

STIFEL

Equity Research

Industry Analysis

Closed-End Funds

November 2017 Monthly Review



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Buy Rated Funds

Adams Diversified Equity Fund (ADX) Equity (Unleveraged)

Fund Basics	10/31/17
Market Price	\$15.62
Net Asset Value (NAV)	\$18.11
Premium/ Discount	-13.75%
Shares Outstanding*	98,685
Avg. Daily Volume* †	\$2,457
Apprx. Common Assets	\$1,787,185

*Figures in thousands †One month average volume

Prem./Discount Data	10/31/17
Current Discount	-13.75%
1 Year Average	-15.53%
3 Year Average	-15.19%
5 Year Average	-14.75%

Portfolio Qualities	9/30/17
Structural Leverage	0.00%
Effective Leverage	0.00%
Number of Holdings	85
Top 5 Hldgs. %	16.40%
Annual Portf. Turnover	32.00%
Expense Ratio*	0.57%

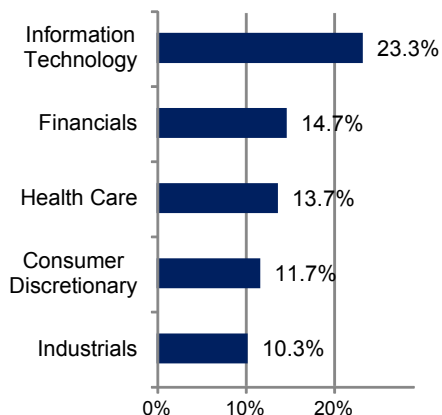
*As percentage of Total Assets (excludes debt leverage costs)

Distribution Info	10/31/17
Distribution Amount	\$0.0500
Distribution Frequency	Quarterly
Annualized Distribution	\$0.2000
Distribution % on Price	1.28%*
Distribution % on NAV	1.10%*
Discount Distr. Benefit†	18 bps*

† = Distribution % on Price - Distribution % on NAV

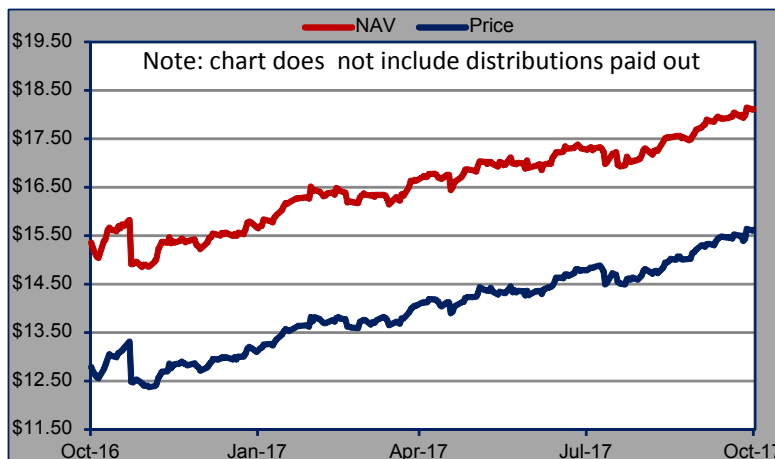
***Distribution Policy:** Each year, investors will receive at least 6% of the average trailing 12-month market price of the stock (using the price for the 12 months ended October 31). The difference between the distribution paid on the regular quarterly schedule and the fund's 6% target will be made up with a year-end distribution.

Sector Exposure 9/30/17



Investment Objective

The fund seeks current income, capital preservation, and capital gains with a long-term, conservative investment philosophy in mind. Its portfolio is invested mainly in large-cap U.S. common stocks.



Fund Highlights

- Adams Diversified Equity Fund (ADX) is known for its long operating history and consistent record of shareholder distributions. The fund has been listed on the New York Stock Exchange since 1929, making it one of the oldest companies on the exchange. The fund has paid distributions without interruption since 1935.
- We view the fund as having a conservative philosophy for an equity strategy. It invests in a diversified portfolio of mainly large-cap U.S. companies. Furthermore, ADX does not use leverage in its portfolio.
- The weighted median market cap of companies in ADX's portfolio was \$121.8 billion as of 9/30/17. Separately, 96% of the portfolio was invested in U.S.-based companies.
- During the first nine months of the year, ADX repurchased 741,261 shares of its common stock for a total of \$10.4mm. The fund was able to purchase these shares at a weighted average discount of 15.3%, making the action accretive to shareholders. To some extent, this helped to offset a portion of the fund's issuance of shares as payment of its year-end distribution in the fourth quarter of 2016.
- Buying shares of a closed-end fund at a large discount offers investors three primary benefits, in our opinion: (1) shares can be purchased at a less expensive price than the underlying portfolio, (2) investors receive a higher distribution rate on a share price basis than the rate that is actually generated by the portfolio, and (3) evidence indicates that fund share prices are less volatile relative to the NAV at wider discount levels.