

April 7, 2015

**FILED VIA E-MAIL** (IMshareholderproposals@sec.gov)

U.S. Securities and Exchange Commission  
Division of Investment Management  
Office of Disclosure and Review  
100 F Street, NE  
Washington, DC 20549

Re.: Liberty All-Star Equity Fund - Omission of Shareholder Proposal Submitted by  
Steven N. Harris

Ladies and Gentlemen:

Pursuant to Rule 14a-8 promulgated under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and as counsel to Liberty All-Star Equity Fund, a Massachusetts business trust registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a closed-end management investment company (the “Fund”), we request confirmation that the Staff (the “Staff”) of the Securities and Exchange Commission (the “Commission”) will not recommend enforcement action if the Fund omits from its proxy materials (the “Proxy Materials”) for its 2015 Annual Meeting of Shareholders (the “2015 Annual Meeting”) the proposal (the “Proposal”) and supporting statement described herein.

### **Background**

On November 15, 2014, the Fund received a proposal and supporting statement from Steven N. Harris (the “Proponent”) for inclusion in the Proxy Materials for the 2015 Annual Meeting. Pursuant to Rule 14a-8(j), this letter is being filed with the Commission not less than 80 days before the Fund plans to file its definitive proxy statement. Also pursuant to Rule 14a-8(j), the Fund, by e-mail, is contemporaneously advising the Proponent of the Fund’s intention to omit the Proposal from the Proxy Materials. The Proposal and supporting statement are attached hereto as Exhibit A.

The Proposal requests, in relevant part, that the Board of Trustees of the Fund (the “Board” or the “Trustees”) authorize a self-tender for all of the Fund’s outstanding common shares of beneficial interest (“Common Shares”) at or close to net asset value (“NAV”) and that, if more than 50% of the Fund’s outstanding Common Shares are tendered, the tender offer should be cancelled and the Fund should be liquidated or converted into an exchange-traded fund

(“ETF”) or an open-end mutual fund. The language of the proposal is as follows:

**PROPOSAL:** The shareholders of Liberty All-Star Equity Fund (the Fund) request that the Board of Trustees authorize a self-tender offer for all outstanding common shares of the Fund at or close to net asset value (NAV). If more than 50% of the Fund’s outstanding common shares are submitted for tender, the tender offer should be cancelled and the Fund should be liquidated or converted into an exchange-traded fund (ETF) or an open-end mutual fund.

There are two potential interpretations of the request made by the Proposal should more than 50% of the Fund’s Common Shares be submitted for tender. Under one construction, the Proponent requests the Board unilaterally liquidate or convert the Fund. Under the other construction, shareholder approval of the Proposal purports to authorize liquidation or conversion without first having obtained the approval required by the Fund’s governing instrument. As explained below, neither interpretation enables the Fund to implement the Proposal.

### **Reasons for Exclusion of the Proposal**

The Fund believes that it may properly omit the Proposal from the Proxy Materials for the 2015 Annual Meeting for the following reasons:

- In the Event More than 50% of the Fund’s Common Shares are Submitted for Tender, Implementation of the Proposal would Result in an Action in Contravention of the Fund’s Governing Instrument. The Fund may exclude the Proposal under Rule 14a-8(i)(6) because in the event more than 50% of the Fund’s Common Shares are submitted for tender, there is no authority under the Fund’s governing instrument (the “Declaration of Trust”) to implement the Proposal, and implementation of the Proposal in such event would require an act in contravention of the Fund’s Declaration of Trust.
- The Implementation of the Proposal would Violate the 1940 Act. The Fund may exclude the Proposal pursuant to Rule 14a-8(i)(2), because it would, if implemented, require the Fund to violate the 1940 Act.
- The Proposal is Inherently Vague or Indefinite. The Fund may exclude the Proposal pursuant to Rule 14a-8(i)(3) because it is vague and indefinite, such that the shareholders and the Fund could not determine what actions the Proposal requires.

**I. The Proposal May Be Excluded Pursuant to Rule 14a-8(i)(6) Because There is No Authority to Implement the Proposal in the Event More Than 50% of the Fund's Common Shares Are Submitted for Tender, and Implementing the Proposal in Such Event Would Not Meet the Requirements of the Fund's Declaration of Trust**

In the event more than 50% of the Fund's Common Shares were submitted for tender, there would be no authority to implement the Proposal without obtaining authorization in accordance with the terms of the Declaration of Trust (attached hereto as Exhibit B). Under Massachusetts law, a business trust operates under the terms of its governing instrument. In the event more than 50% of the Fund's Common Shares were submitted for tender, implementation of the Proposal would cause the Fund to liquidate or convert to an ETF or an open-end mutual fund (*i.e.*, an "open-end investment company"), in contravention of the Fund's Declaration of Trust, either by (i) Board action without shareholder approval or (ii) shareholder vote that is not preceded by related Board action and does not satisfy minimum shareholder vote thresholds for such acts.

Rule 14a-8(i)(6) permits a company to exclude a stockholder proposal if the company "lacks the power or authority to implement" such proposal. In Staff Legal Bulletin No. 14D (CF) (Nov. 7, 2008), the Staff recognized that when a proposal recommends, requests, or requires corporate action that state law mandates "be initiated by the board and then approved by stockholders," that proposal may be excluded under Rule 14a-8(i)(6). The Fund believes that in the event more than 50% of the Fund's Common Shares were submitted for tender, there would be no authority to implement the Proposal because the Declaration of Trust does not vest in either the Board or the shareholders the power to unilaterally implement the Proposal, and implementation of the Proposal in such event would result in an act in contravention of the Fund's Declaration of Trust.

The Staff has acknowledged that proposals may be excluded where the company lacks authority to implement them. In *Northrop Grumman Corporation* (Feb. 29, 2008) and *Xerox Corporation* (Feb. 23, 2004), the omitted proposals at issue requested that the board take unilateral action where they were required to seek stockholder approval. The same principal applied recently in *AllianceBernstein Income Fund, Inc.* (Feb. 18, 2015), in which a proposal to liquidate, merge, or convert upon a 50% tender of outstanding shares was excluded in part because the board lacked authority under the terms of its Declaration of Trust to implement the proposal. See also *The Goldman Sachs Group, Inc.* (Jan. 28, 2015) (concurring with exclusion pursuant to Rule 14a-8(i)(6) where the "proposal is beyond the power of the board to implement"); *AT&T, Inc.* (Feb. 19, 2008) (concurring with exclusion of a proposal that requested the board "unilaterally amend" the company's Declaration of Trust, because amendment required action by both the board and the shareholders); and *Burlington Resources Inc.* (Feb. 7, 2003) (concurring with exclusion because the proposal requested action not authorized by the company's certificate of incorporation).

The Fund believes that its position is consistent with the Staff's decisions in similar situations. The Proposal requests, in the event more than 50% of the Fund's Common Shares were submitted for tender, either that the Board unilaterally liquidate or convert the Fund or that the shareholders affect a liquidation or conversion without preceding action by the Board and at minimum voting thresholds below those required in the Declaration of Trust. The Declaration of Trust does not provide for any such acts. Accordingly, the Proposal in such event cannot be implemented under the terms of the Fund's Declaration of Trust.

Liquidation of the Fund would involve termination under the terms of the Declaration of Trust. Termination of the Fund is governed by Article VIII, Section 8.2 of the Declaration of Trust, which states, in relevant part, that the "Trust may be terminated (i) by the affirmative vote of the holders of not less than seventy-five percent (75%) of the Shares outstanding and entitled to vote at any meeting of Shareholders, or (ii) by an instrument in writing, without a meeting, signed by a majority of the Trustees and consented to by the holders of not less than seventy-five percent (75%) of such Shares." Conversion of the Fund to an ETF or open-end fund is governed by Article VIII, Section 8.8 of the Declaration of Trust, which states, in relevant part, that conversion of the Fund "shall require the affirmative vote or consent of the holders of seventy-five percent (75%) of the Shares outstanding and entitled to vote, unless the Board of Trustees of the Trust shall have by duly adopted resolution recommended such conversion, in which case such conversion shall require a Majority Shareholder Vote."

Under the first interpretation, the Proposal requests that should more than 50% of the Fund's Common Shares be tendered, the Board unilaterally liquidate or convert the Fund into an ETF or an open-end mutual fund. The provisions of the Declaration of Trust governing liquidation and conversion do not allow for the Board to take either action without the requisite affirmative shareholder vote. Accordingly, the first interpretation of the Proposal may not be implemented without acting in contravention of the Fund's Declaration of Trust.

Under the second interpretation, the Proposal requests that should more than 50% of the Fund's Common Shares be tendered, the Fund will liquidate or convert based solely upon shareholder approval of the Proposal. Implementing the Proposal under such circumstances would contravene the Declaration of Trust in three ways. First, under the language of the Proposal, the shareholders are not voting for any particular outcome between liquidation or conversion. Therefore, shareholder approval of the Proposal does not correspond to approval of either liquidation or conversion, as required by the Declaration of Trust. Second, even if we assume that an affirmative shareholder vote for the Proposal is an affirmative vote for liquidation or conversion, the process under the Declaration of Trust and By-laws for a matter to reach shareholder vote has not been followed. Pursuant to the Fund's Declaration of Trust and By-laws, the Board approves calling a shareholder meeting and putting such proposals before the

shareholder for vote.<sup>1</sup> Deeming the Proposal as a proper method of affecting liquidation or conversion would remove the Board from the shareholder meeting and approval process in contravention of the Declaration of Trust. Finally, even if we assume that the Proposal is a proper method of soliciting votes on a liquidation or conversion, its passage is not predicated on the minimum shareholder vote necessary to initiate either a liquidation or conversion. As noted above, the Declaration of Trust generally requires the affirmative vote of 75% of shareholders to affect either a liquidation or conversion. In the limited circumstances where the minimum vote requirement is lower, the proposal must first be approved by a majority of the Board. Approval of the Proposal does not require the same voting thresholds, so the Proposal cannot be implemented without violating the Declaration of Trust.

Finally, even if we assume that liquidation or conversion of the Fund may be carried out by the sale of all or substantially all of the assets of the Fund, the Proposal cannot be implemented under the terms of the Declaration of Trust. Sale of all or substantially all of the Fund's assets is governed by Article VIII, Section 8.4 of the Declaration of Trust, which states, in relevant part, that the Fund may carry out such sale only after "the affirmative vote of the holders of not less than two-thirds of the Shares outstanding and entitled to vote, or by an instrument or instruments in writing without a meeting, consented to by the holders of not less than two-thirds of such Shares, provided, however, that if such merger, consolidation, sale, lease or exchange is recommended by the Trustees, the vote or written consent of the holders of a majority of Shares outstanding and entitled to vote, shall be sufficient authorization ...." A sale of all or substantially all of the Fund's assets under the terms of the Proposal would not satisfy the minimum shareholder vote or Board approval prerequisite, and therefore cannot be implemented without violating the Declaration of Trust.

Based upon the foregoing, in the event more than 50% of the Fund's Common Shares were submitted for tender, there is no authority to implement either interpretation of the Proposal, and implementation of either such interpretation of the Proposal in such event would cause an act to be taken without satisfying the requirements of the Fund's Declaration of Trust. Therefore, the Fund believes it may exclude the Proposal under Rule 14a-8(i)(6).

To the extent required by Rule 14a-8(j)(2)(iii), this letter shall serve as an opinion of counsel. I am licensed to practice law in the Commonwealth of Massachusetts. It is my opinion that, based on the interpretation that in the event more than 50% of the Fund's Common Shares were submitted for tender, the Proposal would require that the Fund liquidate or convert into an ETF or open-end fund without obtaining the necessary Board and shareholder approvals as required under the Fund's governing instrument. The implementation of the Proposal in such

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<sup>1</sup> We note that the Fund's Bylaws allow shareholders to seek a special meeting to consider matters not brought before the shareholders by Board approval. Such a meeting requires a "written request of Shareholders holding in the aggregate no less than two-thirds (2/3) of the outstanding Shares having voting rights. . . ." The circumstances allowing for such a meeting are not present here.

event would result in an act being taken in contravention of the Fund's governing instrument.

## **II. The Proposal Would, If Implemented, Violate the 1940 Act**

Implementation of the Proposal would also violate the Federal law. Section 5(a) of the 1940 Act divides management companies into closed-end funds and open-end funds. Section 5(a)(1) defines an open-end fund as a "management company which is offering for sale or has outstanding any redeemable security of which it is the issuer." Section 5(a)(2) defines a closed-end fund as "any management company other than an open-end company." Under Section 13(a) of the 1940 Act, a registered investment company may not change its subclassification under Section 5(a)(1) or (2) of the 1940 Act, "unless authorized by a majority of its outstanding voting securities." To convert the Fund into an ETF or open-end fund would change its subclassification. As discussed above, under the first interpretation the Proposal requests that the Board affect such change unilaterally upon the tender of 50% of the outstanding Common Shares. The Board cannot do so without violating the 1940 Act requirement of a shareholder vote. Therefore, the Fund believes it may exclude the Proposal under Rule 14a-8(i)(2) because it would, if implemented, violate Federal law.

## **III. The Proposal May Be Excluded Pursuant to Rule 14a-8(i)(3) Because the Proposal is Vague and Indefinite**

The Proposal is not sufficiently clear for the Board and the shareholders to determine what actions are required upon implementation. The Proposal clearly sets forth the first step of its request, that the Board authorize a self-tender for all outstanding Common Shares, but the Proposal is indefinite as to the result should more than 50% of the Common Shares be tendered.

Rule 14a-8(i)(3) permits the exclusion of a stockholder proposal if the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials. In Staff Legal Bulletin No. 14B (CF) (Sept. 15, 2004), the Staff recognized that exclusion "may be appropriate" where the proposal is "so inherently vague and indefinite that neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires." The Staff stated such a proposal may be excluded under Rule 14a-8(i)(3) as materially misleading pursuant to Rule 14a-9.

Applying the "inherently vague and indefinite" standard, the Staff has held that a proposal need not specify the exact manner of implementation, and that the discretion may be left to the board. However, the Staff has recognized that a proposal may be materially misleading as vague and indefinite where "any action ultimately taken by the Company upon implementation could be significantly different from the actions envisioned by the shareholders

voting on the proposal.” *Fuqua Industries, Inc.* (Mar. 12, 1991). *See also Capital One Financial Corp.* (Feb. 7, 2003) (concurring with exclusion of a shareholder proposal where its terms left the final outcome of implementation open to speculation); *and Occidental Petroleum Corporation* (Feb. 11, 1991) (concurring with exclusion of a proposal because it was “unclear what action the Company would be required to take if the proposal were adopted”).

The Proposal under consideration may be distinguished from that considered in *The Adams Express Company* (Jan. 11, 2011), in which the Staff denied no-action relief under Rule 14a-8(i)(3). In *Adams*, as here, the proposal requested that the board authorize a self-tender, to be cancelled upon the tender of more than 50% of outstanding shares. The *Adams* proposal then specifies that upon cancellation the fund should be liquidated. The proposal goes on to say that merger or conversion from a closed-end fund into an open-end fund may be permitted, at the discretion of the board, instead of liquidation. The *Adams* proposal therefore presents shareholders with three concrete potential outcomes: 1) less than 50% of the shares are tendered; 2) the fund is liquidated; and 3) the board, exercising the discretion authorized by shareholders in approving the proposal, determines that merger or conversion is preferable to liquidation. The Proposal at issue here does not present shareholders with concrete choices. Instead, the Proposal offers that if more than 50% of Common Shares are tendered, the Fund “should be liquidated or converted.” Shareholders have no way to determine what option is likely to occur (and, if conversion occurs, whether it would be conversion to an ETF or an open-end mutual fund) or upon whose authority the choice is made. Some shareholders may expect the Proposal to lead to liquidation, others may expect conversion to an ETF and still others may expect conversion to an open-end mutual fund. The Proposal does not set forth a specified outcome or provide that the exact manner of implementation is left to the Board. Rather, the Proposal sets forth disparate outcomes without explaining what the shareholders and the Fund should expect upon implementation. Accordingly, the Proposal is vague and indefinite because “implementation could be significantly different from the actions envisioned by the shareholders voting on the proposal” and so the Fund believes it may exclude the Proposal under Rule 14a-8(i)(3).

The Staff has stated explicitly that a proposal should be drafted with precision. In a November 26, 2001 teleconference titled *Stockholder Proposals: What to Expect in the 2002 Proxy Season*, the Associate Director (Legal) of the Division of Corporation Finance emphasized the importance of precision in drafting a proposal, citing *Staff Legal Bulletin No. 14* (CF)(July 13, 2001)(“SLB 14”). He stated “you really need to read the *exact wording* of the proposal.... We really wanted to explain that to folks, and we took a lot of time to make it very, very clear in [SLB 14]” (emphasis added). SLB 14 states that the Staff’s determination of non-action requests under Rule 14a-8 of the Exchange Act is based on, among other things, the “way in which a proposal is drafted.”

The Proposal, however, is not drafted with precision. It fails to align the purpose of the tender offer with the full liquidation, merger or conversion of the Fund. It fails to explain the

terms and potential consequences of the tender offer. It also fails to provide for the disposition of residual assets. The result is a scenario where “any action(s) ultimately taken by the [Fund] upon implementation of [the Proposal] could be significant different from the actions envisioned by the stockholders voting on the [P]roposal.” For these reasons, the Fund is seeking no-action relief to exclude the Proposal for being materially vague and indefinite.

We recognize that the Staff, on occasion, will permit proponents to revise their proposals to correct errors that are “minor in nature and do not alter the substance of the proposal.”<sup>2</sup> The Fund, however, believes that in this case if the Proposal is revised to address the deficiencies discussed herein, the revision would constitute a substantive alteration of the Proposal, inconsistent with the Staff’s long-standing practice. On the basis of the foregoing and on behalf of the Fund, we respectfully request the concurrence of the Staff that the Proposal may be excluded from the Fund’s Proxy Materials for the 2015 Annual Meeting.

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<sup>2</sup> *Staff Legal Bulletin No. 14B (CF) (September 15, 2004).*

U.S. Securities and Exchange Commission  
Division of Investment Management  
Office of Disclosure and Review  
April 7, 2015  
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If you have any questions or would like any additional information regarding the foregoing, please do not hesitate to contact Clifford J. Alexander (202-778-9068 or clifford.alexander@klgates.com), or Jennifer Gonzalez (202-778-9286 or jennifer.gonzalez@klgates.com). If you do not agree with the conclusions set forth herein, we respectfully request the opportunity to confer with you before any determination is finalized. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Clifford J. Alexander". The signature is written in a cursive style with a large, prominent initial "C".

Clifford J. Alexander

cc: Steven N. Harris

Attached: Exhibits A and B

**Exhibit A**  
**Shareholder Proposal**

Steven N. Harris  
162 Stoneridge Rd  
New Providence, NJ 07974

11/18/2014

Liberty All-Star Funds  
Secretary of the Funds,  
1290 Broadway, Suite 1100,  
Denver, Colorado 80203

Attention: Erin Nelson, Secretary

Dear Ms. Nelson:

I, Steven N. Harris, am the owner of common shares of Liberty All-Star Equity Fund, with a value in excess of \$2,000.00. I have held these shares for over 12 months and plan to continue to hold them through the next meeting of stockholders.

I hereby submit the following proposal and supporting statement pursuant to rule 14a-8 of the Securities Exchange Act of 1934 for inclusion in management's proxy materials for the next meeting of stockholders for which this proposal is timely submitted. If you would like to discuss this proposal, please contact me at (908) 286-1339 or [steven.harris888@gmail.com](mailto:steven.harris888@gmail.com).

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***PROPOSAL: The shareholders of Liberty All-Star Equity Fund (the Fund) request that the Board of Directors authorize a self-tender offer for all outstanding common shares of the Fund at or close to net asset value (NAV). If more than 50% of the Fund's outstanding common shares are submitted for tender, the tender offer should be cancelled and the Fund should be liquidated or converted into an exchange traded fund (ETF) or an open-end mutual fund.***

#### **SUPPORTING STATEMENT**

***The Fund's performance has been disappointing. For the period ending September 30, 2014, the Fund's NAV has underperformed its benchmark, the Lipper Large-Cap Core Average, by 2.47%, .56%, 1.34%, and .79%, for the past one, three, five and ten years respectively. Moreover, the common shares of the fund have traded at a double-digit discount to NAV for the majority of the past five years and the current discount is more than 13%.***

***The Fund's multi-management approach and large number of broadly diversified holdings, coupled with high expenses relative to index ETF's, make it unlikely that the Fund will***

*be able to outperform its benchmark or the broad market over any long period of time. This combination of factors may cause the Fund to trade at a sustained discount to NAV.*

*If, for example, the Fund converted to an open-end-fund, all shareholders could capture a windfall gain by having the discount to NAV closed. Consequently, we think it is now appropriate for the Board of Directors to authorize a self-tender offer for the Fund's common shares at or close to NAV to afford shareholders an opportunity to receive a price closer to NAV for their shares. If a majority of the Fund's outstanding common shares are tendered, that would demonstrate that there is insufficient shareholder support for continuing the Fund in its closed-end format. In that case, the tender offer should be canceled and the fund should be liquidated or converted into an ETF or an open-end mutual fund.*

*If you agree that it is time to implement measures to address the Fund's long term underperformance and its persistent double-digit discount, please vote for this (non-binding) proposal.*

Very truly yours,

  
Steven N. Harris

**Exhibit B**  
**Liberty All-Star Equity Fund Declaration of Trust**

Signed

LIBERTY ALL-STAR EQUITY FUND

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DECLARATION OF TRUST

Dated August 20, 1986  
as Amended through October 13, 1986

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Amended and Restated

DECLARATION OF TRUST

OF

LIBERTY ALL-STAR EQUITY FUND

Dated August 20, 1986

as Amended through October 13, 1986

DECLARATION OF TRUST made August 20, 1986 by John A. Benning (together with all other persons from time to time duly elected, qualified and serving as Trustees in accordance with the provisions of Article II hereof, the "Trustees"), as amended through October 13, 1986;

WHEREAS, the Trustees desire to establish a trust for the investment and reinvestment of funds contributed thereto; and

WHEREAS, the Trustees desire that the beneficial interest in the trust assets be divided into transferable shares of beneficial interest, as hereinafter provided;

NOW, THEREFORE, the Trustees hereby declare that all money and property contributed to the trust established hereunder shall be held and managed in trust for the benefit of holders, from time to time, of the shares of beneficial interest issued hereunder and subject to the provisions hereof.

## ARTICLE I

### NAME AND DEFINITIONS

Section 1.1 Name. The name of the trust created hereby is the "Liberty All-Star Equity Fund."

Section 1.2 Definitions. Wherever they are used herein, the following terms have the following respective meanings:

(a) "By-Laws" means the By-laws referred to in Section 3.9 hereof, as from time to time amended.

(b) the terms "Commission," "Interested Person," and "Majority Shareholder Vote" (the 67% or 50% requirement of the third sentence of Section 2(a)(42) of the 1940 Act, whichever may be applicable) have the meanings given them in the 1940 Act.

(c) "Custodian" means any person other than the Trust who has custody of any Trust Property as required by 17(f) of the 1940 Act, but does not include a system for the central handling of securities described in said 17(f).

(d) "Declaration" means this Declaration of Trust as amended from time to time. Reference in this Declaration of Trust to "Declaration," "hereof," "herein" and "hereunder" shall be deemed to refer to this Declaration rather than the article or section in which such words appear.

(e) "Distributor" means the party, other than the Trust, to the contract described in Section 4.2 hereof.

(f) "Investment Adviser" means a party furnishing services to the Trust pursuant to the contract described in Section 4.1 hereof.

(g) The "1940 Act" means the Investment Company Act of 1940 and the Rules and Regulations thereunder, as amended from time to time.

(h) "Person" means and includes individuals, corporations, partnerships, trusts, associations, joint ventures and other entities, whether or not legal entities, and governments and agencies and political subdivisions thereof, whether domestic or foreign.

(i) "Shareholder" means a record owner of outstanding Shares.

(j) "Shares" means the units of interest into which the beneficial interest in the Trust shall be divided from time to time and includes fractions of Shares as well as whole Shares.

(k) "Transfer Agent" means a party furnishing services to the Trust pursuant to the contract described in Section 4.3 hereof.

(l) The "Trust" means the trust created hereby.

(m) The "Trust Property" means any and all property, real or personal, tangible or intangible, which is owned or held by or for the account of the Trust or the Trustees.

(n) The "Trustees" means the persons who have signed the Declaration, so long as they shall continue in office in accordance with the terms hereof, and all other persons who may from time to time be duly elected, qualified and serving as Trustees in accordance with the provisions hereof, and reference herein to a Trustee or the Trustees shall refer to such person or persons in their capacity as trustees hereunder.

## ARTICLE II

### TRUSTEES

Section 2.1. Number of Trustees. The number of Trustees shall initially be one (1), and after a registration statement under the Securities Act of 1933, as amended, covering the first public offering of securities of the Trust shall have been filed the number of Trustees shall be such number as shall be fixed from time to time by a written instrument signed by said sole Trustee, or (if more than one) a majority of the Trustees, provided, however, that, following the date such registration statement shall have become effective (the "effective date"), the number of Trustees shall in no event be less than three (3) nor more than fifteen (15). No reduction in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his term unless the Trustee is specifically removed pursuant to Section 2.2 of this Article II at the time of the decrease.

Section 2.2 Term of Office of Trustees. The Board of Trustees shall be divided into three classes. Within the limits above specified, the number of Trustees in each class shall be determined by resolution of the Board of Trustees. The term of office of all of the Trustees shall expire on the date of the first annual meeting of shareholders or special meeting in lieu thereof following the effective date. The term of office of the first class shall expire on the date of the second annual meeting of shareholders or special meeting in lieu thereof. The term of office of the second class shall expire on the date of the third annual meeting of shareholders or special meeting in lieu thereof. The term of office of the third class shall expire on the date of the fourth annual meeting of shareholders or special meeting in lieu thereof. Upon expiration of the term of office of each class as set forth above, the number of Trustees in such class, as determined by the Board of Trustees, shall be elected for a term expiring on the date of the third annual meeting of shareholders or special meeting in lieu thereof following such expiration to succeed the Trustees whose terms of office expire. The Trustees shall be elected by the Shareholders owning of record a plurality of the Shares voting at an annual meeting of the Shareholders or special meeting in lieu thereof called for that purpose, except as provided in Section 2.3 of this Article, and each Trustee elected shall hold office until his successor shall have been elected and shall have qualified; except (a) that any Trustee may resign his trust (without need for prior or subsequent accounting) by an instrument in writing signed by him and delivered to the other Trustees, which shall take effect upon such delivery or upon such later date as is specified therein; (b) that any Trustee may be removed (provided the aggregate number of Trustees after such removal shall not be less than the number required by Section 2.1 hereof) with cause, at any time by written instrument, signed by at

least two-thirds of the remaining Trustees, specifying the date when such removal shall become effective; (c) that any Trustee who requests in writing to be retired or who has become incapacitated by illness or injury may be retired by written instrument signed by a majority of the other Trustees, specifying the date of his retirement; and (d) a Trustee may be removed at any meeting of Shareholders by a vote of two-thirds of the outstanding Shares. Upon the resignation or removal of a Trustee, or his otherwise ceasing to be a Trustee, he shall execute and deliver such documents as the remaining Trustees shall require for the purpose of conveying to the Trust or the remaining Trustees any Trust property held in the name of the resigning or removed Trustee. Upon the incapacity or death of any Trustee, his legal representative shall execute and deliver on his behalf such documents as the remaining Trustees shall require as provided in the preceding sentence.

Section 2.3. Resignation and Appointment of Trustees. The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, declination, resignation, removal, retirement, bankruptcy, adjudicated incompetence or other incapacity to perform the duties of the office of a Trustee. In the case of an existing vacancy, including a vacancy existing by reason of an increase in the number of Trustees, the remaining Trustees shall fill such vacancy by appointing such other person as they in their discretion shall see fit. Such appointment shall be evidenced by a written instrument signed by a majority of the Trustees then in office. Any such appointment shall not become effective, however, until the person named in the written instrument of appointment shall have accepted in writing such appointment and agreed in writing to be bound by the terms of the Declaration. An appointment of a Trustee may be made by the Trustees then in office and notice thereof mailed to Shareholders as aforesaid in anticipation of a vacancy to occur by reason of retirement, resignation or increase in number of Trustees effective at a later date, provided that said appointment shall become effective only at or after the effective date of said retirement, resignation or increase in number of Trustees. The power of appointment is subject to the provisions of Section 16(a) of the 1940 Act.

Section 2.4. Vacancies. The death, declination, resignation, retirement, removal, bankruptcy, adjudicated incompetence or incapacity to perform the duties of a Trustee, or any one of them, shall not operate to annul the Trust or to revoke any existing agency created pursuant to the terms of this Declaration. Whenever a vacancy in the number of Trustees shall occur, until such vacancy is filled as provided in Section 2.3, the Trustees in office, regardless of their number, shall have all the powers granted to the Trustees and shall discharge all the duties imposed upon the Trustees by the Declaration. A written instrument certifying the existence of such vacancy signed by a majority of the Trustees shall be conclusive evidence of the existence of such vacancy.

Section 2.5. Delegation of Power to Other Trustees. Any Trustee may, by power of attorney, delegate his power for a period not exceeding six (6) months at any one time to any other Trustee or Trustees; provided that in no case shall less than two (2) Trustees personally exercise the powers granted to the Trustees under the Declaration except as herein otherwise expressly provided.

### ARTICLE III

#### POWERS OF TRUSTEES

Section 3.1. General. The Trustees shall have exclusive and absolute control over the Trust Property and over the business of the Trust to the same extent as if the Trustees were the sole owners of the Trust Property and business in their own right, but with such powers of delegation as may be permitted by the Declaration. The Trustees shall have power to conduct the business of the Trust and carry on its operations in any and all of its branches and maintain offices both within and without the Commonwealth of Massachusetts, in any and all states of the United States of America, in the District of Columbia, and in any and all commonwealths, territories, dependencies, colonies, possessions, agencies or instrumentalities of the United States of America and of foreign governments and to do all such other things and execute all such instruments as the Trustees deem necessary, proper or desirable in order to promote the interests of the Trust although such things are not herein specifically mentioned. Any determination as to what is in the interests of the Trust made by the Trustees in good faith shall be conclusive. In construing the provisions of the Declaration, the presumption shall be in favor of a grant of power to the Trustees.

The enumeration of any specific power herein shall not be construed as limiting the aforesaid power. Such powers of the Trustees may be exercised without order of or resort to any court.

Section 3.2. Investments. (a) The Trustees shall have the power to:

(i) operate as and carry on the business of an investment company, and exercise all of the powers necessary or appropriate to the conduct of such operations;

(ii) To invest in, hold for investment, or reinvest in, securities, including common and preferred stocks; warrants; bonds, debentures, bills, time notes and all other evidences of indebtedness; negotiable or non-negotiable instruments; government securities, including securities of any

state, municipality or other political subdivision thereof, or any governmental or quasi-governmental agency or instrumentality; and money market instruments including bank certificates of deposit, finance paper, commercial paper, bankers acceptances and all kinds of repurchase agreements, of any corporation, company, trust, association, firm or other business organization however established, and of any country, state, municipality or other political subdivision, or any governmental or quasi-governmental agency or instrumentality;

(iii) To acquire (by purchase, subscription or otherwise), to hold, to trade in and deal in, to acquire any rights or options to purchase or sell, to sell or otherwise dispose of, to lend, to write (or sell) and purchase put and call options on any such securities and to pledge any such securities and repurchase agreements;

(iv) To exercise all rights, powers and privileges of ownership or interest in all securities and repurchase agreements included in the Trust Property, including the right to vote thereon and otherwise act with respect thereto and to do all acts for the preservation, protection, improvement and enhancement in value of all such securities and repurchase agreements;

(v) To acquire (by purchase, lease or otherwise) and to hold, use, maintain, develop and dispose of (by sale or otherwise) any property, real or personal, including futures contracts and options thereon, cash, and any interest therein;

(vi) To borrow money or otherwise obtain credit and in this connection issue notes or other evidence of indebtedness; to secure borrowings by mortgaging, pledging or otherwise subjecting as security the Trust Property; to endorse, guarantee, or undertake the performance of any obligation, contract or engagement of any other Person and to lend Trust Property;

(vii) To aid by further investment any corporation, company, trust, association or firm, any obligation of or interest in which is included in the Trust Property or in the affairs of which the Trustees have any direct or indirect interest; to do all acts and things designed to protect, preserve, improve or enhance the value of such obligation or interest; to guarantee or become surety on any or all of the contracts, stocks, bonds, notes, debentures and other obligations of any such corporation, company, trust, association or firm; and

(viii) to carry on any other business in connection with or incidental to any of the foregoing powers, to do everything necessary, suitable or proper for the accomplishment of any

purpose or the attainment of any object or the furtherance of any power hereinbefore set forth, and to do every other act or thing incidental or appurtenant to or connected with the aforesaid purposes, objects or powers.

The foregoing clauses shall be construed both as objects and powers, and the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the Trustees.

(b) The Trustees shall not be limited to investing in obligations maturing before the possible termination of the Trust, nor shall the Trustees be limited by any law limiting the investments which may be made by fiduciaries.

Section 3.3. Legal Title. Legal title to all the Trust Property shall be vested in the Trustees as joint tenants except that the Trustees shall have power to cause legal title to any Trust Property to be held by or in the name of one or more of the Trustees, or in the name of the Trust, or in the name of any other Person as nominee, on such terms as the Trustees may determine. The right, title and interest of the Trustees in the Trust Property shall vest automatically in each Person who may hereafter become a Trustee. Upon the termination of the term of office, resignation, removal or death of a Trustee he shall automatically cease to have any right, title or interest in any of the Trust Property, and the right, title and interest of such Trustee in the Trust Property shall vest automatically in the remaining Trustees. Such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered.

Section 3.4. Issuance and Purchase of Securities. The Trustees shall have the power to issue, sell, purchase, retire, cancel, acquire, hold, resell, reissue, dispose of, transfer, and otherwise deal in Shares and, subject to the provisions set forth in Articles VII and VIII hereof, to apply to any such repurchase, retirement, cancellation or acquisition of Shares any funds or property of the Trust whether capital or surplus or otherwise, to the full extent now or hereafter permitted by the laws of the Commonwealth of Massachusetts governing business corporations.

Section 3.5. Delegation; Committees. The Trustees shall have power to delegate from time to time to such of their number or to officers, employees or agents of the Trust the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Trustees or otherwise as the Trustees may deem expedient, to the same extent as such delegation is not prohibited by the 1940 Act.

Section 3.6. Collection and Payment. The Trustees shall have power to collect all property due to the Trust; to pay all claims, including taxes, against the Trust Property; to prosecute, defend, compromise or abandon any claims relating to the Trust Property; to foreclose any security interest securing any obligations by virtue of which any property is owed to the Trust; and to enter into releases, agreements and other instruments.

Section 3.7. Expenses. The Trustees shall have the power to incur and pay any expenses which in the opinion of the Trustees are necessary or incidental to carry out any of the purposes of the Declaration, and to pay reasonable compensation from the funds of the Trust to themselves as Trustees. The Trustees shall fix the compensation of all officers, employees and Trustees.

Section 3.8. Manner of Acting; By laws. Except as otherwise provided herein or in the By-laws, any action to be taken by the Trustees may be taken by a majority of the Trustees present at a meeting of Trustees (a quorum being present), including any meeting held by means of a conference telephone circuit or similar communications equipment by means of which all persons participating in the meeting can hear each other, or by written consents of all the Trustees. The Trustees may adopt By-laws not inconsistent with this Declaration to provide for the conduct of the business of the Trust and may amend or repeal such By-laws to the extent such power is not reserved to the Shareholders.

Notwithstanding the foregoing provisions of this Section 3.8 and in addition to such provisions or any other provision of this Declaration or of the By-laws, the Trustees may by resolution appoint a committee consisting of less than the whole number of Trustees then in office, which committee may be empowered to act for and bind the Trustees and the Trust, as if the acts of such committee were the acts of all the Trustees then in office, with respect to the institution, prosecution, dismissal, settlement, review or investigation of any action, suit or proceeding which shall be pending or threatened to be brought before any court, administrative agency or other adjudicatory body.

Section 3.9. Miscellaneous Powers. The Trustees shall have the power to: (a) employ or contract with such Persons as the Trustees may deem desirable for the transaction of the business of the Trust; (b) enter into joint ventures, partnerships and any other combinations or associations; (c) remove Trustees or fill vacancies in or add to their number, elect and remove such officers and appoint and terminate such agents or employees as they consider appropriate, and appoint

from their own number, and terminate, any one or more committees which may exercise some or all of the power and authority of the Trustees as the Trustees may determine; (d) purchase, and pay for out of Trust Property, insurance policies insuring the Shareholders, Trustees, Officers, employees, agents, investment advisers, distributors, selected dealers or independent contractors of the Trust against all claims arising by reason of holding any such position or by reason of any action taken or omitted by any such Person in such capacity, whether or not constituting negligence, or whether or not the Trust would have the power to indemnify such Person against such liability; (e) establish pension, profit sharing, share purchase and other retirement, incentive and benefit plans for any Trustees, officers, employees or agents of the Trust; (f) to the extent permitted by law, indemnify any person with whom the Trust has dealings, including the Investment Adviser, Distributor, Transfer Agent and selected dealers to such extent as the Trustees shall determine; (g) guarantee indebtedness or contractual obligations of others; (h) determine and change the fiscal year of the Trust and the method by which its accounts shall be kept; and (i) adopt a seal for the Trust but the absence of such seal shall not impair the validity of any instrument executed on behalf of the Trust.

Section 3.10. Principal Transactions. Except in transactions permitted by the 1940 Act or rules and regulations adopted by the Commission, or any order of exemption issued by the Commission, the Trustees shall not, on behalf of the Trust, buy any securities (other than shares) from or sell any securities (other than Shares) to, or lend any assets of the Trust to, any Trustee or officer of the Trust or any firm of which any such Trustee or officer is a member acting as principal, or have any such dealings with the Investment Adviser, Distributor or Transfer Agent or with any Interested Person, or firm or company in which such Person is an Interested Person, as broker, legal counsel, registrar, transfer agent, dividend disbursing agent or custodian upon customary terms.

#### ARTICLE IV

##### INVESTMENT ADVISER, DISTRIBUTOR AND TRANSFER AGENT

Section 4.1. Investment Adviser. Subject to a Majority Shareholder Vote, the Trustees may in their discretion from time to time enter into one or more investment advisory or management contracts whereby a party to such contract shall undertake to furnish the Trust such administrative, management, investment advisory, statistical and research facilities and services, and such other facilities and services, if any, as the Trustees shall from time to time consider desirable and all upon such terms and conditions as the Trustees may in their

discretion determine. Notwithstanding any provisions of the Declaration, the Trustees may delegate to the Investment Adviser authority (subject to such general or specific instructions as the Trustees may from time to time adopt) to effect purchases, sales, loans or exchanges of assets of the Trust on behalf of the Trustees or may authorize any officer, employee or Trustee to effect such purchases, sales, loans or exchanges pursuant to recommendations of the Investment Adviser (and all without further action by the Trustees). Any such purchases, sales, loans and exchanges shall be deemed to have been authorized by all of the Trustees.

Section 4.2. Distributor. The Trustees may in their discretion from time to time enter into a contract providing for the sale of Shares whereby the Trust may either agree to sell the Shares to the other party to the contract or appoint such other party its sales agent for such Shares. In either case, the contract shall be on such terms and conditions as the Trustees may in their discretion determine not inconsistent with the provisions of this Article IV or the By-laws; and such contract may also provide for the sale of Shares by such other party as principal or as agent of the Trust and may provide that such other party may enter into selected dealer agreements with registered securities dealers to further the purpose of the distribution of the Shares.

Section 4.3. Transfer Agent. The Trustees may in their discretion from time to time enter into a transfer agency and shareholder service contract whereby the other party to such contract shall undertake to furnish transfer agency and shareholder services to the Trust. The contract shall have such terms and conditions as the Trustees may in their discretion determine not inconsistent with the Declaration or the By-laws. Such services may be provided by one or more Persons.

Section 4.4. Parties to Contract. Any contract of the character described in Section 4.1, 4.2 or 4.3 of this Article IV or any Custodian contract, as described in the By-laws, may be entered into with any Person, although one or more of the Trustees or officers of the Trust may be an officer, partner, director, trustee, shareholder, or member of such other party to the contract, and no such contract shall be invalidated or rendered voidable by reason of the existence of any such relationship; nor shall any Person holding such relationship be disqualified from voting upon or executing any such contract; nor shall any Person holding such relationship be liable merely by reason of such relationship for any loss or expense to the Trust under or by reason of said contract or accountable for any profit realized directly or indirectly therefrom, provided that the contract when entered into was not inconsistent with the provisions of this Article IV or the By-laws. The same

Person may be the other party to contracts entered into pursuant to Sections 4.1, 4.2 and 4.3 above or Custodian contracts, and any individual may be financially interested or otherwise affiliated with Persons who are parties to any or all of the contracts mentioned in this Section 4.4.

Section 4.5 Compliance with 1940 Act. Any contract entered into pursuant to Sections 4.1 or 4.2 shall be consistent with and subject to the requirements of Section 15 of the Investment Company Act of 1940 (including any amendment thereof or other applicable Act of Congress hereafter enacted) with respect to its continuance in effect, its termination and the method of authorization and approval of such contract or renewal thereof.

## ARTICLE V

### LIMITATIONS OF LIABILITY OF SHAREHOLDERS, TRUSTEES AND OTHERS

Section 5.1. No Personal Liability of Shareholders, Trustees, etc. No Shareholder shall be subject to any personal liability whatsoever to any Person in connection with Trust Property or the acts, obligations or affairs of the Trust. No Trustee, officer, employee or agent of the Trust shall be subject to any personal liability whatsoever to any Person, other than the Trust or its Shareholders, in connection with Trust Property or the affairs of the Trust, save only that arising from bad faith, willful misfeasance, gross negligence or reckless disregard for his duty to such Person; and all such Persons shall look solely to the Trust Property for satisfaction of claims of any nature arising in connection with the affairs of the Trust. If any Shareholder, Trustee, officer, employee, or agent, as such, of the Trust, is made a party to any suit or proceeding to enforce any such liability, he shall not, on account thereof, be held to any personal liability. The Trust shall indemnify and hold each Shareholder harmless from and against all claims and liabilities to which such Shareholder may become subject by reason of his being or having been a Shareholder, and shall reimburse such Shareholder for all legal and other expenses reasonably incurred by him in connection with any such claim or liability. The rights accruing to a Shareholder under this Section 5.1 shall not exclude any other right to which such Shareholder may be lawfully entitled, nor shall anything herein contained restrict the right of the Trust to indemnify or reimburse a Shareholder in any appropriate situation even though not specifically provided herein.

Section 5.2. Non-Liability of Trustees, etc. Subject to Section 5.3(b) below, no Trustee, officer, employee or agent of the Trust shall be liable to the Trust, its Shareholders, or to

any Shareholder, Trustee, officer, employee, or agent thereof for any action or failure to act (including without limitation the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for his own bad faith, willful misfeasance, gross negligence or reckless disregard of his duties involved in the conduct of his office.

Section 5.3. Mandatory Indemnification. (a) Subject to the exceptions and limitations contained in paragraph (b) below:

(i) every person who is or has been a Trustee or officer of the Trust shall be indemnified by the Trust to the fullest extent permitted by law against all liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been a Trustee or officer and against amounts paid or incurred by him in the settlement thereof;

(ii) the words "claim," "action," "suit," or "proceeding" shall apply to all claims, actions, suits or proceedings (civil, criminal, administrative or other, including appeals), actual or threatened; and the words "liability" and "expenses" shall include, without limitation, attorneys' fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities.

(b) No indemnification shall be provided hereunder to a Trustee or officer:

(i) against any liability to the Trust or the Shareholders by reason of a final adjudication by the court or other body before which the proceeding was brought that he engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

(ii) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Trust;

(iii) in the event of a settlement or other disposition not involving a final adjudication as provided in paragraph (b)(i) or (b)(ii) resulting in a payment by a Trustee or officer, unless there has been either a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office by the court or other body approving the settlement or other disposition or a reasonable determination, based upon a review of readily available

facts (as opposed to a full trial-type inquiry) that he did not engage in such conduct:

(A) by vote of a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter); or

(B) by written opinion of independent legal counsel.

(c) The rights of indemnification herein provided may be insured against by policies maintained by the Trust, shall be severable, shall not affect any other rights to which any Trustee or officer may now or hereafter be entitled, shall continue as to a Person who has ceased to be such Trustee or officer and shall inure to the benefit of the heirs, executors, administrators, and assigns of such Person. Nothing contained herein shall affect any rights to indemnification to which personnel of the Trust other than Trustees and officers may be entitled by contract or otherwise under law.

(d) Expenses of preparation and presentation of a defense to any claim, action, suit, or proceeding of the character described in paragraph (a) of this Section 5.3 shall be advanced by the Trust prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Section 5.3, provided that either

(i) such undertaking is secured by a surety bond or some other appropriate security or the Trust shall be insured against losses arising out of any such advances; or

(ii) a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter) or an independent legal counsel in a written opinion, shall determine, based upon a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification.

As used in this Section 5.3, a "Disinterested Trustee" is one (i) who is not an "Interested Person" of the Trust (including anyone who has been exempted from being an "Interested Person" by any rule, regulation or order of the Commission, and (ii) against whom none of such actions, suits or other proceedings or another action, suit or other proceeding on the same or similar grounds is then or had been pending.

Section 5.4. No Bond Required of Trustees. No Trustee shall be obligated to give any bond or other security for the performance of any of his duties hereunder.

Section 5.5. No Duty of Investigation; Notice in Trust Instruments, etc. No purchaser, lender, transfer agent or other Person dealing with the Trustees or any officer, employee or agent of the Trust shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trustees or by said officer, employee or agent or be liable for the application of money or property paid, loaned, or delivered to or on the order of the Trustees or of said officer, employee or agent. Every obligation, contract, instrument, certificate, Share, other security of the Trust or undertaking, and every other act or thing whatsoever executed in connection with the Trust shall be conclusively presumed to have been executed or done by the executors thereof only in their capacity as Trustees under the Declaration or in their capacity as officers, employees or agents of the Trust. Every written obligation, contract, instrument, certificate, Share, other security of the Trust or undertaking made or issued by the Trustees shall recite that the same is executed or made by them not individually, but as Trustees under the Declaration, and that the obligations of the Trust under any such instrument are not binding upon any of the Trustees or Shareholders, individually, but bind only the trust estate, and may contain any further recital which they or he may deem appropriate, but the omission of such recital shall not operate to bind the Trustees or Shareholders individually. The Trustees shall at all times maintain insurance for the protection of the Trust Property, its Shareholders, Trustees, officers, employees and agents in such amount as the Trustees shall deem adequate to cover possible tort liability, and such other insurance as the Trustees in their sole judgment shall deem advisable.

Section 5.6. Reliance on Experts, etc. Each Trustee and officer or employee of the Trust shall, in the performance of his duties, be fully and completely justified and protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of the Trust, upon an opinion of counsel, or upon reports made to the Trust by any of its officers or employees or by the Investment Adviser, the Distributor, Transfer Agent, selected dealers, accountants, appraisers or other experts or consultants selected with reasonable care by the Trustees, officers or employees of the Trust, regardless of whether such counsel or expert may also be a Trustee.

## ARTICLE VI

### SHARES OF BENEFICIAL INTEREST

Section 6.1. Beneficial Interest. The interest of the beneficiaries hereunder shall be divided into transferable shares of beneficial interest, all of one class, without par value. The number of shares of beneficial interest authorized hereunder is unlimited. All Shares issued hereunder including, without limitation, Shares issued in connection with a dividend in Shares or a split of Shares, shall be fully paid and non-assessable.

Section 6.2. Rights of Shareholders. The ownership of the Trust Property of every description and the right to conduct any business hereinbefore described are vested exclusively in the Trustees, and the Shareholders shall have no interest therein other than the beneficial interest conferred by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights or interests of the Trust nor can they be called upon to assume any losses of the Trust or suffer any assessment of any kind by virtue of their ownership of Shares. The Shares shall be personal property giving only the rights in the Declaration specifically set forth. The Shares shall not entitle the holder to preference, preemptive, appraisal, conversion or exchange rights, except as the Trustees may determine with respect to any series of Shares.

Section 6.3. Trust Only. It is the intention of the Trustees to create only the relationship of Trustee and beneficiary between the Trustees and each Shareholder from time to time. It is not the intention of the Trustees to create a general partnership, limited partnership, joint stock association, corporation, bailment or any form of legal relationship other than a trust. Nothing in the Declaration shall be construed to make the Shareholders, either by themselves or with the Trustees, partners and members of a joint stock association.

Section 6.4. Issuance of Shares. The Trustees, in their discretion may, from time to time without vote of the Shareholders, issue Shares, in addition to the then issued and outstanding Shares and Shares held in the treasury, to such party or parties and for such amount and type of consideration, including cash or property, at such time or times, and on such terms as the Trustees may deem best, and may in such manner acquire other assets (including the acquisition of assets subject to, and in connection with the assumption of liabilities) and businesses. In connection with any issuance of Shares, the Trustees may issue fractional Shares and Shares held in the treasury. The Trustees may from time to time divide or combine the Shares into a greater or lesser number

without thereby changing the proportionate beneficial interests in the Trust. Contributions to the Trust may be accepted for whole Shares and/or 1 1,000ths of a Share or integral multiples thereof.

Section 6.5. Register of Shares. A register shall be kept at the principal office of the Trust or at an office of the Transfer Agent which shall contain the names and addresses of the Shareholders and the number of Shares held by them respectively and a record of all transfers thereof. Such register shall be conclusive as to who are the holders of the Shares and who shall be entitled to receive dividends or distributions or otherwise to exercise or enjoy the rights of Shareholders. No Shareholder shall be entitled to receive payment of any dividend or distribution, nor to have notice given to him as herein or in the the By-laws provided, until he has given his address to the Transfer Agent or such other officer or agent of the Trustees as shall keep the said register for entry thereon. The Trustees, in their discretion, may authorize the issuance of Share certificates and promulgate appropriate rules and regulations as to their use.

Section 6.6. Transfer of Shares. Shares shall be transferable on the records of the Trust only by the record holder thereof or by his agent thereunto duly authorized in writing, upon delivery to the Trustees or the Transfer Agent of a duly executed instrument of transfer, together with any certificate or certificates (if issued) for such Shares and such evidence of the genuineness of each such execution and authorization and of other matters as may reasonably be required. Upon such delivery the transfer shall be recorded on the register of the Trust. Until such record is made, the Shareholder of record shall be deemed to be the holder of such Shares for all purposes hereunder and neither the Trustees nor any Transfer Agent or register nor any officer, employee or agent of the Trust shall be affected by any notice of the proposed transfer.

Any person becoming entitled to any Shares in consequence of the death, bankruptcy, or incompetence of any Shareholder, or otherwise by operation of law, shall be recorded on the register of Shares as the holder of such Shares upon production of the proper evidence thereof to the Trustees or the Transfer Agent; but until such record is made, the Shareholder of record shall be deemed to be the holder of such Shares for all purposes hereunder and neither the Trustees nor any Transfer Agent or registrar nor any officer or agent of the Trust shall be affected by any notice of such death, bankruptcy or incompetence, or other operation of law.

Section 6.7. Notices. Any and all notices to which any Shareholder may be entitled and any and all communications

shall be deemed duly served or given if mailed, postage prepaid, addressed to any Shareholder of record at his last known address as recorded on the register of the Trust.

Section 6.8. Treasury Shares. Shares held in the treasury shall, until reissued pursuant to Section 6.4, not confer any voting rights on the Trustees, nor shall such shares be entitled to any dividends or other distributions declared with respect to the Shares.

Section 6.9. Voting Powers. The Shareholders shall have power to vote only (i) for the election of Trustees as provided in Section 2.2 hereof, (ii) with respect to any investment advisory or management contract as provided in Section 4.1, (iii) with respect to termination of the Trust as provided in Section 8.2, (iv) with respect to any amendment of the Declaration to the extent and as provided in Section 8.3, (v) with respect to any merger, consolidation, conversion or sale of assets as provided in Sections 8.4, 8.5, and 8.7, (vi) with respect to incorporation of the Trust to the extent and as provided in Section 8.5, (vii) to the same extent as the stockholders of a Massachusetts business corporation as to whether or not a court action, proceeding or claim should or should not be brought or maintained derivatively or as a class action on behalf of the Trust or the Shareholders, and (viii) with respect to such additional matters relating to the Trust as may be required by the Declaration, the By-laws or any registration of the Trust as an investment company under the 1940 Act with the Commission (or any successor agency) or any state, or as the Trustees may consider necessary or desirable. Each whole Share shall be entitled to one vote as to any matter on which it is entitled to vote and each fractional Share shall be entitled to a proportionate fractional vote. There shall be no cumulative voting in the election of Trustees. Until Shares are issued, the Trustees may exercise all rights of Shareholders and may take any action required by law, the Declaration or the By-laws to be taken by Shareholders. The By-laws may include further provisions for Shareholders' votes and meetings and related matters.

## ARTICLE VII

### DETERMINATION OF NET ASSET VALUE, NET INCOME AND DISTRIBUTIONS

The Trustees, in their absolute discretion, may prescribe and shall set forth in the By-laws or in a duly adopted vote of the Trustees such bases and times for determining the per Share net asset value of the Shares or net income, or the declaration and payment of dividends and distributions, as they may deem necessary or desirable.

ARTICLE VIII  
DURATION; TERMINATION OF TRUST;  
AMENDMENT; MERGERS, ETC.

Section 8.1. Duration. The Trust shall continue without limitation of time but subject to the provisions of this Article VIII.

Section 8.2. Termination of Trust. (a) The Trust may be terminated (i) by the affirmative vote of the holders of not less than seventy-five percent (75%) of the Shares outstanding and entitled to vote at any meeting of Shareholders, or (ii) by an instrument in writing, without a meeting, signed by a majority of the Trustees and consented to by the holders of not less than seventy-five percent (75%) of such Shares. Upon the termination of the Trust:

(i) The Trust shall carry on no business except for the purpose of winding up its affairs;

(ii) The Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Declaration shall continue until the affairs of the Trust shall have been wound up, including the power to fulfill or discharge the contracts of the Trust, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and to do all other acts appropriate to liquidate its business; provided, that any sale, conveyance, assignment, exchange, transfer or other disposition of all or substantially of the Trust Property shall require Shareholder approval in accordance with Section 8.4 hereof; and

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees may distribute the remaining Trust Property, in cash or in kind or partly in cash and partly in kind, among the Shareholders according to their respective rights.

(b) After termination of the Trust and distribution to the Shareholders as herein provided, a majority of the Trustees shall execute and lodge among the records of the Trust an instrument in writing setting forth the fact of such termination, and the Trustees shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and interests of all Shareholders shall thereupon cease.

Section 8.3. Amendment Procedure. (a) Except as provided in paragraph (c) of this Section 8.3 this Declaration may be amended by a Majority Shareholder Vote or by an instrument in writing, without a meeting, signed by a majority of the Trustees and consented to by the holders of not less than a majority of the Shares outstanding and entitled to vote. The Trustees may also amend this Declaration without the vote or consent of Shareholders to change the name of the Trust, to supply any omission, to cure, correct or supplement any ambiguous, defective or inconsistent provision hereof, or if they deem it necessary to conform this Declaration to the requirements of applicable federal laws or regulations or the requirements of the regulated investment company provisions of the Internal Revenue Code, but the Trustees shall not be liable for failing so to do.

(b) No amendment may be made under this Section 8.3 which would change any rights with respect to any Shares by reducing the amount payable thereon upon liquidation of the Trust or by diminishing or eliminating any voting rights pertaining thereto, except with the vote or consent of the holders of two-thirds of the Shares outstanding and entitled to vote. Nothing contained in this Declaration shall permit the amendment of this Declaration to impair the exemption from personal liability of the Shareholders, Trustees, Officers, employees and agents of the Trust or to permit assessment upon Shareholders.

(c) No amendment may be made under this Section 8.3 which shall amend, alter, change or repeal any of the provisions of Sections 8.2, 8.3, 8.4, 8.6 and 8.7 unless the amendment effecting such amendment, alteration, change or repeal shall receive the affirmative vote or consent of seventy-five percent (75%) of the Shares outstanding and entitled to vote. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of Shares otherwise required by law or by the terms of any class or series of preferred stock, whether now or hereafter authorized, or any agreement between the Trust and any national securities exchange.

(d) A certificate signed by a majority of the Trustees setting forth an amendment and reciting that it was duly adopted by the Shareholders or by the Trustees as aforesaid or a copy of the Declaration, as amended, and executed by a majority of the Trustees, shall be conclusive evidence of such amendment when lodged among the records of the Trust.

Notwithstanding any other provision hereof, until such time as a Registration Statement under the Securities Act of 1933, as amended, covering the first public offering of securities of the Trust shall have become effective, this Declaration may be

terminated or amended in any respect by the affirmative vote of a majority of the Trustees or by an instrument signed by a majority of the Trustees.

Section 8.4. Merger, Consolidation and Sale of Assets.

The Trust may merge or consolidate with any other corporation, association, trust or other organization or may sell, lease or exchange all or substantially all of the Trust Property, including its good will, upon such terms and conditions and for such consideration when and as authorized at any meeting of Shareholders called for the purpose by the affirmative vote of the holders of not less than two-thirds of the Shares outstanding and entitled to vote, or by an instrument or instruments in writing without a meeting, consented to by the holders of not less than two-thirds of such Shares, provided, however, that if such merger, consolidation, sale, lease or exchange is recommended by the Trustees, the vote or written consent of the holders of a majority of Shares outstanding and entitled to vote, shall be sufficient authorization; and any such merger, consolidation, sale, lease or exchange shall be deemed for all purposes to have been accomplished under and pursuant to the statutes of the Commonwealth of Massachusetts.

Section 8.5. Incorporation and Reorganization. With the approval of the holders of a majority of the Shares outstanding and entitled to vote, the Trustees may cause to be organized or assist in organizing a corporation or corporations under the laws of any jurisdiction, or any other trust, partnership, association or other organization to take over all of the Trust Property or to carry on any business in which the Trust shall directly or indirectly have any interest, and to sell, convey and transfer the Trust Property to any such corporation, trust, partnership, association or organization in exchange for the shares or securities thereof or otherwise and to lend money to, subscribe for the Shares or securities of, and enter into any contracts with any such corporation, trust, partnership, association or organization or any corporation, partnership, association, trust, or organization in which the Trust holds or is about to acquire shares or any other interest. The Trustees may also cause a merger or consolidation between the Trust or any successor thereto and any such corporation, trust, partnership, association or other organization if and to the extent permitted by law, as provided under the law then in effect. Nothing contained herein shall be construed as requiring approval of Shareholders for the Trustees to organize or assist in organizing one or more corporations, trusts, partnerships, associations or other organizations and selling, conveying or transferring a portion of the Trust Property to such organization or entities.

Section 8.6. Conversion. (a) Notwithstanding any other provision of this Declaration, at any time prior to January 1, 1993, the conversion of the Trust from a "closed-end company" to an "open-end company," as those terms are defined in Sections 5(a)(2) and 5(a)(1), respectively, of the 1940 Act as in effect on October 1, 1986, shall require the affirmative vote or consent of the holders of seventy-five percent (75%) of the Shares outstanding and entitled to vote. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of the Shares otherwise required by law or by the terms of any class or series of preferred stock, whether now or hereafter authorized, or any agreement between the Trust and any national securities exchange.

(b) Notwithstanding any other provision of the Declaration, if the Trust's status has not been converted from a "closed-end company" to an "open-end company," in accordance with subsection (a) of this Section 8.6, the Trustees shall submit to the Shareholders, during the first six months of 1993, at their annual meeting or at a special meeting in lieu thereof a proposal to convert the Trust's status from a "closed-end company" to an "open-end company", as those terms are defined above. The adoption of this proposal will require a Majority Shareholder Vote. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of Shares otherwise required by law or by the terms of any class or series of preferred stock, whether now or hereafter authorized, or any agreement between the Trust and any national securities exchange.

Section 8.7. (a) Notwithstanding any other provision of this Declaration and subject to the exceptions provided in paragraph (d) of this Section, the types of transactions described in paragraph (c) of this Section shall require the affirmative vote or consent of the holders of seventy-five percent (75%) of the Shares outstanding and entitled to vote, when a Principal Shareholder (as defined in paragraph (b) of this Section) is a party to the transaction. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of Shares otherwise required by law or by the terms of any class or series of preferred stock, whether now or hereafter authorized, or any agreement between the Trust and any national securities exchange.

(b) The term "Principal Shareholder" shall mean any corporation, person or other entity which is the beneficial owner, directly or indirectly, of more than five percent (5%) of the outstanding Shares and shall include any affiliate or associate, as such terms are defined in clause (ii) below, of a Principal Shareholder. For the purposes of this Section, in addition to the Shares which a corporation, person or other

entity beneficially owns directly, (a) any corporation, person or other entity shall be deemed to be the beneficial owner of any Shares (i) which it has the right to acquire pursuant to any agreement or upon exercise of conversion rights or warrants, or otherwise (but excluding share options granted by the Trust) or (ii) which are beneficially owned, directly or indirectly (including Shares deemed owned through application of clause (i) above), by any other corporation, person or entity with which it or its "affiliate" or "associate" (as defined below) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of Shares, or which is its "affiliate", or "associate" as those terms are defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on December 1, 1986, and (b) the outstanding Shares shall include Shares deemed owned through application of clauses (i) and (ii) above but shall not include any other Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights or warrants, or otherwise.

(c) This Section shall apply to the following transactions:

- (i) The merger or consolidation of the Trust or any subsidiary of the Trust with or into any Principal Shareholder.
- (ii) The issuance of any securities of the Trust to any Principal Shareholder for cash.
- (iii) The sale, lease or exchange of all or any substantial part of the assets of the Trust to any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purpose of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period.)
- (iv) The sale, lease or exchange to the Trust or any subsidiary thereof, in exchange for securities of the Trust of any assets of any Principal Shareholder (except assets having an aggregate fair market value of less than \$1,000,000, aggregating for the purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve month period).

(d) The provisions of this Section shall not be applicable to (i) any of the transactions described in paragraph

(c) of this Section if the Board of Trustees of the Trust shall by resolution have approved a memorandum of understanding with such Principal Shareholder with respect to and substantially consistent with such transaction, or (ii) any such transaction with any corporation of which a majority of the outstanding shares of all classes of stock normally entitled to vote in elections of directors is owned of record or beneficially by the Trust and its subsidiaries.

(e) The Board of Trustees shall have the power and duty to determine for the purposes of this Section on the basis of information known to the Trust, whether (i) a corporation, person or entity beneficially owns more than five percent (5%) of the outstanding Shares, (ii) a corporation, person or entity is an "affiliate" or "associate" (as defined above) of another, (iii) the assets being acquired or leased to or by the Trust or any subsidiary thereof, constitute a substantial part of the assets of the Trust and have an aggregate fair market value of less than \$1,000,000, and (iv) the memorandum of understanding referred to in paragraph (d) hereof is substantially consistent with the transaction covered thereby. Any such determination shall be conclusive and binding for all purposes of this Section.

## ARTICLE IX

### REPORTS TO SHAREHOLDERS

The Trustees shall at least semi-annually submit to the Shareholders a written financial report of the transactions of the Trust, including financial statements which shall at least annually be certified by independent public accountants.

## ARTICLE X

### MISCELLANEOUS

Section 10.1. Filing. This Declaration and any amendment hereto shall be filed in the office of the Secretary of the Commonwealth of Massachusetts and in such other places as may be required under the laws of Massachusetts and may also be filed or recorded in such other places as the Trustees deem appropriate. Each amendment so filed shall be accompanied by a certificate signed and acknowledged by a Trustee stating that such action was duly taken in a manner provided herein, and unless such amendment or such certificate sets forth some later time for the effectiveness of such amendment, such amendment shall be effective upon its filing. A restated Declaration, integrating into a single instrument all of the provisions of the Declaration which are then in effect and operative, may be executed from time to time by a majority of the Trustees and

shall upon filing with the Secretary of the Commonwealth of Massachusetts, be conclusive evidence of all amendments contained therein and may thereafter be referred to in lieu of the original Declaration and the various amendments thereto.

Section 10.2. Governing Law. This Declaration is executed by the Trustees and delivered in The Commonwealth of Massachusetts and with reference to the laws thereof, and the rights of all parties and the validity and construction of every provision hereof shall be subject to and construed according to the laws of said Commonwealth.

Section 10.3. Counterparts. This Declaration may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and such counterparts, together, shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

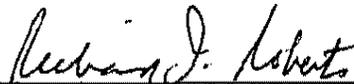
Section 10.4. Reliance by Third Parties. Any certificate executed by an individual who, according to the records of the Trust appears to be a Trustee hereunder, certifying: (a) the number or identity of Trustees or Shareholders, (b) the due authorization of the execution of any instrument or writing, (c) the form of any vote passed at a meeting of Trustees or Shareholders, (d) the fact that the number of Trustees or Shareholders present at any meeting or executing any written instrument satisfies the requirements of this Declaration, (e) the form of any By-laws adopted by or the identity of any officers elected by the Trustees, or (f) the existence of any fact or facts which in any manner relate to the affairs of the Trust, shall be conclusive evidence as to the matters so certified in favor of any Person dealing with the Trustees and their successors.

Section 10.5. Provisions in Conflict with Law or Regulations. (a) The provisions of the Declaration are severable, and if the Trustees shall determine, with the advice of counsel, that any of such provisions is in conflict with the 1940 Act, the regulated investment company provisions of the Internal Revenue Code of 1954, as amended, or with other applicable laws and regulations, the conflicting provision shall be deemed not to constitute and never to have constituted a part of the Declaration; provided, however, that such determination shall not affect any of the remaining provisions of the Declaration or render invalid or improper any action taken or omitted prior to such determination.

(b) If any provision of the Declaration shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall affect only to such provision in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction or any other provision of the Declaration in any jurisdiction.

Section 10.6. Appointment of Resident Agent. John A. Benning, 600 Atlantic Avenue, Boston, Massachusetts 02210, is hereby appointed the resident agent of the Trust in the Commonwealth of Massachusetts upon whom may be served any notice, process or pleading in any action or proceeding against the Trust or the Trustees as such.

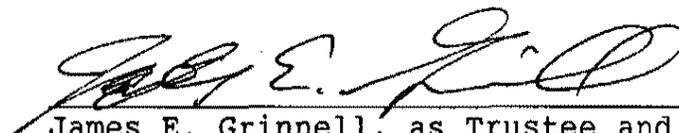
IN WITNESS WHEREOF, the undersigned have executed this instrument this 13<sup>th</sup> day of October, 1986.



Richard I. Roberts, as  
Trustee and not individually

Harold Krensky, as Trustee and  
not individually

Richard W. Lowry, as Trustee and  
not individually



James E. Grinnell, as Trustee and  
not individually

(b) If any provision of the Declaration shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall affect only to such provision in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction or any other provision of the Declaration in any jurisdiction.

Section 10.6. Appointment of Resident Agent. John A. Benning, 600 Atlantic Avenue, Boston, Massachusetts 02210, is hereby appointed the resident agent of the Trust in the Commonwealth of Massachusetts upon whom may be served any notice, process or pleading in any action or proceeding against the Trust or the Trustees as such.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of this 14<sup>th</sup> day of October, 1986.

---

Richard I. Roberts, as  
Trustee and not individually



---

Harold Krensky, as Trustee and  
not individually

---

Richard W. Lowry, as Trustee and  
not individually

---

James E. Grinnell, as Trustee and  
not individually

(b) If any provision of the Declaration shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall affect only to such provision in such jurisdiction and shall not in any manner affect such provision in any other jurisdiction or any other provision of the Declaration in any jurisdiction.

Section 10.6. Appointment of Resident Agent. John A. Benning, 600 Atlantic Avenue, Boston, Massachusetts 02210, is hereby appointed the resident agent of the Trust in the Commonwealth of Massachusetts upon whom may be served any notice, process or pleading in any action or proceeding against the Trust or the Trustees as such.

IN WITNESS WHEREOF, the undersigned have executed this instrument as of this 13<sup>th</sup> day of October, 1986.

---

Richard I. Roberts, as  
Trustee and not individually

---

Harold Krensky, as Trustee and  
not individually

  
Richard W. Lowry, as Trustee and  
not individually

---

James E. Grinnell, as Trustee and  
not individually

LIBERTY ALL-STAR EQUITY FUND

Amendment to Declaration of Trust

The undersigned, Richard I. Roberts, a Trustee of Liberty All-Star Equity Fund, a Massachusetts business trust (the "Fund"), do hereby certify, pursuant to Section 10.1 of the Declaration of Trust of the Fund, as heretofore amended (the "Declaration of Trust"), that, by action of the shareholders of the Fund duly taken in the manner provided in the Declaration of Trust, the Declaration of Trust has been amended to add a new Section 8.8 to Article VIII of such Declaration reading in its entirety as follows:

"Section 8.8. Conversion to Open-End Investment Company. Notwithstanding any other provision of this Declaration, from and after the final adjournment of the 1993 Annual Meeting of the Shareholders of the Trust, the conversion of the Trust from a "closed-end company" to an "open-end company," as those terms are defined in Sections 5(a)(2) and 5(a)(1), respectively, of the 1940 Act, shall require the affirmative vote or consent of the holders of seventy-five percent (75%) of the Shares outstanding and entitled to vote, unless the Board of Trustees of the Trust shall have by duly adopted resolution recommended such conversion, in which case such conversion shall require a Majority Shareholder Vote. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of the Shares otherwise required by law or by the terms of any class or series of preferred stock, whether now or hereafter authorized, or any agreement between the Trust and any national securities exchange. Notwithstanding the provisions of Section 8.3 of this Declaration, this Section 8.8 may not be amended, altered, changed or repealed unless such amendment, alteration, change or repeal shall receive the affirmative vote or consent of seventy-five percent (75%) of the Shares outstanding and entitled to vote. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of the Shares otherwise required by law or by the terms of any class or series of preferred stock, whether now or hereafter authorized, or any agreement between the Trust and any national securities exchange".

IN WITNESS WHEREOF, I have hereunto set my hand and seal  
this 11<sup>th</sup> day of May, 1993.

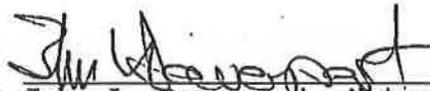
  
Richard I. Roberts

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS

May 11, 1993

Then personally appeared the above-named Richard I. Roberts  
who acknowledge the foregoing instrument to be his free act and  
deed.

  
John L. Davenport, Notary Public  
My Commission expires May 31, 1996

LMQ\IIS\Star\Amendmnt

AMENDMENT TO THE DECLARATION OF TRUST  
OF  
LIBERTY ALL-STAR EQUITY FUND

1. The name of the Statutory Trust is Liberty All-Star Equity Fund.
2. The Delcaration of the Statutory Trust is hereby amended as follows:

That the registered office of the corporation in the state of Massachusetts is:  
101 Federal Street, Boston, MA 02110.

That the registered agent of the corporation is CT CORPORATION SYSTEM, the  
business address of which is identical to the aforementioned registered office.

That the changes in the registered office and registered agent of the Trust as set forth  
herein were duly authorized by the Board of Trustees.

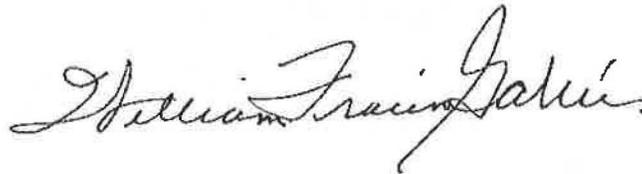
IN WITNESS WHEREOF, the undersigned has executed this Certificate of  
Amendment of Liberty All-Star Equity Fund this 15<sup>th</sup> day of  
December 2006

  
\_\_\_\_\_  
Signature of Trustee

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are

deemed to have been filed with me on:  
December 20, 2006 2:49 PM

A handwritten signature in cursive script, reading "William Francis Galvin".

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*