



ADAMS
FUNDS

**ADAMS
NATURAL RESOURCES
FUND**

ANNUAL REPORT
2019

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2019 AT A GLANCE

The Fund

- a closed-end equity investment company specializing in energy and other natural resources stocks
- objectives: preservation of capital, reasonable income, and opportunity for capital gain
- internally managed
- annual distribution of at least 6%

Stock Data (12/31/19)

NYSE Symbol	PEO
Market Price	\$16.46
52-Week Range	\$14.30 – \$17.43
Discount	12.4%
Shares Outstanding	29,874,578

Summary Financial Information

Year Ended December 31,	2019	2018
Net asset value per share (NASDAQ: XPEOX)	\$ 18.79	\$ 17.71
Total net assets	561,468,757	522,997,331
Average net assets	562,710,861	651,781,967
Unrealized appreciation on investments	52,479,815	19,449,141
Net investment income	23,508,321	12,293,271
Net realized gain (loss)	9,122,317	11,062,665
Total return (based on market price)	21.1%	-21.4%
Total return (based on net asset value)	13.7%	-18.5%
Ratio of expenses to average net assets	0.97%	0.79%
Annual distribution rate	6.9%	6.0%

2019 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 2019	0.10	Investment income
May 31, 2019	0.10	Investment income
August 30, 2019	0.10	Investment income
December 20, 2019	0.32	Long-term capital gain
December 20, 2019	0.48	Investment income
	\$1.10	

2020 Annual Meeting of Shareholders

Location: Adams Funds, 500 East Pratt Street, Suite 1300, Baltimore, MD 21202

Date: April 9, 2020

Time: 10:00 a.m.



Letter from Chief Executive Officer **Mark E. Stoeckle**

Dear Fellow Shareholders,

While we were optimistic heading into 2019, we certainly did not expect the U.S equity market to be up 31.5%. After all, we were in the 11th year of a bull market and expectations were somewhat muted, especially after 2018, which was the worst year for stocks in a decade. Instead, the market shrugged off trade disputes, recession worries, and political noise and rallied into the end of 2019, posting its best year since 2013. The S&P 500 reached 35 all-time highs last year, with 20 of those coming in the last two months of the year.

Stock markets around the world also rallied in 2019, despite the uncertainty over the path of Brexit, protests in Hong Kong, and the impeachment of the President of the United States. Trade and tariffs played a significant role in global market moves throughout the year as they seemed to ebb and flow on the latest news (or tweet) about trade negotiations. In the U.S., while unemployment hit a 50-year low of 3.5% and inflation remained muted, uncertainty related to the implications of the U.S.-China trade negotiations caused factory activity and business investment spending to slow. This led the Federal Reserve to shift its stance from tightening in 2018 to easing in 2019, which was well received by investors and drove a year-end rally.

While the Energy sector rose 11.8% in 2019, it underperformed the broader market. After years of underperformance, the Energy sector continues to be out of favor. A number of issues weighed on the sector,



"Our Fund benefited from diversification. Our investments in Materials rose 25.0% for the year."

including concerns about the intermediate-to-long-term demand for fossil fuels, environmental factors, and political pressures, as well as growing interest in environmental, social, and governance (ESG) investments. While we recognize that the industry is changing, we believe that it will take decades for the world to transition to alternative forms of energy. We continue to find compelling investment opportunities within the sector.

Adams Natural Resources Fund, with exposure to both Energy and Materials, rose 13.7% on net asset value and 21.1% on market price for the year. Our benchmark, which is comprised of the S&P 500 Energy sector (80%) and the S&P 500 Materials sector (20%), increased 14.4%. Our peer group, the Lipper Global Natural Resources Fund Average, rose 15.4% for the year. We distributed 6.9% to our shareholders in 2019, exceeding our 6.0% commitment.

2019 Market Recap

It was another wild ride for Energy investors. After a steep selloff in the fourth quarter of 2018, oil prices rallied 32.4% in the first quarter of last year. Signs of slowing supply growth in the U.S., combined with OPEC cuts of 1.2 million barrels/day and sanctions on Iran and Venezuela, drove prices higher.

In April, prices peaked at \$66 a barrel before falling 19.4% in May due to a rise in U.S. inventories to levels not seen since mid-2017. Concerns about renewed global trade conflicts between the U.S. and China and the subsequent impact on the global economy also weighed on prices and the Energy sector in the second quarter.

Oil fell to \$51 a barrel in August. However, an attack on a Saudi Arabian oil facility in September caused prices to spike briefly to \$62 a barrel. This level proved unsustainable due in large part to the growth in U.S. shale oil production. The U.S. is now the world's leading oil producer, generating 12.5 million barrels a day, or nearly 20.0% of global production, up from 5.0% in 2014. To put that in perspective, the U.S. now produces more oil than any other country in the world, surpassing output from both Saudi Arabia and Russia, which should reduce the volatility in oil prices from unexpected geopolitical events.

LETTER TO SHAREHOLDERS (CONTINUED)

OPEC announced that it would reduce output by an additional 500,000 barrels in December. This, combined with optimism over a potential resolution to the U.S.-China trade dispute and signs of slowing in non-OPEC oil production, drove prices higher in the fourth quarter, ending the year at \$61 a barrel.

Portfolio Performance

Our Fund benefited from its exposure to both the Energy and Materials sectors in 2019. While our Energy investments increased 10.7%, our Materials holdings rose 25.0%, enabling us to generate a 13.7% return for the year. Investments in the Storage & Transportation and Integrated Oil and Gas industry groups contributed positively to our returns, while investments in Refining and Exploration & Production (E&P) detracted from our relative performance.

Storage & Transportation stocks were our largest overweight within the Energy sector and were the biggest contributor to our returns for the year, increasing 34.0%. Kinder Morgan and Williams were standouts. These companies, which gather, process, and transport natural gas, began to realize the benefits of simplifying their business models and strengthening their balance sheets.

While our Refining investments increased 18.5%, they underperformed the industry group. Our holdings in Valero Energy, the world's largest independent refiner, increased 30.3%, and helped drive our performance in the sector. We see Valero as one of the biggest beneficiaries of the International Maritime Organization's (IMO's) rule, known as IMO 2020, designed to reduce air pollution. In the first half of 2019, we were underweight refiners, which had a negative impact on our returns. We added to our exposure in the second half of 2019 by increasing our position in Marathon Petroleum.

The ripple effect of focusing on profitability over rapid growth continues to be felt throughout the supply chain. It has resulted in a slowdown for Drilling and Services companies as well as E&P firms. The E&P sector was the weakest industry group, gaining just 2.6% for the year. E&P stocks concentrated in the Permian Basin, such as our holdings in Diamondback Energy and EOG Resources, have struggled with lower-than-expected oil realizations in 2019. In addition, investors have remained skeptical about whether Permian companies will remain committed to limiting capital expenditures and returning cash to shareholders as oil prices rise.

Lower returns from these investments offset strong performance from our holdings in Anadarko Petroleum and ConocoPhillips. Anadarko gained 68.1% for the year driven by a bidding war between Chevron and Occidental Petroleum. We also owned Occidental and the Fund benefited from the decision to reduce our position after the acquisition was announced. Conoco, which we added late in the year after a period of underperformance, contributed positively to our returns after management announced its 10-year plan, which detailed its ability to generate sustained free cash flow with a minimal increase in capital investment.

Investments in Specialty Chemicals drove our returns in the Materials sector. Air Products, Sherwin-Williams, and Vulcan Materials were standouts gaining 50.0%, 49.7%, and 44.1%, respectively. Air Products, a high-quality industrial gas company, benefited from an improved industry structure, which has led to a better pricing environment. Sherwin-Williams, the coatings company, generated stronger-than-expected results driven by higher volumes and better pricing, which led to margin expansion. Vulcan Materials is a large supplier of road building materials that is well positioned to capitalize on the need for infrastructure growth in its key markets of California and Texas.

Outlook for 2020

As we look ahead to 2020, we recognize that many of the issues that impacted stocks in 2019, such as trade and tariffs, remain unresolved and will likely continue to influence the markets. In 2020, investors also face increased geopolitical risks, including rising tensions in the Middle East, the economic impact of the coronavirus outbreak, and a Presidential election that is expected to be very divisive, creating additional uncertainty that could weigh on markets.

LETTER TO SHAREHOLDERS (CONTINUED)

We expect the U.S. consumer to remain optimistic and continue to drive the economy as low levels of unemployment and accelerating wage gains provide increased spending power. This should help offset softness in corporate investment. In addition, the economy should be supported by the Fed's accommodative stance.

We are optimistic about the prospects of a broader trade deal and believe recession risks appear to have faded in the near term. This sets up positively for 2020 in our view, although we anticipate more modest gains. We expect the demand for oil to improve as trade issues become resolved in 2020. In addition, lower output from OPEC and slower U.S. shale growth should provide further stability to oil prices.

We continue to favor Refining, a group of well run companies that generate strong cash flow. They were early adopters of capital discipline and are focused on increasing shareholder value. Refiners are also well positioned to benefit from IMO 2020, which lowers the amount of sulfur allowed in marine fuel oil. Marathon Petroleum and Valero Energy are best positioned to capitalize on this trend.

Service companies have suffered in recent years as E&P companies have pulled back on projects. We believe that these companies, particularly those with exposure to international markets, may be at an inflection point. We recently added to our position in Schlumberger, which helps energy producers find and extract oil and gas. Schlumberger has size, breadth, and technology advantages over its peers and generates over 60.0% of its revenues from international projects. It sees demand in international and offshore drilling regions continuing to grow in 2020.

We recognize how challenging it has been to be invested in Energy over the past 10 years. However, we expect the next 10 years to be better given the more investor-friendly approach many companies have adopted. After years of spending beyond cash flow, in 2019 the Energy sector began to demonstrate capital discipline by prioritizing free cash flow generation over incremental growth and focusing on paying down debt, increasing dividends, and buying back stock.

In closing, this year was a special one for our Fund as we marked our 90th anniversary as a publicly-traded fund. We appreciate the stories you have shared about Adams and how this investment has impacted your lives and those of past generations. We want to thank our shareholders for their trust in us over the years and look forward to the next 90 years.

By order of the Board of Directors,

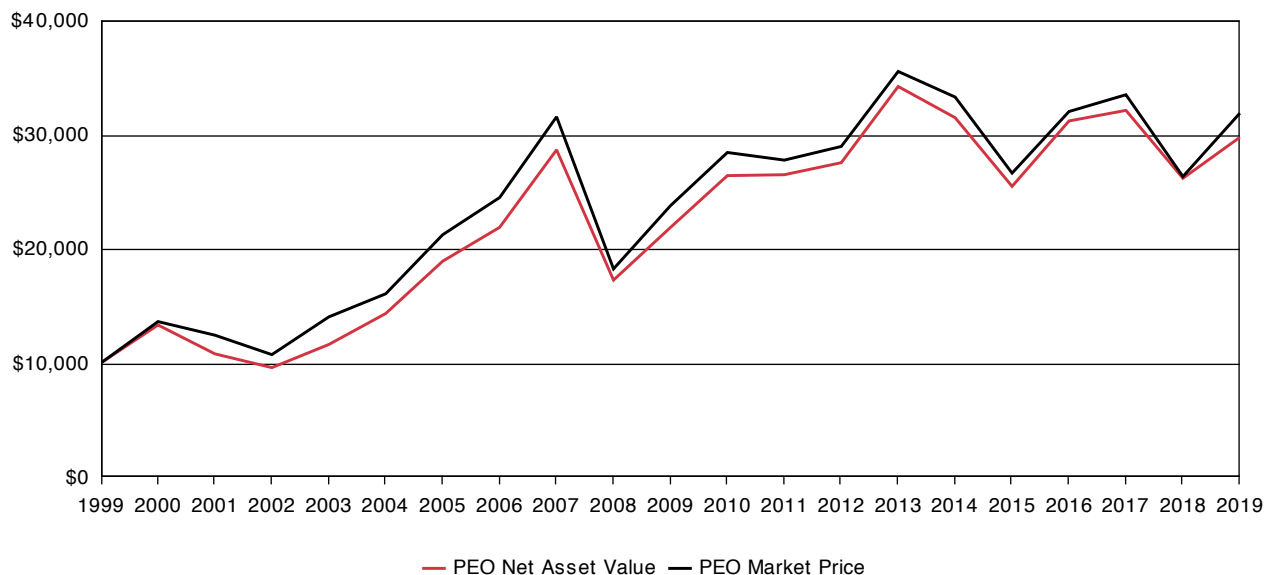


Mark E. Stoeckle
Chief Executive Officer
February 13, 2020

INVESTMENT GROWTH

(unaudited)

This chart shows the value of hypothetical \$10,000 investments in the Fund at net asset value and market price over the past 20 years. All Fund distributions are reinvested at the price received in the Fund's dividend reinvestment plan. Returns do not reflect taxes paid by shareholders on distributions or the sale of shares.



Average Annual Total Returns at 12/31/19					
	Years				
	1	3	5	10	15
PEO NAV	13.7%	-1.5%	-1.1%	3.1%	5.0%
PEO Market Price	21.1%	-0.2%	-0.9%	3.0%	4.7%
Lipper Global Natural Resources Funds Average*	15.4%	-0.3%	-1.1%	-1.1%	2.5%

* Source: Refinitiv

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.

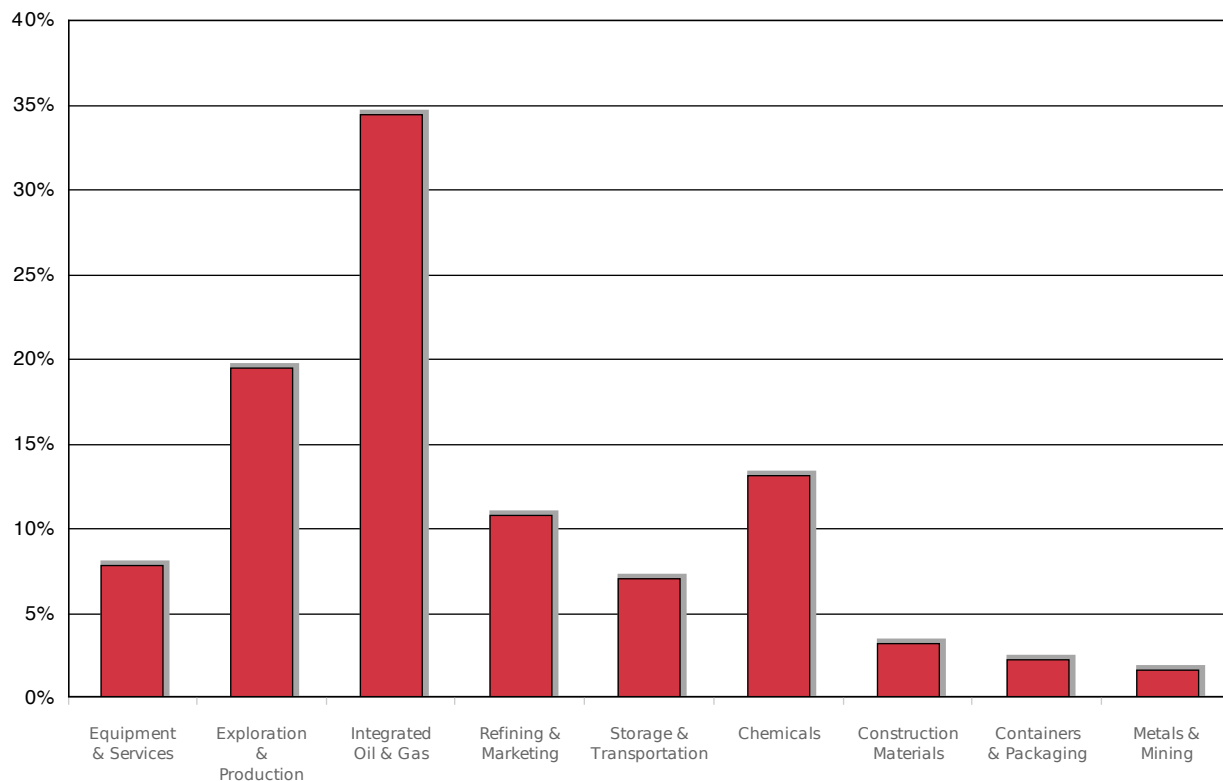
PORTFOLIO HIGHLIGHTS

December 31, 2019
(unaudited)

Ten Largest Equity Portfolio Holdings

	Market Value	Percent of Net Assets
Exxon Mobil Corporation	\$103,262,537	18.4%
Chevron Corporation	90,117,378	16.1
ConocoPhillips	34,693,505	6.2
Schlumberger Limited	23,404,440	4.2
Linde plc	22,205,470	4.0
Phillips 66	21,532,768	3.8
EOG Resources, Inc.	18,854,376	3.4
Marathon Petroleum Corporation	17,399,296	3.1
Valero Energy Corporation	17,269,060	3.1
Kinder Morgan, Inc.	16,660,790	3.0
	\$365,399,620	65.3%

Industry Weightings



STATEMENT OF ASSETS AND LIABILITIES

December 31, 2019

Assets

Investments at value*:		
Common stocks (cost \$506,095,406)	\$558,157,099	
Short-term investments (cost \$3,059,105)	3,059,365	\$561,216,464
Cash (includes restricted cash of \$400,000) (note 4)		539,689
Investment securities sold		12,311,901
Dividends receivable		614,212
Net unrealized gain on open total return swap agreements		417,862
Prepaid expenses and other assets		1,086,491
<i>Total Assets</i>		<u>576,186,619</u>

Liabilities

Investment securities purchased		11,164,143
Obligations to return collateral (note 4)		400,000
Due to officers and directors (note 8)		1,769,859
Accrued expenses and other liabilities		1,383,860
<i>Total Liabilities</i>		<u>14,717,862</u>
Net Assets		<u>\$561,468,757</u>

Net Assets

Common Stock at par value \$0.001 per share, authorized 50,000,000 shares; issued and outstanding 29,874,578 shares (includes 19,325 deferred stock units) (note 7)	\$	29,875
Additional capital surplus		509,329,816
Total distributable earnings (loss)		52,109,066
Net Assets Applicable to Common Stock		<u>\$561,468,757</u>
Net Asset Value Per Share of Common Stock	\$	<u>18.79</u>

* See Schedule of Investments beginning on page 15.

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

STATEMENT OF OPERATIONS

Year Ended December 31, 2019

Investment Income

Income:	
Dividends (net of \$39,579 in foreign taxes)	\$28,929,023
Other income	25,061
<i>Total Income</i>	<i>28,954,084</i>
Expenses:	
Investment research compensation and benefits	3,013,464
Administration and operations compensation and benefits	907,204
Occupancy and other office expenses	283,341
Investment data services	174,788
Directors' compensation	484,000
Shareholder reports and communications	160,509
Transfer agent, custody, and listing fees	127,752
Accounting, recordkeeping, and other professional fees	118,860
Insurance	46,988
Audit and tax services	107,612
Legal services	21,245
<i>Total Expenses</i>	<i>5,445,763</i>
Net Investment Income	23,508,321

Realized Gain (Loss) and Change in Unrealized Appreciation

Net realized gain (loss) on investments	8,726,753
Net realized gain (loss) on total return swap agreements	395,564
Change in unrealized appreciation on investments	32,612,812
Change in unrealized appreciation on total return swap agreements	417,862
Net Gain (Loss)	42,152,991
Change in Net Assets from Operations	\$65,661,312

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

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended December 31,	
	2019	2018
From Operations:		
Net investment income	\$ 23,508,321	\$ 12,293,271
Net realized gain (loss)	9,122,317	11,062,665
Change in unrealized appreciation	33,030,674	(149,397,916)
<i>Change in Net Assets from Operations</i>	65,661,312	(126,041,980)
Distributions to Shareholders from:		
Total distributable earnings	(32,487,778)	(24,607,415)
Return of capital	—	(9,317,331)
<i>Change in Net Assets from Distributions</i>	(32,487,778)	(33,924,746)
From Capital Share Transactions:		
Value of shares issued in payment of distributions (note 5)	5,297,892	8,676,357
Deferred compensation (notes 5, 7)	—	(100,586)
<i>Change in Net Assets from Capital Share Transactions</i>	5,297,892	8,575,771
Total Change in Net Assets	38,471,426	(151,390,955)
Net Assets:		
Beginning of year	522,997,331	674,388,286
End of year	\$561,468,757	\$ 522,997,331

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

NOTES TO FINANCIAL STATEMENTS

Adams Natural Resources Fund, Inc. (the “Fund”) is registered under the Investment Company Act of 1940 (“1940 Act”) as a non-diversified investment company. The Fund is an internally managed closed-end fund specializing in energy and other natural resources stocks. Its 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.

Affiliates — Adams Diversified Equity Fund, Inc. (“ADX”), a diversified, closed-end investment company, owns 7.3% of the Fund’s outstanding shares and is, therefore, an “affiliated company” as defined by the 1940 Act. During the year ended December 31, 2019, the Fund paid dividends and capital gain distributions of \$2,405,452 to ADX. Directors of the Fund are also directors of ADX. The Fund, ADX, and Adams Funds Advisers, LLC (“AFA”), an ADX-affiliated investment adviser to external parties, have a shared management team.

Expenses — The Fund shares personnel, systems, and other infrastructure items with ADX and AFA and is 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 ADX based on relative net assets. 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 ADX based on relative time spent for portfolio managers, relative market values of portfolio securities covered for research staff, and relative net assets for all others. Expense allocations are updated quarterly. Beginning in July 2019 with AFA no longer having assets under management, only those expenses directly attributable to AFA are charged to AFA.

During the year ended December 31, 2019, shared expenses totaled \$14,739,416, of which \$10,229,830 and \$113,980 were charged to ADX and AFA, respectively, in accordance with the Fund’s expense sharing policy. There were no amounts due to, or due from, affiliated companies at December 31, 2019.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

At December 31, 2019, the Fund's financial instruments were classified as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Common stocks	\$558,157,099	\$ —	\$—	\$558,157,099
Short-term investments	3,059,365	—	—	3,059,365
Total investments	\$561,216,464	\$ —	\$—	\$561,216,464
Total return swap agreements*	\$ —	\$417,862	\$—	\$ 417,862

* Unrealized appreciation (depreciation)

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, 2019, the identified cost of securities for federal income tax purposes was \$510,320,262 and net unrealized appreciation aggregated \$51,314,064, consisting of gross unrealized appreciation of \$130,630,204 and gross unrealized depreciation of \$79,316,140.

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, and tax straddles for total return swaps. Differences that are permanent, while not material for the year ended December 31, 2019, 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, 2019 and December 31, 2018 were classified as ordinary income of \$23,028,129 and \$13,086,171, respectively, long-term capital gain of \$9,453,411 and \$11,556,535, respectively, and return of capital of \$0 and \$9,317,331, respectively. The tax basis of distributable earnings at December 31, 2019 was \$639,737 of undistributed ordinary income and \$807,031 of undistributed long-term capital gain.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2019 were \$164,687,762 and \$179,744,356, respectively.

4. DERIVATIVES

During the year ended December 31, 2019, the Fund invested 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 income, to limit equity price risk in the normal course of pursuing its investment objectives, and/or to obtain leverage.

Total Return Swap Agreements — Total return swap agreements are bilateral contracts between the Fund and a counterparty in which the Fund, in the case of a long contract, agrees to receive the positive total return (and pay the negative total return) of an underlying equity security and to pay a financing amount, based on a notional amount and a referenced interest rate, over the term of the contract. In the case of a short contract, the Fund agrees to pay the positive total return (and receive the negative total return) of the underlying equity security and to receive or pay a financing rate, based on a notional amount and a referenced interest rate, over the term of the contract. The fair value of each total return swap agreement is determined daily with the change in the fair value recorded as a change in unrealized appreciation on total return swap agreements in the Statement of Operations. Upon termination of a swap agreement, the Fund recognizes a realized gain (loss) on total return swap agreements in the Statement of Operations equal to the net receivable (payable) amount under the terms of the agreement.

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 underlying equity 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 to net amounts due across multiple agreements upon settlement, providing for a single net settlement with a counterparty. Pursuant to master netting arrangements, the net cumulative unrealized gain (asset) on open total return swap agreements and net cumulative unrealized loss (liability) on open total return swap agreements are presented in the Statement of Assets and Liabilities. The Fund's policy is to net all derivative instruments subject to a netting agreement. During the year ended December 31, 2019, the average daily notional amounts of open long and (short) total return swap agreements, an indicator of the volume of activity, were \$2,501,018 and \$(2,499,233), 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, 2019, there were no securities pledged as collateral and cash collateral of \$400,000 was held by the Fund, classified as restricted cash in the Statement of Assets and Liabilities.

5. CAPITAL STOCK

The Fund has 5,000,000 authorized and unissued preferred shares, \$0.001 par value.

On December 20, 2019, the Fund issued 339,209 shares of its Common Stock at a price of \$15.56 per share (the average market price on December 11, 2019) to shareholders of record November 25, 2019, who elected to take stock in payment of the year-end distribution. During the year ended December 31, 2019, the

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Fund issued 1,258 shares of Common Stock at a weighted average price of \$15.73 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

On December 21, 2018, the Fund issued 536,703 shares of its Common Stock at a price of \$16.05 per share (the average market price on December 12, 2018) to shareholders of record November 26, 2018, who elected to take stock in payment of the year-end distribution. During the year ended December 31, 2018, the Fund issued 3,551 shares of Common Stock at a weighted average price of \$17.52 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

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. No shares were repurchased by the Fund in 2019 or 2018. Management expects it may engage in share repurchases in 2020. Transactions in Common Stock for 2019 and 2018 were as follows:

	Shares		Amount	
	2019	2018	2019	2018
Shares issued in payment of distributions	340,467	540,254	\$5,297,892	\$8,676,357
Net activity under the 2005 Equity Incentive Compensation Plan	—	(5,339)	—	(100,586)
Net change	340,467	534,915	\$5,297,892	\$8,575,771

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, 2019, the Fund recorded matching contributions of \$184,802 and a liability, representing the 2019 discretionary contribution, of \$144,895.

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 non-employee directors that are 100% vested, but payment of which has been deferred at the election of the director, remain outstanding at December 31, 2019.

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, 2019 is as follows:

Awards	Shares/Units	Weighted Average Grant-Date Fair Value
Balance at December 31, 2018	21,345	\$27.32
Reinvested dividend equivalents	1,258	15.73
Vested & issued	(3,278)	25.22
Balance at December 31, 2019	19,325	\$26.93

At December 31, 2019, the Fund had no unrecognized compensation cost. The total fair value of awards vested and issued during the year ended December 31, 2019 was \$53,710.

8. OFFICER AND DIRECTOR COMPENSATION

The aggregate remuneration paid by the Fund during the year ended December 31, 2019 to officers and directors amounted to \$3,311,380, of which \$537,710 was paid to independent directors. These amounts represent the taxable income, including \$53,710 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, 2019, \$1,769,859 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 restricted 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, 2019, 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 affiliated companies 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 \$112,790.

FINANCIAL HIGHLIGHTS

	Year Ended December 31,				
	2019	2018	2017	2016	2015
Per Share Operating Performance					
Net asset value, beginning of year	\$17.71	\$23.26	\$24.02	\$20.74	\$27.56
Net investment income	0.80(a)	0.42	0.46	0.41	0.37
Net realized gain (loss) and change in unrealized appreciation	1.41	(4.77)	0.02	4.07	(5.80)
Change in accumulated other comprehensive income	—	—	—	—	0.05
Total from operations	2.21	(4.35)	0.48	4.48	(5.38)
Less distributions from:					
Net investment income	(0.78)	(0.45)	(0.46)	(0.41)	(0.38)
Net realized gain	(0.32)	(0.40)	(0.72)	(0.73)	(1.00)
Return of capital	—	(0.32)	—	—	—
Total distributions	(1.10)	(1.17)	(1.18)	(1.14)	(1.38)
Capital share repurchases (note 5)	—	—	—	—	—
Reinvestment of distributions	(0.03)	(0.03)	(0.06)	(0.06)	(0.06)
Total capital share transactions	(0.03)	(0.03)	(0.06)	(0.06)	(0.06)
Net asset value, end of year	\$18.79	\$17.71	\$23.26	\$24.02	\$20.74
Market price, end of year	\$16.46	\$14.57	\$19.84	\$20.17	\$17.74
Total Investment Return (b)					
Based on market price	21.1%	-21.4%	4.6%	20.2%	-20.0%
Based on net asset value	13.7%	-18.5%	3.0%	22.5%	-19.1%
Ratios/Supplemental Data					
Net assets, end of year (in millions)	\$561	\$523	\$674	\$686	\$583
Ratio of expenses to average net assets	0.97%	0.79%	0.78%	0.82%	1.26%(c)
Ratio of net investment income to average net assets	4.18%	1.89%	2.05%	1.85%	1.49%(c)
Portfolio turnover	29.5%	47.0%	24.4%	19.0%	16.0%
Number of shares outstanding at end of year (in 000's)	29,875	29,534	28,999	28,555	28,097

(a) In 2019, the Fund received additional dividend income of \$9,693,399, or \$0.33 per Fund share, from the acquisition of Anadarko Petroleum Corporation by Occidental Petroleum Corporation.

(b) Total investment return assumes reinvestment of all distributions at the price received in the Fund's dividend reinvestment plan.

(c) Ratios of expenses to average net assets was 0.86% after adjusting for non-recurring pension-related settlement charges. The adjusted ratio of net investment income to average net assets was 1.89%.

SCHEDULE OF INVESTMENTS

December 31, 2019

	Shares	Value (a)
Common Stocks — 99.4%		
Energy — 79.3%		
Equipment & Services — 7.8%		
Baker Hughes Company	224,900	\$ 5,764,187
Halliburton Company	312,170	7,638,800
Helmerich & Payne, Inc.	27,300	1,240,239
National Oilwell Varco, Inc.	120,200	3,011,010
Schlumberger Limited	582,200	23,404,440
TechnipFMC plc	128,900	2,763,616
		43,822,292
Exploration & Production — 19.4%		
Apache Corporation	107,300	2,745,807
Cabot Oil & Gas Corporation	113,400	1,974,294
Cimarex Energy Company	35,500	1,863,395
Concho Resources Inc.	68,140	5,967,020
ConocoPhillips	533,500	34,693,505
Devon Energy Corporation	120,000	3,116,400
Diamondback Energy, Inc.	56,100	5,209,446
EOG Resources, Inc.	225,100	18,854,376
Hess Corporation	87,900	5,872,599
Marathon Oil Corporation	234,400	3,183,152
Noble Energy, Inc.	139,700	3,470,148
Occidental Petroleum Corporation	307,951	12,690,661
Pioneer Natural Resources Company	59,400	8,991,378
Whiting Petroleum Corporation (b)	50,675	371,955
		109,004,135
Integrated Oil & Gas — 34.4%		
Chevron Corporation	747,800	90,117,378
Exxon Mobil Corporation	1,479,830	103,262,537
		193,379,915
Refining & Marketing — 10.7%		
HollyFrontier Corporation	72,600	3,681,546
Marathon Petroleum Corporation	288,785	17,399,296
Phillips 66	193,275	21,532,768
Valero Energy Corporation	184,400	17,269,060
		59,882,670

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

	Shares	Value (a)
Storage & Transportation — 7.0%		
Kinder Morgan, Inc.	787,000	\$ 16,660,790
ONEOK, Inc.	167,300	12,659,591
Williams Companies, Inc.	410,100	9,727,572
		<u>39,047,953</u>
Materials — 20.1%		
Chemicals — 13.1%		
Air Products and Chemicals, Inc.	21,200	4,981,788
Albemarle Corporation	11,200	818,048
Celanese Corporation	44,300	5,454,216
CF Industries Holdings, Inc.	72,200	3,446,828
Corteva Inc.	76,945	2,274,494
Dow, Inc.	74,645	4,085,321
DuPont de Nemours, Inc.	145,245	9,324,729
Eastman Chemical Company	16,300	1,291,938
Ecolab Inc.	23,900	4,612,461
FMC Corporation	13,500	1,347,570
International Flavors & Fragrances Inc.	10,400	1,341,808
Linde plc	104,300	22,205,470
LyondellBasell Industries N.V.	88,900	8,399,272
Mosaic Company	38,701	837,490
PPG Industries, Inc.	23,700	3,163,713
		<u>73,585,146</u>
Construction Materials — 3.2%		
Martin Marietta Materials, Inc.	6,000	1,677,840
Sherwin-Williams Company	18,600	10,853,844
Vulcan Materials Company	39,600	5,702,004
		<u>18,233,688</u>
Containers & Packaging — 2.2%		
Amcor plc	154,700	1,676,948
Avery Dennison Corporation	10,700	1,399,774
Ball Corporation	31,900	2,062,973
International Paper Company	100,100	4,609,605
Packaging Corporation of America	9,200	1,030,308
Sealed Air Corporation	16,400	653,212
WestRock Company	24,100	1,034,131
		<u>12,466,951</u>

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

	Shares	Value (a)
Metals & Mining — 1.6%		
Freeport-McMoRan, Inc.	155,700	\$ 2,042,784
Newmont Goldcorp Corporation	114,500	4,975,025
Nucor Corporation	30,500	1,716,540
		<u>8,734,349</u>
Total Common Stocks		
(Cost \$506,095,406)		<u>558,157,099</u>
Short-Term Investments — 0.6%		
Money Market Funds — 0.6%		
Morgan Stanley Institutional Liquidity Funds Prime Portfolio, 1.74% (c)	2,598,441	2,600,260
Northern Institutional Treasury Portfolio, 1.56% (c)	459,105	459,105
		<u>3,059,365</u>
Total Short-Term Investments		
(Cost \$3,059,105)		<u>3,059,365</u>
Total — 100.0% of Net Assets		
(Cost \$509,154,511)		561,216,464
Other Assets Less Liabilities — 0.0%		252,293
Net Assets — 100.0%		<u>\$561,468,757</u>

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

Total Return Swap Agreements — 0.1%

Terms	Description	Contract Type	Underlying Security	Termination Date	Notional Amount	Value and Unrealized Appreciation (Assets)	Value and Unrealized Depreciation (Liabilities)
Receive total return on underlying security and pay financing amount based on notional amount and daily U.S. Federal Funds rate plus 0.55%.	Long	Devon Energy Corporation (40,200 shares)	12/2/2020	\$ 817,367	\$227,211	\$ —	
Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.45%.	Short	Energy Select Sector SPDR Fund (14,000 shares)	12/2/2020	(813,246)	—	(59,104)	
Receive total return on underlying security and pay financing amount based on notional amount and daily U.S. Federal Funds rate plus 0.55%.	Long	Hess Corporation (12,600 shares)	12/2/2020	817,991	23,931	—	
Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.45%.	Short	Energy Select Sector SPDR Fund (14,000 shares)	12/2/2020	(813,246)	—	(59,104)	
Receive total return on underlying security and pay financing amount based on notional amount and daily U.S. Federal Funds rate plus 0.55%.	Long	Marathon Oil Corporation (70,800 shares)	12/2/2020	820,983	140,970	—	
Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.45%.	Short	Energy Select Sector SPDR Fund (14,000 shares)	12/2/2020	(813,246)	—	(59,104)	

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2019

Terms	Description	Contract Type	Underlying Security	Termination Date	Notional Amount	Value and Unrealized Appreciation (Assets)	Value and Unrealized Depreciation (Liabilities)
Receive total return on underlying security and pay financing amount based on notional amount and daily U.S. Federal Funds rate plus 0.55%.	Long		Noble Energy, Inc. (42,200 shares)	12/2/2020	821,220	229,045	—
Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.45%.	Short		Energy Select Sector SPDR Fund (14,000 shares)	12/2/2020	(813,246)	—	(59,104)
Receive total return on underlying security and pay financing amount based on notional amount and daily U.S. Federal Funds rate plus 0.55%.	Long		BHP Group Ltd Sponsored ADR (27,100 shares)	12/9/2020	1,393,894	84,189	—
Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.45%.	Short		Materials Select Sector SPDR Fund (23,600 shares)	12/9/2020	(1,403,917)	—	(51,068)
Gross unrealized gain (loss) on open total return swap agreements						<u>\$705,346</u>	<u>\$(287,484)</u>
Net unrealized gain on open total return swap agreements (d)						<u>\$417,862</u>	

- (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) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.
- (d) Counterparty for all open total return swap agreements is Morgan Stanley.

To the Board of Directors and Shareholders of Adams Natural Resources Fund, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Adams Natural Resources Fund, Inc. (the "Fund") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (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, 2019, 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, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 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, 2019 by correspondence with the custodian and broker. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Baltimore, MD
February 14, 2020

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

P R I N C I P A L C H A N G E S I N P O R T F O L I O S E C U R I T I E S

During the Six Months Ended December 31, 2019
(unaudited)

	Purchases (Cost)	Sales (Proceeds)	Market Value Held at December 31, 2019
Baker Hughes Company	\$ 2,171,498		\$ 5,764,187
CF Industries Holdings, Inc.	2,239,932		3,446,828
Chevron Corporation	7,023,729	\$ 273,626	90,117,378
ConocoPhillips	11,326,382		34,693,505
Continental Resources, Inc.	2,692,576	2,665,680	—
DuPont de Nemours, Inc.	3,584,536	1,669,483	9,324,729
Energy Select Sector SPDR Fund	14,531,317	16,196,573	—
EOG Resources, Inc.	418,069	2,152,408	18,854,376
Exxon Mobil Corporation	2,723,884	828,071	103,262,537
International Paper Company	2,274,788		4,609,605
Linde plc	6,899,723	2,231,201	22,205,470
LyondellBasell Industries N.V.	4,308,554	271,996	8,399,272
Marathon Petroleum Corporation	6,388,569	3,480,279	17,399,296
Newmont Goldcorp Corporation	2,196,385	1,388,507	4,975,025
Occidental Petroleum Corporation	2,924,696		12,690,661
Parsley Energy, Inc. Class A	2,842,470	2,440,535	—
Phillips 66	6,101,611		21,532,768
Pioneer Natural Resources Company	2,286,832	5,050,180	8,991,378
Schlumberger Limited	5,630,143		23,404,440
TechnipFMC plc	5,643,208	4,557,649	2,763,616
Air Products and Chemicals, Inc.		8,519,410	4,981,788
Anadarko Petroleum Corporation		12,588,578	—
Ball Corporation		4,784,832	2,062,973
BP plc Sponsored ADR		3,804,546	—
Cheniere Energy, Inc.		5,597,406	—
Diamondback Energy, Inc.		3,587,130	5,209,446
Dow, Inc.		2,716,662	4,085,321
Eastman Chemical Company		2,540,366	1,291,938
Ecolab Inc.		1,986,551	4,612,461
Kinder Morgan, Inc.		3,640,871	16,660,790
Nucor Corporation		2,200,859	1,716,540
Royal Dutch Shell plc Class B Sponsored ADR		3,883,801	—
Sherwin-Williams Company		2,828,316	10,853,844
Total S.A. Sponsored ADR		4,301,113	—
Valero Energy Corporation		2,194,708	17,269,060
Vulcan Materials Company		2,759,082	5,702,004

The transactions presented above are those purchases or sales during the period that exceeded .30% of period-end net assets.

HISTORICAL FINANCIAL STATISTICS

(unaudited)

Year	(000s) Value of Net Assets	(000s) 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*
2005	\$761,914	21,621	\$35.24	\$32.34	\$.56	\$1.22	\$ —	\$1.78	5.9%
2006	812,047	22,181	36.61	33.46	.47	3.33	—	3.80	11.2
2007	978,920	22,768	42.99	38.66	.49	3.82	—	4.31	11.6
2008	538,937	23,959	22.49	19.41	.38	2.61	—	2.99	8.9
2009	650,718	24,327	26.75	23.74	.37	1.03	—	1.40	6.6
2010	761,736	24,790	30.73	27.01	.32	.95	—	1.27	5.5
2011	732,811	25,641	28.58	24.48	.39	1.58	—	1.97	7.1
2012	732,988	26,326	27.84	23.92	.42	1.18	—	1.60	6.4
2013	863,690	26,775	32.26	27.38	.46	1.42	—	1.88	7.2
2014	754,506	27,381	27.56	23.84	.51	1.38	—	1.89	6.6
2015	582,677	28,097	20.74	17.74	.38	1.00	—	1.38	6.2
2016	685,882	28,555	24.02	20.17	.41	.73	—	1.14	6.1
2017	674,388	28,999	23.26	19.84	.46	.72	—	1.18	6.1
2018	522,997	29,534	17.71	14.57	.45	.40	.32	1.17	6.0
2019	561,469	29,875	18.79	16.46	.78	.32	—	1.10	6.9

* 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 2012, the average month-end stock price is determined for the calendar year. For 2012 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 2012.

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 Payment Schedule

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 or cash. 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.**

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/PEO>

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, 2019 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 under the headings "Funds" and then "Reports & Literature"; and (iii) on the Securities and Exchange Commission's website: www.sec.gov.

OTHER INFORMATION (CONTINUED)

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 with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q (prior to 2019) and on Part F of Form N-PORT (beginning in 2019). Both Forms N-Q and N-PORT are available on the Commission's website: www.sec.gov. The Fund also posts a link to its filings on its website: www.adamsfunds.com under the headings "Funds" and then "Reports & Literature".

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.

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 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 <i>To transfer shares to another participant or to a new participant</i> * 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.	Minimum and Maximum Cash Investments: 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
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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.

D I R E C T O R S

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			
Enrique R. Arzac, Ph.D. (78) 1983	<i>Professor Emeritus</i> Graduate School of Business, Columbia University	Two	Mirae Asset Discovery Funds (3 open-end funds) ETF Securities USA, LLC Credit Suisse Next Investors, LLC
Kenneth J. Dale (63) 2008	<i>Senior Vice President and Chief Financial Officer</i> The Associated Press	Two	
Frederic A. Escherich (67) 2006	<i>Private Investor</i>	Two	
Roger W. Gale, Ph.D. (73) 2005	<i>President & CEO</i> GF Energy, LLC (electric power consultants)	Two	
Lauriann C. Kloppenburg (59) 2017	<i>Retired Chief Strategy Officer and Chief Investment Officer - Equity Group</i> Loomis, Sayles & Co., LP (investment management)	Two	
Kathleen T. McGahran, Ph.D., J.D., CPA (69) 2003 Chair of the Board	<i>President & CEO</i> Pelham Associates, Inc. (executive education provider)	Two	Scor Global Life Reinsurance Scor Reinsurance of New York
Craig R. Smith, M.D. (73) 2005	<i>Retired President</i> Williston Consulting LLC (pharmaceutical and biotechnology consulting)	Two	
Interested Director			
Mark E. Stoeckle (63) 2013	<i>Chief Executive Officer</i> Adams Diversified Equity Fund, Inc. Adams Natural Resources Fund, Inc. <i>President</i> 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 (63) 2013	<i>Chief Executive Officer</i> of the Fund and Adams Diversified Equity Fund, Inc. and President of Adams Diversified Equity Fund, Inc.
James P. Haynie, CFA (57) 2013	<i>President</i> of the Fund and <i>Executive Vice President</i> of Adams Diversified Equity Fund, Inc.
Brian S. Hook, CFA, CPA (50) 2008	<i>Vice President, Chief Financial Officer and Treasurer</i> of the Fund and Adams Diversified Equity Fund, Inc.
Janis F. Kerns (56) 2018	<i>General Counsel, Secretary and Chief Compliance Officer</i> of the Fund and Adams Diversified Equity Fund, Inc. (since 2018); Of Counsel, Nelson, Mullins, Riley & Scarborough, LLP (prior to 2018)
Gregory Buckley (49) 2013	<i>Vice President – Research</i> of the Fund (since 2015) and Adams Diversified Equity Fund, Inc. (since 2019)
Michael A. Kijesky, CFA (49) 2009	<i>Vice President – Research</i> of the Fund (since 2011) and Adams Diversified Equity Fund, Inc. (since 2019)
Michael E. Rega, CFA (60) 2014	<i>Vice President – Research</i> of the Fund and Adams Diversified Equity Fund, Inc.
Jeffrey R. Schollaert, CFA (44) 2014	<i>Vice President – Research</i> of the Fund (since 2019) and Adams Diversified Equity Fund, Inc. (since 2017); <i>Senior Research Analyst</i> (prior to 2017)
Christine M. Sloan, CPA (47) 1999	<i>Assistant Treasurer and Director of Human Resources</i> of the Fund and Adams Diversified Equity Fund, Inc. (since 2018); <i>Assistant Treasurer</i> of the Fund and Adams Diversified Equity Fund Inc. (prior to 2018)

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.

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