allergan, Inc.	87,200	5,988,024
Bristol-Myers Squibb Co.	198,800	5,264,224
Forest Laboratories, Inc. <sup>(a)</sup>	150,550	4,814,589
Johnson & Johnson	48,375	2,991,994
Teva Pharmaceutical Industries Ltd. <sup>(b)</sup>	110,200	5,744,726
		24,803,557
<b>INDUSTRIALS (8.43%)</b>		
<b>Aerospace &amp; Defense (3.26%)</b>		
The Boeing Co.	58,010	3,785,733
General Dynamics Corp.	88,994	6,315,014
Goodrich Corp.	37,438	3,297,165
L-3 Communications Holdings, Inc.	96,825	6,825,194
Northrop Grumman Corp.	143,600	9,302,408
Precision Castparts Corp.	31,100	4,329,431
		33,854,945
<b>Air Freight &amp; Logistics (1.63%)</b>		
C.H. Robinson Worldwide, Inc.	138,945	11,141,999
Expeditors International of Washington, Inc.	105,190	5,743,374
		16,885,373
<b>Building Products (0.54%)</b>		
Masco Corp.	445,150	5,635,599
<b>Construction &amp; Engineering (0.33%)</b>		
Fluor Corp.	52,361	3,469,440
<b>Electrical Equipment (0.66%)</b>		
Rockwell Automation, Inc.	95,050	6,816,035
<b>Industrial Conglomerates (0.41%)</b>		
Textron, Inc.	178,115	4,210,639
<b>Machinery (1.36%)</b>		
Joy Global, Inc.	18,562	1,610,253

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Navistar International Corp. <sup>(a)</sup>	85,056	4,925,593
Pentair, Inc.	100,613	3,673,381
Terex Corp. <sup>(a)</sup>	127,878	3,969,333
		14,178,560

**Transportation Infrastructure (0.24%)**

Aegean Marine Petroleum Network, Inc.	238,085	2,483,227
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**INFORMATION TECHNOLOGY (23.75%)**

**Communications Equipment (3.66%)**

Acme Packet, Inc. <sup>(a)</sup>	91,208	4,848,617
Alcatel-Lucent <sup>(a)(b)</sup>	540,833	1,600,866
Cisco Systems, Inc. <sup>(a)</sup>	607,300	12,285,679
Polycom, Inc. <sup>(a)</sup>	39,990	1,558,810
QUALCOMM, Inc.	357,461	17,690,745
		37,984,717

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**20 LIBERTY ALL-STAR® EQUITY FUND**  
**SCHEDULE OF INVESTMENTS**  
*as of December 31, 2010*

<b>COMMON STOCKS (continued)</b>	<b>SHARES</b>	<b>MARKET VALUE</b>
<b>Computers &amp; Peripherals (5.38%)</b>		
Apple, Inc. <sup>(a)</sup>	88,215	\$ 28,454,630
Dell, Inc. <sup>(a)</sup>	1,384,105	18,754,623
Hewlett-Packard Co.	205,475	8,650,498
		55,859,751
<b>Electronic Equipment &amp; Instruments (2.11%)</b>		
Avnet, Inc. <sup>(a)</sup>	119,875	3,959,471
Corning, Inc.	350,000	6,762,000
Tyco Electronics Ltd.	317,025	11,222,685
		21,944,156
<b>Internet Software &amp; Services (3.79%)</b>		
Baidu, Inc. <sup>(a)(b)</sup>	46,316	4,470,883
eBay, Inc. <sup>(a)</sup>	258,000	7,180,140
Google, Inc., Class A <sup>(3)</sup>	28,670	17,029,120
Monster Worldwide, Inc. <sup>(a)</sup>	290,000	6,852,700
VistaPrint Ltd. <sup>(a)</sup>	83,351	3,834,146
		39,366,989
<b>IT Services (2.98%)</b>		
Cognizant Technology Solutions Corp., Class A <sup>(a)</sup>	109,800	8,047,242
International Business Machines Corp.	3,500	513,660
Visa, Inc., Class A	153,142	10,778,134
The Western Union Co.	628,205	11,665,767
		31,004,803
<b>Semiconductors &amp; Semiconductor Equipment (2.88%)</b>		
Analog Devices, Inc.	180,000	6,780,600
Broadcom Corp., Class A	56,245	2,449,470
International Rectifier Corp. <sup>(a)</sup>	230,483	6,843,040
Marvell Technology Group Ltd. <sup>(a)</sup>	491,620	9,119,551
MEMC Electronic Materials, Inc. <sup>(a)</sup>	423,820	4,772,213
		29,964,874