ADAMS FUNDS

ADAMS DIVERSIFIED EQUITY FUND

ANNUAL REPORT 2022

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2022 AT A GLANCE

(unaudited)

The Fund

- a closed-end equity investment company
- objectives: preservation of capital, reasonable income, and opportunity for capital gain
- internally managed
- annual distribution of at least 6%

Stock Data (12/31/22)

NYSE Symbol	ADX
Market Price	$14.54
52-Week Range	$14.20 – $19.61
Discount	16.3%
Shares Outstanding	120,900,484

Summary Financial Information

Year Ended December 31,	2022	2021
Net asset value per share (NASDAQ: XADEX)	$ 17.38	$ 22.50
Total net assets	2,100,737,733	2,652,527,878
Average net assets	2,304,154,812	2,484,625,557
Unrealized appreciation on investments	657,315,319	1,254,853,066
Net investment income	22,535,878	19,062,427
Net realized gain (loss)	103,877,401	308,581,793
Total return (based on market price)	-19.8%	29.9%
Total return (based on net asset value)	-17.3%	29.8%
Ratio of expenses to average net assets	0.54%	0.56%
Annual distribution rate	6.3%	15.7%

2022 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 2022	$0.02	Long-term capital gain
March 1, 2022	0.01	Short-term capital gain
March 1, 2022	0.02	Investment income
June 1, 2022	0.05	Investment income
September 1, 2022	0.05	Investment income
December 21, 2022	0.86	Long-term capital gain
December 21, 2022	0.06	Investment income
	$1.07	

2023 Annual Meeting of Shareholders

Location: Adams Funds, 500 East Pratt Street, Suite 1300, Baltimore, MD 21202
Date: April 20, 2023
Time: 9:00 a.m.

Letter from Chief Executive Officer and President
Mark E. Stoeckle

Dear Fellow Shareholders,

At the beginning of 2022, the prospects for the global economy seemed bright as the world continued to emerge from the pandemic slowdown. On the first trading day of 2022, the S&P 500 Index (S&P) closed at an all-time high, something it had done nearly 70 times in 2021. There was, however, a cloud in the sky: inflation was building, creating the threat of rising interest rates from the U.S. Federal Reserve (Fed). Still, the outlook was mostly positive. It turns out that cloud was the first sign of the stormy year to come. Inflation surged. Determined to slow inflation, the Fed raised interest rates at a historic pace, even at the expense of slowing economic growth. Fears of a recession grew and weighed heavily on equity markets. The S&P declined 18.1%, posting its worst calendar-year return since 2008's Great Financial Crisis, and marking just the 12th time since the Great Depression that it recorded a double-digit decline in a calendar year. It was also, by many measures, the worst year *ever* for bond returns.

Our Fund generated a -17.3% total return on net asset value over the past 12 months, modestly outperforming the S&P and our peer group. Our total return on market price was -19.8%. We distributed 6.3% to our shareholders in 2022, exceeding our 6.0% commitment.

ADAMS FUNDS

"During a difficult year, we generated a -17.3% return in 2022, compared to a -18.1% return for the S&P and a -18.2% return for our peer group."

Inflation rose steadily through the first half of 2022, and while it moderated later in the year, it remained high. The Consumer Price Index (CPI), which spent much of 2021 above 5% year-over-year after three decades of much lower figures, reached a 40-year-high of 9.1% in June, and pulled back to 6.5% in December. It all started during the pandemic, as consumers, buoyed by extensive government stimulus, continued to spend at high levels. Supply chain disruptions, which also started during the pandemic, persisted. This combination caused supply and demand imbalances that resulted in broad-based inflation pressures as the cost of everything, from raw materials to production, surged.

The Russia/Ukraine war, the largest military conflict in Europe since World War II, rages on, a tragic humanitarian crisis that has driven tens of millions of Ukraine's population from their homes. It has also had a massive impact on energy and food prices, helping to fuel inflation and putting the continent on what seems an all-but-certain recessionary path. Russia's Vladimir Putin expected his aggression to be swift, popular, and triumphant, but it has been none of those things. Instead, there appears to be no end in sight, and the war and its impact continued into 2023.

As inflation rose, Fed policymakers turned increasingly hawkish and started raising interest rates in March. After seven total hikes, the Federal Funds target rate ended the year 425 basis points (bps) higher, at 4.25%–4.50%. Policymakers also accelerated the process of quantitative tightening, removing liquidity from the markets by reducing the Fed's balance sheet, which had grown to $9 trillion during the pandemic and its aftermath from less than $1 trillion in 2007. Inflation appears to have peaked, but we expect it to stay above its previous and much lower trend level for the foreseeable future.

Recessionary fears continued to grow in 2022, with many economists expecting a recession in 2023. The closely watched yield curve between the 10-year and two-year U.S. Treasury notes remains inverted, after reaching levels not seen since the 1980s late in the year. A yield curve inversion has preceded every U.S. recession since the 1960s. Europe, which received a bit of a lifeline this winter as warmer-than-expected temperatures caused oil and natural gas prices to come down significantly, still has long-term issues surrounding energy security and growth. China's post-pandemic reopening, which raised expectations that it could jump-start the global economy, may well be pushed back by a wave of COVID-19 infections, with up to 80% of people in some urban areas contracting the virus.

There was some good news. The job market and wage growth remained strong, which has supported consumer sentiment. Industrial production and corporate earnings have been resilient, so far. We have been impressed with U.S. companies' ability to grow profits and generate high levels of cash flow under these challenging circumstances. The S&P is expected to report single-digit, year-over-year earnings growth for the 2022 calendar year, despite a difficult comparison to 2021's post-pandemic growth. Still, earnings growth slowed throughout the year and we expect this pattern to continue into 2023.

2022 Market Recap

U.S. equities broadly declined in 2022, with the S&P and other major U.S. indexes posting their worst calendar-year performance since 2008. The U.S. economy contracted in the first half of the year, driven by high inflation, rising interest rates, and geopolitical instability. While the U.S. consumer remained strong, fears of a recession and deteriorating financial conditions weighed on equity markets through the first nine months of 2022.

Even as the U.S. economy returned to growth in the third quarter and supply chains continued to improve, investor sentiment continually oscillated between expectations of a soft and a hard economic landing amid the fastest pace of interest-rate hikes since the early 1980s. Rising rates increase the cost of borrowing, which dampens economic activity, even as strong consumer spending and rising exports helped support the economy.

Nine of the 11 sectors in the S&P declined for the full year, with Energy and Utilities as the only sectors to advance in 2022. Energy stocks advanced more than 65%, while six sectors posted double-digit losses, led by steep declines for Communication Services (-40%) and Consumer Discretionary (-37%).

Energy stocks advanced sharply in 2021 on the back of oil prices, as West Texas Intermediate (WTI) crude prices rose more than 55% for the year. In 2022, WTI prices were extremely volatile, but ended the year up more than 4%. Prices increased almost 40% in the first six months of the year and reached a 13-year high in early March of over $120 per barrel. As recessionary fears rose and the U.S. dollar strengthened sharply during the second half of 2022, oil prices declined, reaching a 2022 low in early December before rebounding to close out the year just above $80.

Energy stocks sharply outperformed oil prices. Energy companies have largely demonstrated financial restraint despite high oil prices, controlling expenses and limiting new investments. As a result, the Energy sector was by far the largest contributor of earnings growth to the S&P in 2022. In fact, despite being one of the smallest sectors, Energy contributed more than five percentage points of growth to S&P earnings.

Portfolio Performance

During a difficult year, we generated a -17.3% return in 2022, compared to a -18.1% return for the S&P and a -18.2% return for our peer group, the Morningstar U.S. Large Blend Category. Our Consumer Discretionary, Financials, and Industrials investments were the primary contributors to our relative performance, while Real Estate, Communication Services, and Consumer Staples detracted the most.

Consumer Discretionary was one of the weakest sectors in the S&P, falling 37.0% in 2022. Strong stock selection led to our holdings in the sector declining only 29.7%, making Consumer Discretionary the largest contributor to our relative performance for the year. The specialty retail industry group was a source of strength, from stock selection as well as an overweight allocation. O'Reilly Automotive, an auto parts retailer, benefited from its defensive characteristics. Consumers were more likely to fix their cars than buy new ones amid surging inflation and supply-chain issues. Our overweight position in Ulta Beauty, a cosmetics retailer, was also a notable positive contributor. The company generated strong earnings and sales growth throughout the year as post-pandemic activity levels increased, driving demand for their products. Our underweight in Tesla also added value as the stock declined sharply during the year.

Stock selection and an overweight in the insurance industry group led to good relative performance in the Financials sector, as our industry holdings returned -6.6% vs. -10.5% for the S&P. Overweight positions in MetLife and American International Group drove the relative outperformance. We viewed both stocks as undervalued, and they consistently beat earnings estimates during the year as premium growth was better than expected and held up well amid signs of an economic slowdown. We sold our MetLife position late in the year after the stock had significantly outperformed and, in our opinion, no longer offered meaningful upside potential.

Our investments in Real Estate, which is the smallest sector of the Fund, generated a -36.9% return, lagging the benchmark's -26.1% return. Our trading decisions in Simon Property Group weighed on relative performance. We built a position in Simon after the stock declined more than 60% at the outset of the pandemic. After strongly rebounding, the stock began to underperform in early 2022 based on fears of recession. We shared that fear and sold our position. So far, the company has proven to be more resilient than we expected, and the stock outperformed in the fourth quarter. Prologis, the largest owner of warehouse space in the country, also detracted from performance. The stock declined amid news that the demand for warehouse space by Amazon.com, FedEx, and others would grow at a slower rate going forward. We continue to view Prologis as one of the best-positioned REITs over time and added to our position during the year.

Outlook for 2023

Uncertainty seems unusually high as we start 2023. Whether we are in a recession, headed for one, or may escape one remains a question. The risk is certainly high, given signs of economic growth slowing, sticky inflation, and expectations that the Fed will keep interest rates higher for longer. Fed officials expect the key rate to exceed 5.0% at some point in 2023, and they raised projections for unemployment and lowered growth forecasts in late 2022. Fed Chair Jerome Powell described his expectations as "slower progress on inflation, tighter policy, probably higher rates, probably held for longer, just to get you to the kind of restriction that you need to get inflation down to [the Fed's preferred target of] 2 percent."

But how high, and for how long? It's important to remember that monetary policy acts with a lag, especially given the unprecedented rise in rates. Investors rarely have enough patience to allow monetary policy to work. They seem to be looking for a V-shaped recovery, because that's what has been the norm since the Great Financial Crisis in 2008. It may not happen this time. The Fed may overshoot and raise rates too much, or policymakers could back off raising rates and start cutting too soon. Either could have dire consequences, including a potentially lengthy recession. The Fed has made progress, in our view, but the margin for error is tight.

The stock market tends to reach a bottom during a recession. If we're not in one yet, does that mean we haven't seen the stock market bottom? That's a possibility. Of course, the U.S. may already be in a recession, as the official declaration of one typically does not occur until several months after the fact. That said, a recession, or any of the key signs investors watch as indicators—lower economic growth, continuingly sticky inflation, high interest rates—would most likely put downward pressure on equity valuations.

We're also paying close attention to corporate earnings going forward. Earnings growth slowed in 2022, in part due to a hangover effect from 2021's remarkable acceleration. Downward revisions for 2023 have been slow in coming, in our view. We will be listening closely to fourth-quarter earnings calls to see what companies say about 2023 guidance. Consumers have been in a good place, with unemployment hovering around 3.5%, but layoffs have ticked up over the last few months and may become more commonplace. Wages climbed across 2022, but that's a double-edged sword: rising wages have been fueling inflation and could help perpetuate it. Plus, wages rising faster than companies' topline growth could squeeze margins, hurting earnings and creating a cycle of accelerating layoffs.

We don't know what will happen in 2023, and neither, we'd argue, does anybody else. We do believe we're closer to the end of this storm than the beginning; the second half of the year will most likely be better than the first. All of this can change, of course. That's the nature of uncertainty.

In times such as these, we take comfort in our disciplined investment philosophy, which has served us well for a long time. No matter what happens to the economy or the stock market, we'll stick to our process, and seek opportunities to build a portfolio for the long term by investing in high-quality companies at attractive valuations. We've been through market downturns and recessions, just as we've enjoyed bull markets and periods of extraordinary growth. No matter what happens in 2023, we believe our philosophy will help us generate positive investment outcomes over the long term, with a careful eye on risk management.

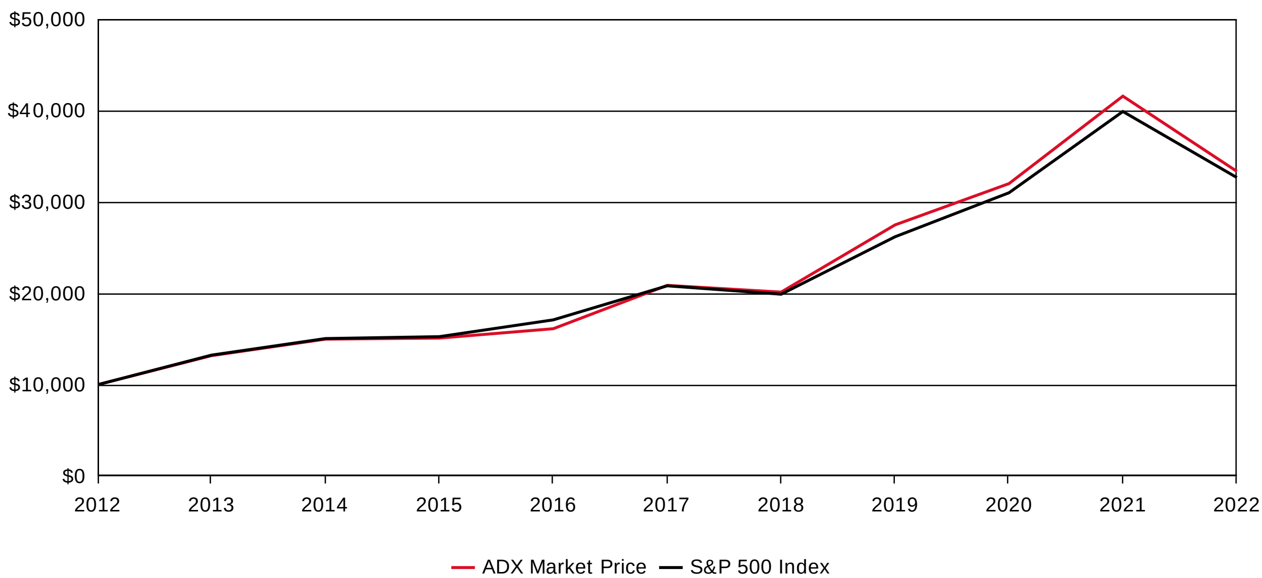
We appreciate your trust and look forward to 2023.

By order of the Board of Directors,

Mark E. Stoeckle
Chief Executive Officer and President
January 27, 2023

(unaudited)

The following shows the value of hypothetical $10,000 investments in the Fund at market price and in the Fund's benchmark over the past 10 years with dividends and distributions reinvested. All Fund distributions are reinvested at the price received in the Fund's dividend reinvestment plan. Amounts do not reflect taxes paid by shareholders on distributions or the sale of shares. Past performance does not predict future performance.



Average Annual Total Returns at 12/31/22				
	Years			
	1	**3**	**5**	**10**
ADX Market Price	-19.8%	6.6%	9.8%	12.8%
S&P 500 Index	-18.1%	7.7%	9.4%	12.6%
Morningstar U.S. Large Blend Category	-18.2%	7.2%	8.8%	11.8%

Disclaimers

This report contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund's actual results are the performance of the portfolio of stocks held by the Fund, the conditions in the U.S. and international financial markets, the price at which shares of the Fund will trade in the public markets, and other factors discussed in the Fund's periodic filings with the Securities and Exchange Commission.

This report is transmitted to the shareholders of the Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in the report. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is no guarantee of future investment results.

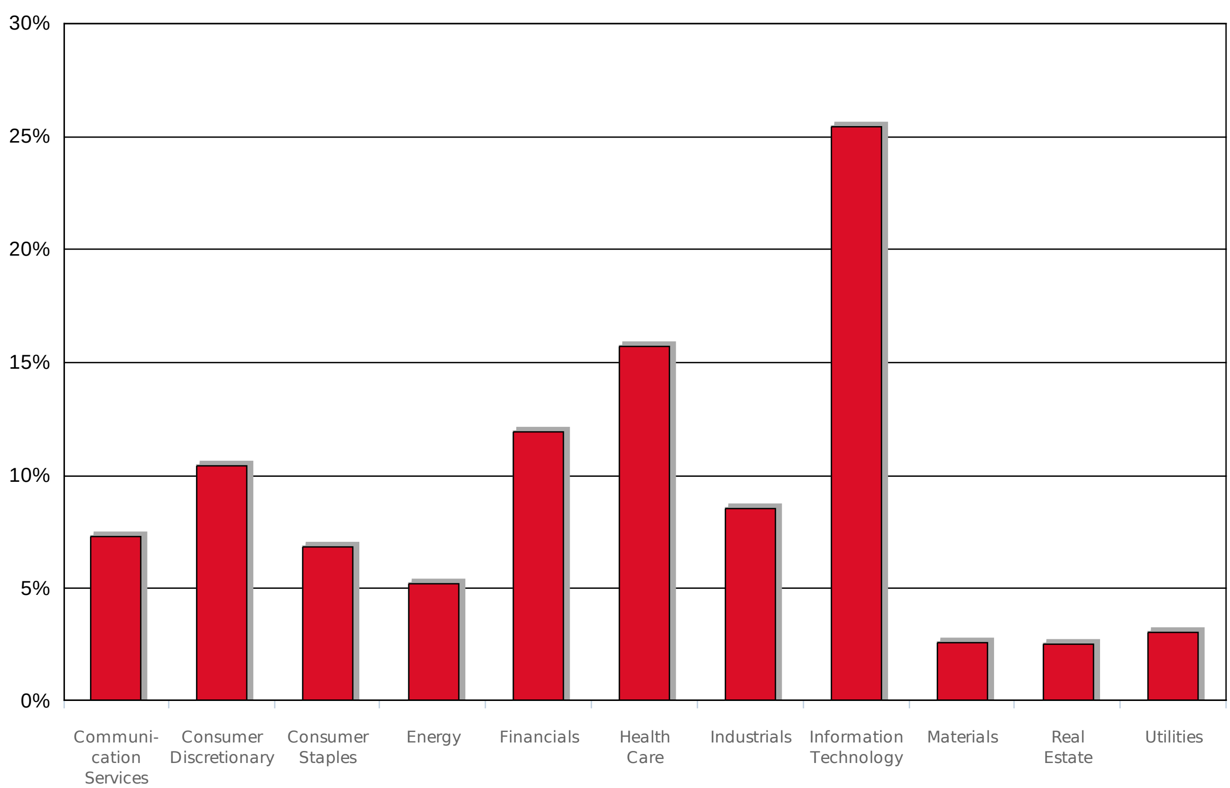
December 31, 2022
(unaudited)

Ten Largest Equity Portfolio Holdings

	Market Value	**Percent of Net Assets**
Microsoft Corporation	$142,860,774	6.8%
Apple Inc.	124,018,185	5.9
Alphabet Inc. Class A	65,016,687	3.1
UnitedHealth Group Incorporated	52,646,874	2.5
Adams Natural Resources Fund, Inc.*	47,671,673	2.3
Amazon.com, Inc.	45,200,400	2.2
Mastercard Incorporated Class A	42,736,017	2.0
Thermo Fisher Scientific Inc.	42,182,854	2.0
Visa Inc. Class A	36,835,848	1.8
Berkshire Hathaway Inc. Class B	36,388,420	1.7
	$635,557,732	30.3%

* Non-controlled affiliated closed-end fund

Sector Weightings



December 31, 2022

Assets		
Investments at value*:		
Common stocks:		
Unaffiliated issuers (cost $1,394,722,375)	$2,038,015,432	
Non-controlled affiliate (cost $33,970,033)	47,671,673	
Other investment in controlled affiliate (cost $150,000)	466,000	
Short-term investments (cost $19,911,446)	19,916,068	$2,106,069,173
Cash		247,211
Investment securities sold		17,091,353
Dividends receivable		1,326,647
Prepaid expenses and other assets		3,708,239
Total Assets		2,128,442,623
Liabilities		
Investment securities purchased		18,722,615
Due to officers and directors (note 8)		4,630,210
Accrued expenses and other liabilities		4,352,065
Total Liabilities		27,704,890
Net Assets		$2,100,737,733
Net Assets		
Common Stock at par value $0.001 per share, authorized 150,000,000 shares; issued and outstanding 120,900,484 shares (includes 35,333 deferred stock units) (note 7)		$ 120,900
Additional capital surplus		1,445,269,838
Total distributable earnings (loss)		655,346,995
Net Assets Applicable to Common Stock		$2,100,737,733
Net Asset Value Per Share of Common Stock		$ 17.38

* See Schedule of Investments beginning on page 17.

The accompanying notes are an integral part of the financial statements.

Statement of Operations

Year Ended December 31, 2022

Investment Income	
Income:	
Dividends (includes $2,121,171 from affiliates and net of $4,633 in foreign taxes)	$ 34,808,552
Other income	68,058
Total Income	34,876,610
Expenses:	
Investment research compensation and benefits	6,536,404
Administration and operations compensation and benefits	2,351,735
Occupancy and other office expenses	794,442
Investment data services	794,491
Directors' compensation	462,333
Shareholder reports and communications	359,078
Transfer agent, custody, and listing fees	378,259
Accounting, recordkeeping, and other professional fees	349,593
Insurance	185,791
Audit and tax services	128,606
Total Expenses	12,340,732
Net Investment Income	22,535,878
Realized Gain (Loss) and Change in Unrealized Appreciation	
Net realized gain (loss) on investments	101,944,506
Net realized gain (loss) on total return swap agreements	489,624
Net realized gain distributed by non-controlled affiliate	1,443,271
Change in unrealized appreciation on investments (includes $11,546,167 from affiliates)	(597,537,747)
Net Gain (Loss)	(493,660,346)
Change in Net Assets from Operations	$(471,124,468)

The accompanying notes are an integral part of the financial statements.

	For the Year Ended December 31,	
	2022	2021
From Operations:		
Net investment income	$ 22,535,878	$ 19,062,427
Net realized gain (loss)	103,877,401	308,581,793
Change in unrealized appreciation	(597,537,747)	297,447,132
Change in Net Assets from Operations	(471,124,468)	625,091,352
Distributions to Shareholders from:		
Total distributable earnings	(126,124,720)	(330,861,024)
From Capital Share Transactions:		
Value of shares issued in payment of distributions (note 5)	45,459,043	131,024,412
Total Change in Net Assets	(551,790,145)	425,254,740
Net Assets:		
Beginning of year	2,652,527,878	2,227,273,138
End of year	$2,100,737,733	$2,652,527,878

The accompanying notes are an integral part of the financial statements.

Adams Diversified Equity Fund, Inc. (the “Fund”) is registered under the Investment Company Act of 1940 (“1940 Act”) as a diversified investment company. The Fund is an internally managed closed-end fund whose investment objectives are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for investment companies, which require the use of estimates by Fund management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates and the valuations reflected in the financial statements may differ from the value the Fund ultimately realizes. Additionally, unpredictable events such as natural disasters, war, terrorism, global pandemics, and similar public health threats may significantly affect the economy, markets, and companies in which the Fund invests. The Fund could be negatively impacted if the value of portfolio holdings are harmed by such events.

Affiliates — The 1940 Act defines “affiliated companies” as those companies in which the Fund owns 5% or more of the outstanding voting securities. Additionally, those companies in which the Fund owns more than 25% of the outstanding voting securities are considered to be “controlled” by the Fund. The Fund and its affiliates, Adams Natural Resources Fund, Inc. (“PEO”) and Adams Funds Advisers, LLC (“AFA”), have a shared management team.

PEO — The Fund owns 2,186,774 shares of PEO, a non-diversified, closed-end investment company, representing 8.7% of its outstanding shares. The Fund accounts for PEO as a portfolio investment that meets the definition of a non-controlled affiliate. Directors of the Fund are also directors of PEO.

AFA — In April 2015, Fund shareholders authorized the Fund to provide investment advisory services to external parties, and the Securities and Exchange Commission granted no-action relief under section 12(d)(3) of the 1940 Act to allow the Fund to create a separate, wholly-owned entity for this purpose. The Fund provided the initial capital for the start-up costs of AFA, a Maryland limited liability company, and the Fund is the sole member and General Manager, as provided by the Operating Agreement between AFA and the Fund. This structure mitigates the risk of potential liabilities for the Fund associated with any claims that may arise against AFA during the ordinary course of conducting its business. Given that AFA is an operating company that provides no services to the Fund, the Fund accounts for AFA as a portfolio investment that meets the definition of a controlled affiliate.

AFA’s profit is dependent on it having assets under management. At December 31, 2022, AFA had no assets under management. Failure to develop new relationships will impact AFA’s ability to generate revenue, and accordingly, the Fund’s valuation of its investment in AFA. While unlikely, to the extent that AFA’s operating costs exceed its assets held, the Fund may be required to provide additional capital to AFA to sustain its operations. For tax purposes, AFA’s operating income (or loss) is consolidated with that of the Fund.

Expenses — The Fund and its affiliates share personnel, systems, and other infrastructure items and are charged a portion of the shared expenses. To protect the Fund from potential conflicts of interest, policies and procedures are in place covering the sharing of expenses among the entities. Expenses solely attributable to an entity are charged to that entity. Expenses that are not solely attributable to one entity are allocated in accordance with the Fund’s expense sharing policy. The Fund’s policy dictates that expenses, other than those related to personnel, are attributed to AFA based on the average estimated amount of time spent by all personnel on AFA-related activities relative to overall job functions; the remaining portion is attributed to the Fund and PEO based on relative net assets excluding affiliated holdings. Personnel-related expenses are attributed to AFA based on the individual’s time spent on AFA-related activities; the remaining portion is attributed to the Fund and PEO based on relative market values of portfolio securities covered for research staff and relative net assets excluding affiliated holdings for all others. Expense allocations are updated quarterly. Because AFA has no assets under management, only those expenses directly attributable to AFA are charged to AFA.

For the year ended December 31, 2022, shared expenses totaled $15,640,296, of which $3,297,677 and $1,887 were charged to PEO and AFA, respectively, in accordance with the Fund's expense sharing policy. There were no amounts due to, or due from, its affiliates at December 31, 2022.

Investment Transactions, Investment Income, and Distributions — The Fund's investment decisions are made by the portfolio management team with recommendations from the research staff. Policies and procedures are in place covering the allocation of investment opportunities among the Fund and its affiliates to protect the Fund from potential conflicts of interest. Investment transactions are accounted for on trade date. Realized gains and losses on sales of investments are recorded on the basis of specific identification. Dividend income and distributions to shareholders are recognized on the ex-dividend date.

Valuation — The Fund's financial instruments are reported at fair value, which is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund has a Valuation Committee ("Committee") so that financial instruments are appropriately priced at fair value in accordance with GAAP and the 1940 Act. Subject to oversight and approval by the Board of Directors, the Committee establishes methodologies and procedures to value securities for which market quotations are not readily available.

GAAP establishes the following hierarchy that categorizes the inputs used to measure fair value:

- Level 1 — fair value is determined based on market data obtained from independent sources; for example, quoted prices in active markets for identical investments;
- Level 2 — fair value is determined using other assumptions obtained from independent sources; for example, quoted prices for similar investments;
- Level 3 — fair value is determined using the Fund's own assumptions, developed based on the best information available under the circumstances.

Investments in securities traded on national exchanges are valued at the last reported sale price as of the close of regular trading on the relevant exchange on the day of valuation. Over-the-counter and listed equity securities for which a sale price is not available are valued at the last quoted bid price. Money market funds are valued at net asset value. These securities are generally categorized as Level 1 in the hierarchy.

Total return swap agreements are valued using independent, observable inputs, including underlying security prices, dividends, and interest rates. These securities are generally categorized as Level 2 in the hierarchy.

The Fund's investment in its controlled affiliate, AFA, is valued by methods deemed reasonable in good faith by the Committee. Because AFA has no client assets under management, the Committee uses AFA's total assets, comprised solely of cash, to approximate fair value. There was no uncertainty surrounding this input at the reporting date. Fair value determinations are reviewed on a regular basis and updated as needed. Given the absence of market quotations or observable inputs, the Fund's investment in AFA is categorized as Level 3 in the hierarchy.

At December 31, 2022, the Fund's financial instruments were classified as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Common stocks	$2,085,687,105	$—	$ —	$2,085,687,105
Other investments	—	—	466,000	466,000
Short-term investments	19,916,068	—	—	19,916,068
Total investments	$2,105,603,173	$—	$466,000	$2,106,069,173

The following is a reconciliation of the change in the value of Level 3 investments:

Balance at December 31, 2021	$ 466,000
Purchases	—
Change in unrealized appreciation on investments in the Statement of Operations	—
Balance at December 31, 2022	$ 466,000

2. FEDERAL INCOME TAXES

No federal income tax provision is required since the Fund's policy is to qualify as a regulated investment company under the Internal Revenue Code and to distribute substantially all of its taxable income and gains to its shareholders. Additionally, management has analyzed the tax positions included in federal income tax returns from the previous three years that remain subject to examination, and concluded no provision was required. Any income tax-related interest or penalties would be recognized as income tax expense. At December 31, 2022, the identified cost of securities for federal income tax purposes was $1,450,316,215 and net unrealized appreciation aggregated $655,752,958, consisting of gross unrealized appreciation of $729,658,267 and gross unrealized depreciation of $73,905,309.

Distributions are determined in accordance with the Fund's annual 6% minimum distribution rate commitment, based on the Fund's average market price, and income tax regulations, which may differ from GAAP. Such differences are primarily related to the Fund's retirement plans, equity-based compensation, wash sales, tax straddles for total return swaps, and investment in AFA. Differences that are permanent, while not material for the year ended December 31, 2022, are reclassified in the capital accounts of the Fund's financial statements and have no impact on net assets. For tax purposes, distributions paid by the Fund during the years ended December 31, 2022 and December 31, 2021 were classified as ordinary income of $22,416,862 and $61,051,501, respectively, and long-term capital gain of $103,817,384 and $269,744,674, respectively. The tax basis of distributable earnings at December 31, 2022 was $1,375,731 of undistributed ordinary income and $1,690,776 of undistributed long-term capital gain.

3. INVESTMENT TRANSACTIONS

Purchases and sales of portfolio investments, other than short-term investments, securities lending collateral, and derivative transactions, during the year ended December 31, 2022 were $1,550,800,005 and $1,605,962,424, respectively.

4. DERIVATIVES

The Fund may invest in derivative instruments. The Fund uses derivatives for a variety of purposes, including, but not limited to, the ability to gain or limit exposure to particular market sectors or securities, to provide additional capital gains, to limit equity price risk in the normal course of pursuing its investment objectives, and/or to obtain leverage.

Total Return Swap Agreements — The Fund utilizes total return swap agreements in carrying out a paired trade strategy, where it enters into a long contract for a single stock and a short contract for a sector exchange-traded fund in comparable notional amounts. Total return swap agreements involve commitments based on a notional amount to pay interest in exchange for a market-linked return of a reference security. Upon closing a long contract, the Fund will receive a payment to the extent the total return of the reference security is positive for the contract period and exceeds the offsetting interest rate obligation or will make a payment if the total return is negative for the contract period. Upon closing a short contract, the Fund will receive a payment to the extent the total return of the reference security is negative for the contract period and exceeds the offsetting interest rate obligation or will make a payment if the total return is positive for the contract period. The fair value of each total return swap agreement is determined daily and the change in value is recorded as a change in unrealized appreciation on total return swap agreements in the Statement of Operations. Payments received or made upon termination during the period are recorded as a realized gain or loss on total return swap agreements in the Statement of Operations.

Total return swap agreements entail risks associated with counterparty credit, liquidity, and equity price risk. Such risks include that the Fund or the counterparty may default on its obligation, that there is no liquid market for these agreements, and that there may be unfavorable changes in the price of the reference security. To mitigate the Fund's counterparty credit risk, the Fund enters into master netting and collateral arrangements with the counterparty. A master netting agreement allows either party to terminate the agreement prior to termination date and provides the ability to offset amounts the Fund owes the counterparty against the amounts the counterparty owes the Fund for a single net settlement. The Fund's policy is to net all derivative instruments subject to a netting agreement and offset the value of derivative liabilities against the value of derivative assets. The net cumulative unrealized gain (asset) on open total return swap agreements or the net cumulative unrealized loss (liability) on open total return swap agreements is presented in the Statement of Assets and Liabilities. At December 31, 2022, there were no open total return swap agreements. During the year ended December 31, 2022, the average daily notional amounts of open long and short total return swap agreements, an indicator of the volume of activity, were $1,883,284 and $(1,877,464), respectively.

A collateral arrangement requires each party to provide collateral with a value, adjusted daily and subject to a minimum transfer amount, equal to the net amount owed to the other party under the agreement. The counterparty provides cash collateral to the Fund and the Fund provides collateral by segregating portfolio securities, subject to a valuation allowance, into a tri-party account at its custodian. At December 31, 2022, there were no securities pledged as collateral and no cash collateral was held by the Fund.

5. CAPITAL STOCK

The Fund has 10,000,000 authorized and unissued preferred shares, $0.001 par value.

On December 21, 2022, the Fund issued 3,025,268 shares of its Common Stock at a price of $15.01 per share (the average market price on December 7, 2022) to shareholders of record November 21, 2022, who elected to take stock in payment of the year-end distribution. During the year ended December 31, 2022, the Fund issued 3,038 shares of Common Stock at a weighted average price of $16.37 per share as dividend equivalents to holders of deferred stock units under the 2005 Equity Incentive Compensation Plan.

On December 22, 2021, the Fund issued 6,840,167 shares of its Common Stock at a price of $19.14 per share (the average market price on December 8, 2021) to shareholders of record November 22, 2021, who elected to take stock in payment of the year-end distribution. During the year ended December 31, 2021, the Fund issued 5,446 shares of Common Stock at a weighted average price of $19.03 per share as dividend equivalents to holders of deferred stock units under the 2005 Equity Incentive Compensation Plan. Addtionally, 895 shares were canceled.

The Fund may purchase shares of its Common Stock from time to time, in accordance with parameters set by the Board of Directors, at such prices and amounts as the portfolio management team deems appropriate. Additionally, the Fund will repurchase shares under the Fund's enhanced discount management and liquidity program, subject to certain restrictions, when the discount exceeds 15% of net asset value for at least 30 consecutive trading days. The enhanced program also provides that the Fund will engage in a proportional tender offer to repurchase shares when the discount exceeds 19% of net asset value for 30 consecutive trading days, not to exceed one such offer in any twelve-month period. Transactions in its Common Stock for 2022 and 2021 were as follows:

	Shares		Amount	
	2022	2021	2022	2021
Shares issued in payment of distributions	3,028,306	6,845,613	$45,459,043	$131,024,412
Shares canceled	—	(895)	—	—
Net change	3,028,306	6,844,718	$45,459,043	$131,024,412

6. RETIREMENT PLANS

The Fund sponsors a qualified defined contribution plan for all employees with at least six months of service and a nonqualified defined contribution plan for eligible employees to supplement the qualified plan. The Fund matches employee contributions made to the plans and, subject to Board approval, may also make a discretionary contribution to the plans. During the year ended December 31, 2022, the Fund recorded matching contributions of $477,638 and a liability, representing the 2022 discretionary contribution, of $368,016.

7. EQUITY-BASED COMPENSATION

The Fund's 2005 Equity Incentive Compensation Plan, adopted at the 2005 Annual Meeting and reapproved at the 2010 Annual Meeting, expired on April 27, 2015. Restricted stock units granted to nonemployee directors that are 100% vested, but payment of which has been deferred at the election of the director, remain outstanding at December 31, 2022.

Outstanding awards were granted at fair market value on grant date (determined by the average of the high and low price on that date) and earn an amount equal to the Fund's per share distribution, payable in reinvested shares, which are paid concurrently with the payment of the original share grant.

A summary of the activity during the year ended December 31, 2022 is as follows:

Awards	Units	Weighted Average Grant-Date Fair Value
Balance at December 31, 2021	47,108	$13.29
Reinvested dividend equivalents	3,038	16.37
Issued	(14,813)	14.45
Balance at December 31, 2022	35,333	$13.06

At December 31, 2022, the Fund had no unrecognized compensation cost. The total fair value of awards issued during the year ended December 31, 2022 was $270,111.

8. OFFICER AND DIRECTOR COMPENSATION

The aggregate remuneration paid by the Fund during the year ended December 31, 2022 to officers and directors amounted to $8,028,233, of which $732,444 was paid to independent directors. These amounts represent the taxable income, including $270,111 in deferred director compensation from previous years, to the Fund's officers and directors and, therefore, may differ from the amounts reported in the accompanying Statement of Operations that are recorded and expensed in accordance with GAAP. At December 31, 2022, $4,630,210 was due to officers and directors, representing amounts related to estimated cash compensation and estimated retirement plan discretionary contributions payable to officers, and reinvested dividend payments on deferred stock awards payable to directors.

9. PORTFOLIO SECURITIES LOANED

The Fund makes loans of securities to approved brokers to earn additional income. The loans are collateralized by cash and/or U.S. Treasury and government agency obligations valued at 102% of the value of the securities on loan. The market value of the loaned securities is calculated based upon the most recent closing prices and any additional required collateral is delivered to the Fund on the next business day. On loans collateralized by cash, the cash collateral is invested in a registered money market fund. The Fund accounts for securities lending transactions as secured financing and retains a portion of the income from lending fees and interest on the investment of cash collateral. The Fund also continues to receive dividends on the securities loaned. Gain or loss in the fair value of securities loaned that may occur during the term of the loan will be for the account of the Fund. At December 31, 2022, the Fund had no securities on loan. The Fund is indemnified by the custodian, serving as lending agent, for the loss of loaned securities and has the right under the lending agreement to recover the securities from the borrower on demand.

10. LEASES

The Fund and its affiliates jointly lease office space and equipment under non-cancelable lease agreements expiring at various dates through 2026. Payments are made in aggregate pursuant to these agreements but are deemed variable for each entity, as the allocable portion to each entity fluctuates when applying the expense sharing policy among all affiliates at each payment date. Variable payments of this nature do not require recognition of an asset or an offsetting liability in the Statement of Assets and Liabilities and are recognized as rental expense on a straight-line basis over the lease term within occupancy and other office expenses in the Statement of Operations. During the year, the Fund recognized rental expense of $380,149.

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Per Share Operating Performance					
Net asset value, beginning of year	$22.50	$20.06	$17.93	$14.89	$17.55
Net investment income	0.19	0.17	0.20	0.20	0.20
Net realized gain (loss) and change in unrealized appreciation	(4.18)	5.42	3.01	4.31	(0.87)
Total from operations	(3.99)	5.59	3.21	4.51	(0.67)
Less distributions from:					
Net investment income	(0.18)	(0.20)	(0.19)	(0.22)	(0.21)
Net realized gain	(0.89)	(2.78)	(0.84)	(1.20)	(1.79)
Total distributions	(1.07)	(2.98)	(1.03)	(1.42)	(2.00)
Capital share repurchases (note 5)	—	—	—	0.02	0.03
Reinvestment of distributions	(0.06)	(0.17)	(0.05)	(0.07)	(0.02)
Total capital share transactions	(0.06)	(0.17)	(0.05)	(0.05)	0.01
Net asset value, end of year	$17.38	$22.50	$20.06	$17.93	$14.89
Market price, end of year	$14.54	$19.41	$17.29	$15.77	$12.62
Total Investment Return (a)					
Based on market price	-19.8%	29.9%	16.4%	36.6%	-3.6%
Based on net asset value	-17.3%	29.8%	18.8%	31.6%	-2.6%
Ratios/Supplemental Data					
Net assets, end of year (in millions)	$2,101	$2,653	$2,227	$1,952	$1,581
Ratio of expenses to average net assets	0.54%	0.56%	0.60%	0.65%	0.56%
Ratio of net investment income to average net assets	0.98%	0.77%	1.12%	1.18%	1.14%
Portfolio turnover	67.7%	64.4%	58.7%	61.6%	58.4%
Number of shares outstanding at end of year (in 000's)	120,900	117,872	111,027	108,865	106,206

(a) Total investment return is calculated assuming a purchase of a Fund share at the beginning of the period and a sale on the last day of the period reported either at net asset value or market price per share, excluding any brokerage commissions. Distributions are assumed to be reinvested at the price received in the Fund's dividend reinvestment plan.

The accompanying notes are an integral part of the financial statements.

December 31, 2022

	Shares	Value (a)
Common Stocks — 99.3%		
Communication Services — 7.3%		
Alphabet Inc. Class A (b)	736,900	$ 65,016,687
Comcast Corporation Class A	533,000	18,639,010
Electronic Arts Inc.	177,100	21,638,078
Meta Platforms, Inc. Class A (b)	141,500	17,028,110
T-Mobile US, Inc. (b)	104,300	14,602,000
Verizon Communications Inc.	259,000	10,204,600
Walt Disney Company (b)	58,800	5,108,544
		152,237,029
Consumer Discretionary — 10.4%		
Amazon.com, Inc. (b)	538,100	45,200,400
Booking Holdings Inc. (b)	8,200	16,525,296
Capri Holdings Limited (b)	280,700	16,089,724
Home Depot, Inc.	58,000	18,319,880
Las Vegas Sands Corp. (b)	250,400	12,036,728
Marriott International, Inc. Class A	94,800	14,114,772
O'Reilly Automotive, Inc. (b)	24,600	20,763,138
Tesla, Inc. (b)	131,500	16,198,170
Tractor Supply Company	104,700	23,554,359
Ulta Beauty, Inc. (b)	44,600	20,920,522
YUM! Brands, Inc.	113,200	14,498,656
		218,221,645
Consumer Staples — 6.8%		
Archer-Daniels-Midland Company	133,900	12,432,615
Coca-Cola Company	165,700	10,540,177
Constellation Brands, Inc. Class A	70,600	16,361,550
Consumer Staples Select Sector SPDR Fund	83,100	6,195,105
Costco Wholesale Corporation	29,000	13,238,500
Molson Coors Beverage Company Class B	288,100	14,842,912
PepsiCo, Inc.	78,800	14,236,008
Philip Morris International Inc.	204,600	20,707,566
Procter & Gamble Company	115,650	17,527,914
Sysco Corporation	223,600	17,094,220
		143,176,567

December 31, 2022

	Shares	Value (a)
Energy — 5.2%		
Adams Natural Resources Fund, Inc. (c)(f)	2,186,774	$ 47,671,673
ConocoPhillips	215,300	25,405,400
Marathon Petroleum Corporation	187,000	21,764,930
Pioneer Natural Resources Company	63,600	14,525,604
		109,367,607
Financials — 11.9%		
American International Group, Inc.	493,600	31,215,264
Bank of America Corp.	916,400	30,351,168
Berkshire Hathaway Inc. Class B (b)	117,800	36,388,420
Charles Schwab Corp.	366,200	30,489,812
JPMorgan Chase & Co.	247,887	33,241,647
MarketAxess Holdings Inc.	39,781	11,094,523
Morgan Stanley	261,869	22,264,102
Wells Fargo & Company	743,100	30,682,599
Willis Towers Watson plc	96,700	23,650,886
		249,378,421
Health Care — 15.7%		
AbbVie, Inc.	129,300	20,896,173
AmerisourceBergen Corporation	156,900	25,999,899
CVS Health Corporation	385,000	35,878,150
Eli Lilly and Company	53,200	19,462,688
Health Care Select Sector SPDR Fund	76,900	10,446,865
Incyte Corporation (b)	304,300	24,441,376
Johnson & Johnson	121,800	21,515,970
Merck & Co., Inc.	84,000	9,319,800
Molina Healthcare, Inc. (b)	72,900	24,073,038
Pfizer Inc.	373,700	19,148,388
Regeneron Pharmaceuticals, Inc. (b)	33,500	24,169,915
Thermo Fisher Scientific Inc.	76,600	42,182,854
UnitedHealth Group Incorporated	99,300	52,646,874
		330,181,990

December 31, 2022

	Shares	Value (a)
Industrials — 8.5%		
Boeing Company (b)	79,300	$ 15,105,857
General Dynamics Corporation	109,800	27,242,478
Ingersoll Rand Inc.	302,900	15,826,525
Lincoln Electric Holdings, Inc.	98,980	14,301,620
Northrop Grumman Corporation	46,200	25,207,182
Parker-Hannifin Corporation	82,400	23,978,400
Quanta Services, Inc.	153,300	21,845,250
TransDigm Group Incorporated	26,700	16,811,655
Union Pacific Corporation	92,600	19,174,682
		179,493,649
Information Technology — 25.4%		
Advanced Micro Devices, Inc. (b)	106,300	6,885,051
Apple Inc.	954,500	124,018,185
Arista Networks, Inc. (b)	149,200	18,105,420
Automatic Data Processing, Inc.	95,200	22,739,472
Cisco Systems, Inc.	271,900	12,953,316
Intuit Inc.	47,600	18,526,872
Lam Research Corporation	48,900	20,552,670
Mastercard Incorporated Class A	122,900	42,736,017
Microsoft Corporation	595,700	142,860,774
NVIDIA Corporation	166,400	24,317,696
Oracle Corporation	109,400	8,942,356
Palo Alto Networks, Inc. (b)	93,000	12,977,220
Paycom Software, Inc. (b)	44,200	13,715,702
QUALCOMM Incorporated	183,100	20,130,014
Technology Select Sector SPDR Fund	49,700	6,184,668
Visa Inc. Class A	177,300	36,835,848
		532,481,281

December 31, 2022

	Shares	Value (a)
Materials — 2.6%		
Air Products and Chemicals, Inc.	22,300	$ 6,874,198
FMC Corporation	75,300	9,397,440
Linde plc	46,700	15,232,606
LyondellBasell Industries N.V.	41,900	3,478,957
Sherwin-Williams Company	46,000	10,917,180
Steel Dynamics, Inc.	98,500	9,623,450
		55,523,831
Real Estate — 2.5%		
Prologis, Inc.	174,800	19,705,204
Public Storage	31,800	8,910,042
Realty Income Corporation	190,900	12,108,787
SBA Communications Corp. Class A	45,200	12,670,012
		53,394,045
Utilities — 3.0%		
CenterPoint Energy, Inc.	460,600	13,813,394
CMS Energy Corporation	242,800	15,376,524
PPL Corporation	576,500	16,845,330
Sempra Energy	104,800	16,195,792
		62,231,040
Total Common Stocks		
(Cost $1,428,692,408)		2,085,687,105

December 31, 2022

	Shares	Value (a)
Other Investments — 0.0%		
Financials — 0.0%		
Adams Funds Advisers, LLC (b)(d)(f)		
(Cost $150,000)		$ 466,000
Short-Term Investments — 1.0%		
Money Market Funds — 1.0%		
Northern Institutional Treasury Portfolio, 3.80% (e)	2,410,526	2,410,526
Western Asset Institutional Liquid Reserves Fund, 4.48% (e)	17,505,542	17,505,542
Total Short-Term Investments		
(Cost $19,911,446)		19,916,068
Total — 100.3%		
(Cost $1,448,753,854)		2,106,069,173
Other Assets Less Liabilities — (0.3)%		(5,331,440)
Net Assets — 100.0%		$2,100,737,733

(a) Common stocks are listed on the New York Stock Exchange or NASDAQ and are valued at the last reported sale price on the day of valuation. See note 1 to financial statements.

(b) Presently non-dividend paying.

(c) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.

(d) Controlled affiliate valued using fair value procedures.

(e) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.

(f) During the year ended December 31, 2022, investments in affiliates were as follows:

Affiliate	Shares held	Net realized gain (loss) and long-term capital gain distributions	Dividend income and short-term capital gain distributions	Change in unrealized appreciation	Value
Adams Funds Advisers, LLC (controlled)	n/a	$ —	$ —	$ —	$ 466,000
Adams Natural Resources Fund, Inc. (non-controlled)	2,186,774	1,443,271	2,121,171	11,546,167	47,671,673
Total		$1,443,271	$2,121,171	$11,546,167	$48,137,673

The accompanying notes are an integral part of the financial statements.

To the Board of Directors and Shareholders of Adams Diversified Equity Fund, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Adams Diversified Equity Fund, Inc. (the “Fund”) as of December 31, 2022, the related statement of operations for the year ended December 31, 2022, the statement of changes in net assets for each of the two years in the period ended December 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2022 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2022 and the financial highlights for each of the five years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2022 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Baltimore, Maryland
February 10, 2023

We have served as the Fund’s auditor since 1929.

During the Six Months Ended December 31, 2022
(unaudited)

	Dollar Amount Traded in the Period	Percent of Net Assets Held at Period-End
Additions		
Molina Healthcare, Inc.	$25,780,145	1.1%
Northrop Grumman Corporation	24,087,904	1.2
AmerisourceBergen Corporation	23,430,136	1.2
Willis Towers Watson plc	20,380,807	1.1
Tractor Supply Company	20,096,104	1.1
Comcast Corporation Class A	19,769,010	0.9
Sysco Corporation	19,164,071	0.8
Sempra Energy	16,341,391	0.8
Ingersoll Rand Inc.	16,065,574	0.8
PPL Corporation	15,590,266	0.8
Paycom Software, Inc.	14,935,434	0.7
Lincoln Electric Holdings, Inc.	14,544,163	0.7
JPMorgan Chase & Co.	14,473,381*	1.6
Boeing Company	13,494,832	0.7
Realty Income Corporation	12,149,487	0.6
MarketAxess Holdings Inc.	11,160,213	0.5
Incyte Corporation	11,026,579*	1.2
Electronic Arts Inc.	10,724,409*	1.0
Reductions		
MetLife, Inc.	30,588,043	—
Abbott Laboratories	28,227,076	—
Centene Corporation	25,585,191	—
Raytheon Technologies Corporation	24,331,185	—
Eli Lilly and Company	23,460,637	0.9
Caterpillar Inc.	21,428,089	—
Waste Connections, Inc.	17,844,650	—
Alphabet Inc. Class A	15,791,715	3.1
Equinix, Inc.	14,786,959	—
Target Corporation	13,536,324	—
FirstEnergy Corp.	13,438,789	—
American Electric Power Company, Inc.	13,330,860	—
Fox Corporation Class A	13,316,065	—
Truist Financial Corporation	13,261,092	—
Tyson Foods, Inc. Class A	12,858,702	—
Fidelity National Information Services, Inc.	12,593,261	—
AT&T Inc.	12,151,837	—
Micron Technology, Inc.	11,645,989	—
NextEra Energy, Inc.	10,583,554	—

* Addition to an existing position

The transactions presented above are those that exceeded .50% of period-end net assets, representing new positions, fully-eliminated positions, and the largest additions and reductions to existing portfolio securities, as noted, and exclude those in sector exchange-traded funds.

(unaudited)

Year	(000's) Value of Net Assets	(000's) Shares Outstanding	Net Asset Value Per Share	Market Value Per Share	Income Dividends Per Share	Capital Gains Distributions Per Share	Return of Capital Distributions Per Share	Total Dividends and Distributions Per Share	Annual Distribution Rate*
2008	$ 840,012	87,406	$ 9.61	$ 8.03	$.26	$ .38	$—	$ .64	5.7%
2009	1,045,027	87,415	11.95	10.10	.15	.30	—	.45	5.2
2010	1,124,672	88,885	12.65	10.72	.14	.37	—	.51	5.1
2011	1,050,734	91,074	11.54	9.64	.15	.50	—	.65	6.1
2012	1,155,997	93,030	12.43	10.59	.18	.49	—	.67	6.3
2013	1,421,551	94,224	15.09	13.07	.22	.62	—	.84	7.1
2014	1,527,773	96,287	15.87	13.68	.20	.98	—	1.18	8.8
2015	1,472,144	97,914	15.04	12.83	.14	.79	—	.93	6.8
2016	1,513,498	99,437	15.22	12.71	.18	.81	—	.99	7.8
2017	1,785,772	101,736	17.55	15.03	.22	1.16	—	1.38	9.8
2018	1,580,889	106,206	14.89	12.62	.21	1.79	—	2.00	12.9
2019	1,951,592	108,865	17.93	15.77	.22	1.20	—	1.42	9.6
2020	2,227,273	111,027	20.06	17.29	.19	.84	—	1.03	6.8
2021	2,652,528	117,872	22.50	19.41	.20	2.78	—	2.98	15.7
2022	2,100,738	120,900	17.38	14.54	.18	.89	—	1.07	6.3

* The annual distribution rate is the total dividends and distributions per share divided by the Fund's average month-end stock price. For years prior to 2011, the average month-end stock price is determined for the calendar year. For 2011 and later, the average month-end stock price is determined for the twelve months ended October 31, which is consistent with the calculation used for the annual 6% minimum distribution rate commitment adopted in September 2011.

(unaudited)

Summary Fund Information

Investment Objectives: The Fund's investment objectives are preservation of capital, reasonable income, and opportunity for capital gain. These objectives have been in place since the Fund's inception in 1929, although they may be changed by the Board of Directors.

Investment Strategy and Policies: The Fund is an internally-managed diversified large-cap U.S. equity fund that seeks to outperform the S&P 500 and invests at least 80% of its assets in highly liquid S&P 500 stocks. It has broad flexibility in the selection of stocks, but maintains a "sector neutral" approach, meaning that the Fund's investments by sector approximate the S&P 500 sector percentages.

In addition, the Fund maintains the following fundamental investment policies that may change only with shareholder approval:

- Up to 25% of assets may be invested in any one industry.
- Up to 20% of assets may be invested in commodities (other than physical commodities), including swaps.
- Up to 5% of assets may be invested in real property.

Principal Risks:

Market Risk. The Fund could lose money over short periods due to short-term market movements and over longer periods during more prolonged market downturns. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Fund and its investments. Additionally, closed-end funds are particularly impacted by investor sentiment that could result in trading at increased premiums or discounts to the Fund's NAV.

Equity Securities Risk. Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. The S&P 500 is comprised of common stocks, which generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities.

Derivatives Risk. The Fund invests in total return swaps agreements, which entail counterparty credit, liquidity, and equity price risks. Such risks include that the Fund or the counterparty may default on its obligation, that there is no liquid market for these agreements, and that there may be unfavorable changes in the price of the reference security.

Annual Certification

The Fund's CEO has submitted to the New York Stock Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Distribution Commitment and Payment Schedule

The Fund established an annual 6% minimum distribution rate commitment that has been met or exceeded since its adoption in 2011. The commitment is not a guarantee, and may be changed by the Board should market or other conditions warrant. Distributions are generated from portfolio income and capital gains derived from managing the portfolio. If such earnings do not meet the distribution commitment, or it's deemed in the best interest of shareholders, the Fund may return capital.

The Fund presently pays distributions four times a year, as follows: (a) three interim distributions on or about March 1, June 1, and September 1, and (b) a "year-end" distribution, payable in late December, consisting of the estimated balance of the net investment income for the year, the net realized capital gains earned through October 31 and, if applicable, a return of capital. Shareholders may elect to receive the year-end distribution in stock, cash, or both. In connection with this distribution, all shareholders of record are sent a distribution announcement notice and an election card in mid-November. **Shareholders holding shares in "street" or brokerage accounts may make their election by notifying their brokerage house representative.**

(unaudited)

Electronic Delivery of Shareholder Reports

The Fund offers shareholders the benefits and convenience of viewing Quarterly and Annual Reports and other shareholder materials online. With your consent, paper copies of these documents will cease with the next mailing and will be provided via e-mail. Reduce paper mailed to your home and help lower the Fund's printing and mailing costs. To enroll, please visit the following websites:

Registered shareholders with the Fund's transfer agent, American Stock Transfer & Trust Company ("AST"): *www.astfinancial.com*

Shareholders using brokerage accounts: *http://enroll.icsdelivery.com/ADX*

Privacy Policy

In order to conduct its business, the Fund, through AST, collects and maintains certain nonpublic personal information about our registered shareholders with respect to their transactions in shares of our securities. This information includes the shareholder's address, tax identification or Social Security number, share balances, and dividend elections. We do not collect or maintain personal information about shareholders whose shares of our securities are held in "street" or brokerage accounts.

We do not disclose any nonpublic personal information about you, our other shareholders, or our former shareholders to third parties unless necessary to process a transaction, service an account, or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about our registered shareholders to those employees who need to know that information to provide services to such shareholders. We also maintain certain other safeguards to protect your nonpublic personal information.

Proxy Voting Policies and Record

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities owned by the Fund and the Fund's proxy voting record for the 12-month period ended June 30, 2022 are available (i) without charge, upon request, by calling the Fund's toll free number at (800) 638-2479; (ii) on the Fund's website: *www.adamsfunds.com*; and (iii) on the Securities and Exchange Commission's website: *www.sec.gov*.

Statement on Quarterly Filing of Complete Portfolio Schedule

In addition to publishing its complete schedule of portfolio holdings in the First and Third Quarter Reports to Shareholders, the Fund also files its complete schedule of portfolio holdings for the first and third quarters of each fiscal year with the Securities and Exchange Commission on Form N-PORT. The form is available on the Commission's website: *www.sec.gov* The Fund also posts a link to its filings on its website: *www.adamsfunds.com.*

INVESTORS CHOICE

INVESTORS CHOICE is a direct stock purchase and sale plan, as well as a distribution reinvestment plan, sponsored and administered by AST. The Plan provides registered shareholders and interested first time investors an affordable alternative for buying, selling, and reinvesting in Fund shares. A brochure which further details the benefits and features of INVESTORS CHOICE as well as an enrollment form may be obtained by contacting AST.

(unaudited)

The costs to participants in administrative service fees and brokerage commissions for each type of transaction are listed below. ***Fees are subject to change at any time.***

Fees	**Minimum and Maximum Cash Investments:**
Initial Enrollment and Optional Cash Investments: Service Fee $2.50 per investment Brokerage Commission $0.05 per share Reinvestment of Dividends*: Service Fee 2% of amount invested *(maximum of $2.50 per investment)* Brokerage Commission $0.05 per share Sale of Shares: Service Fee $10.00 Brokerage Commission $0.05 per share Deposit of Certificates for Safekeeping $7.50 (waived if sold) Book to Book Transfers Included *To transfer shares to another participant or to a new participant* * The year-end distribution will usually be made in newly issued shares of Common Stock. There are no fees or commissions in connection with this distribution when made in newly issued shares.	Initial minimum investment (non-holders) $250 Minimum optional investment (existing holders) $50 Electronic funds transfer (monthly minimum) $50 Maximum per transaction $25,000 Maximum per year NONE **INVESTORS CHOICE Mailing Address:** Attention: Dividend Reinvestment P.O. Box 922 Wall Street Station New York, NY 10269-0560 ***Website:*** www.astfinancial.com ***E-mail:*** info@astfinancial.com

For shareholders whose stock is held by a broker in “street” name, the AST INVESTORS CHOICE Direct Stock Purchase and Sale Plan remains available through many registered investment security dealers. If your shares are currently held in a “street” name or brokerage account, please contact your broker for details about how you can participate in AST’s Plan or contact AST.

Name (Age) Director Since	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Current Directorships
Independent Directors			
Kenneth J. Dale (66) 2008 Chair of the Board	*Senior Vice President and Chief Financial Officer* The Associated Press	Two	
Frederic A. Escherich (70) 2006	*Private Investor*	Two	
Mary Chris Jammet (55) 2020	*Principal* Bristol Partners LLC	Two	MGM Resorts International
Lauriann C. Kloppenburg (62) 2017	*Retired Chief Strategy Officer and Chief Investment Officer - Equity Group* Loomis, Sayles & Co., LP	Two	Transamerica Funds
Kathleen T. McGahran, Ph.D., J.D., CPA (72) 2003	*Retired President & CEO* Pelham Associates, Inc.	Two	
Jane Musser Nelson (64) 2021	*Retired Managing Director, Investments* Cambridge Associates	Two	First Eagle Alternative Capital BDC, Inc.
Interested Director			
Mark E. Stoeckle (66) 2013	*Chief Executive Officer* Adams Diversified Equity Fund, Inc. Adams Natural Resources Fund, Inc. *President* Adams Diversified Equity Fund, Inc.	Two	

All Directors serve for a term of one year upon their election at the Annual Meeting of Shareholders. The address for each Director is the Fund's office.

Officers

Name (Age) Employee Since	Principal Occupation(s) During Past 5 Years
Mark E. Stoeckle (66) 2013	*Chief Executive Officer* of the Fund and Adams Natural Resources Fund, Inc. and President of the Fund
James P. Haynie, CFA (60) 2013	*Executive Vice President* of the Fund and *President* of Adams Natural Resources Fund, Inc.
D. Cotton Swindell, CFA (59) 2002	*Executive Vice President*
Brian S. Hook, CFA, CPA (53) 2008	*Vice President, Chief Financial Officer and Treasurer* of the Fund and Adams Natural Resources Fund, Inc.
Janis F. Kerns (59) 2018	*Vice President, General Counsel, Secretary and Chief Compliance Officer* of the Fund and Adams Natural Resources Fund, Inc.
Gregory W. Buckley (52) 2013	*Vice President – Research* of the Fund (since 2019) and Adams Natural Resources Fund, Inc.
Xuying Chang, CFA (46) 2014	*Vice President – Research*
Steven R. Crain, CFA (51) 2012	*Vice President – Research*
Michael A. Kijesky, CFA (52) 2009	*Vice President – Research* of the Fund (since 2019) and Adams Natural Resources Fund, Inc.
Michael E. Rega, CFA (63) 2014	*Vice President – Research* of the Fund and Adams Natural Resources Fund, Inc.
David R. Schiminger, CFA (51) 2002	*Vice President – Research*
Jeffrey R. Schollaert, CFA (47) 2015	*Vice President – Research* of the Fund (since 2017) and Adams Natural Resources Fund, Inc. (since 2019)
Christine M. Sloan, CPA (50) 1999	*Assistant Treasurer and Director of Human Resources* of the Fund and Adams Natural Resources Fund, Inc.

All officers serve until the time at which their successor is elected and qualified, unless they earlier resign, die, or are removed by the Board of Directors. The address for each officer is the Fund's office.

Service Providers

Independent Registered Public Accounting Firm	PricewaterhouseCoopers LLP
Custodian of Securities	The Northern Trust Company
Transfer Agent & Registrar	American Stock Transfer & Trust Company, LLC Stockholder Relations Department 6201 15th Avenue Brooklyn, NY 11219 (877) 260-8188 *Website:* www.astfinancial.com *E-mail:* info@astfinancial.com

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