

STIFEL

Equity Research

Industry Analysis

Closed-End Funds

July 2018 Monthly Review



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Buy Rated Funds

Adams Diversified Equity Fund (ADX) Equity (Unleveraged)

Fund Basics		6/29/18
Market Price		\$15.42
Net Asset Value (NAV)		\$17.91
Premium/(Discount)		-13.90%
Shares Outstanding*		101,627
Avg. Daily Volume* †		\$2,771
Apprx. Common Assets		\$1,820,140

*Figures in thousands †One month average volume

Premium/(Discount)		6/29/18
Current		-13.90%
1 Year Average		-14.48%
3 Year Average		-15.31%
5 Year Average		-14.85%

Portfolio Qualities		3/29/18
Structural Leverage		0.0%
Effective Leverage		0.0%
Number of Holdings		86
Top 5 Hldgs. %		17.4%
Annual Portf. Turnover		32.0%
Expense Ratio*		0.56%

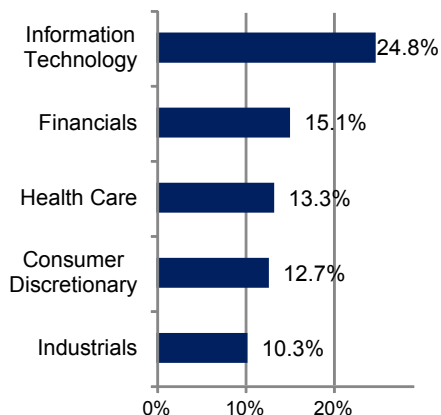
*As percentage of Total Assets (excludes debt leverage costs)

Distribution Info		6/29/18
Distribution Amount		\$0.0500
Distribution Frequency		Quarterly
Annualized Distribution		\$0.2000
Distribution % on Price		1.30%*
Distribution % on NAV		1.12%*
Discount Distr. Benefit†		18 bps*

† = Distribution % on Price - Distribution % on NAV

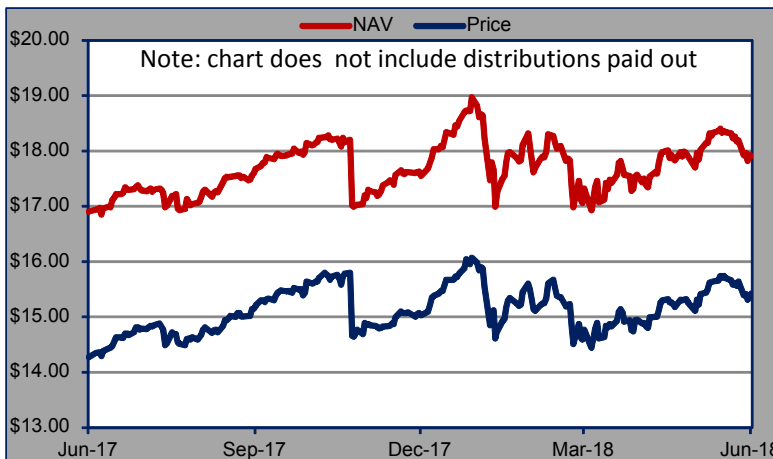
*Distribution Policy: The fund has committed to a minimum annual distribution of 6% of the average month-end market price for the twelve months ended October 31. The fund has historically paid relatively small distributions in the first three quarters of the year with the difference made up or exceeded in the fourth quarter.

Sector Exposure 3/29/18



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 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 \$107.9 billion as of 3/29/18. Separately, 98% of the portfolio was invested in U.S.-based companies.
- For 2018, the Board of ADX has committed to paying out at least 6% of the average month-end market price. The fund has historically paid relatively small distributions in the first three quarters of the year with the difference made up or exceeded in the fourth quarter. In 2017 for example, the fund paid out \$0.05 per share in each of the first three quarters and \$1.23 in the fourth quarter. This resulted in an annual distribution rate of 9.8%.
- 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.