

ADAMS NATURAL RESOURCES FUND, INC.  
Form N-Q  
October 21, 2015

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY**

**Investment Company Act file number: 811-02736**

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**ADAMS NATURAL RESOURCES FUND, INC.**

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(Exact name of registrant as specified in charter)

**500 East Pratt Street, Suite 1300, Baltimore, Maryland 21202**

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(Address of principal executive offices)

**Lawrence L. Hooper, Jr.  
Adams Natural Resources Fund, Inc.  
500 East Pratt Street, Suite 1300  
Baltimore, Maryland 21202**

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(Name and address of agent for service)

**Registrant's telephone number, including area code:** (410) 752-5900

**Date of fiscal year end:** December 31

**Date of reporting period:** September 30, 2015

**Item 1. Schedule of Investments.**

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SCHEDULE OF INVESTMENTS

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September 30, 2015 (unaudited)

|   | Shares    | Value (A)     |
|---|-----------|---------------|
| <b>Common Stocks 98.4%</b>                |           |               |
| <b>Energy 78.6%</b>                       |           |               |
| <b>Exploration &amp; Production 24.4%</b> |           |               |
| Anadarko Petroleum Corp.                  | 275,000   | \$ 16,607,250 |
| Chesapeake Energy Corp. (B)               | 452,000   | 3,313,160     |
| Cimarex Energy Co.                        | 108,000   | 11,067,840    |
| ConocoPhillips                            | 213,000   | 10,215,480    |
| Energen Corp.                             | 129,600   | 6,461,856     |
| EOG Resources, Inc.                       | 358,000   | 26,062,400    |
| EQT Corp.                                 | 140,000   | 9,067,800     |
| Marathon Oil Corp.                        | 571,000   | 8,793,400     |
| Noble Energy, Inc.                        | 373,500   | 11,272,230    |
| Occidental Petroleum Corp.                | 405,000   | 26,790,750    |
| Pioneer Natural Resources Co.             | 99,500    | 12,103,180    |
| Whiting Petroleum Corp. (C)               | 174,500   | 2,664,615     |
|   |           | 144,419,961   |
| <b>Integrated Oil &amp; Gas 27.0%</b>     |           |               |
| Chevron Corp.                             | 743,200   | 58,623,616    |
| Exxon Mobil Corp.                         | 1,358,430 | 100,999,271   |
|   |           | 159,622,887   |
| <b>Oil Equipment &amp; Services 13.7%</b> |           |               |
| Baker Hughes, Inc.                        | 160,000   | 8,326,400     |
| Halliburton Co.                           | 400,070   | 14,142,474    |
| National Oilwell Varco, Inc.              | 140,000   | 5,271,000     |
| Oil States International Inc. (C)         | 170,000   | 4,442,100     |
| Schlumberger Ltd.                         | 626,000   | 43,175,220    |
| Weatherford International plc (C)         | 645,000   | 5,469,600     |
|   |           | 80,826,794    |
| <b>Pipelines 5.8%</b>                     |           |               |
| Kinder Morgan Inc.                        | 541,000   | 14,974,880    |
| Spectra Energy Corp.                      | 382,000   | 10,035,140    |
| Williams Companies, Inc.                  | 250,000   | 9,212,500     |
|   |           | 34,222,520    |
| <b>Refiners 7.7%</b>                      |           |               |
| Marathon Petroleum Corp.                  | 264,600   | 12,258,918    |
| Phillips 66                               | 431,275   | 33,139,171    |
|   |           | 45,398,089    |

## SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2015 (unaudited)

|  | Shares/<br>Principal | Value (A)      |
|--|----------------------|----------------|
| <b>Basic Materials 19.8%</b>   |                      |                |
| <b>Chemicals 16.0%</b>   |                      |                |
| CF Industries Holdings, Inc.   | 325,345              | \$ 14,607,990  |
| Dow Chemical Co.   | 492,500              | 20,882,000     |
| Eastman Chemical Co.   | 140,000              | 9,060,800      |
| LyondellBasell Industries N.V. (Class A)   | 285,200              | 23,774,272     |
| Monsanto Co.   | 194,400              | 16,590,096     |
| PPG Industries, Inc.   | 112,000              | 9,821,280      |
|  |                      | 94,736,438     |
| <b>General Industrials 1.6%</b>  |                      |                |
| Packaging Corp. of America   | 156,300              | 9,403,008      |
| <b>Gold &amp; Precious Metals 0.8%</b>   |                      |                |
| SPDR Gold Trust (C)  | 45,000               | 4,808,700      |
| <b>Industrial Metals 1.4%</b>  |                      |                |
| Alcoa Inc.   | 614,000              | 5,931,240      |
| Freeport-McMoRan Inc.  | 248,000              | 2,403,120      |
|  |                      | 8,334,360      |
| <b>Total Common Stocks</b>   |                      |                |
| (Cost \$455,683,178)   |                      | 581,772,757    |
| <b>Short-Term Investments 1.6%</b>   |                      |                |
| <b>Money Market Account 0.6%</b>   |                      |                |
| M&T Bank, 0.10%  | \$ 3,633,667         | 3,633,667      |
| <b>Money Market Funds 1.0%</b>   |                      |                |
| Fidelity Institutional Money Market Money Market Portfolio (Institutional Class), 0.17% (D)  | 5,755,224            | 5,755,224      |
| <b>Total Short-Term Investments</b>  |                      |                |
| (Cost \$9,388,891)   |                      | 9,388,891      |
| <b>Securities Lending Collateral 0.5%</b>  |                      |                |
| (Cost \$3,005,800)   |                      |                |
| <b>Money Market Funds 0.5%</b>   |                      |                |
| Invesco Short-Term Investment Trust Liquid Assets Portfolio (Institutional Class), 0.16% (D) | 3,005,800            | 3,005,800      |
| <b>Total Investments 100.5% of Net Assets</b>  |                      |                |
| (Cost \$468,077,869)   |                      | \$ 594,167,448 |

Notes:

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- (A) Common stocks are listed on the New York Stock Exchange or the NASDAQ and are valued at the last reported sale price on the day of valuation.  
(B) A portion of shares held are on loan.  
(C) Presently non-dividend paying.  
(D) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.

See accompanying notes.

## NOTES TO SCHEDULES OF INVESTMENTS (Unaudited)

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### 1. SIGNIFICANT ACCOUNTING POLICIES

Adams Natural Resources Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a non-diversified investment company. The Fund is an internally-managed closed-end fund specializing in energy and other natural resources stocks. The investment objectives of the Fund are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

**Investment Transactions** - The Fund's investment decisions are made by the portfolio management team with recommendations from the research staff. The Fund is subject to changes in the value of equity securities held in the normal course of pursuing its investment objectives. Investment transactions are accounted for on the trade date.

**Valuation** - The Fund's financial instruments are reported at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in securities traded on national security exchanges are valued at the last reported sale price on the day of valuation. Over-the-counter and listed securities for which a sale price is not available are valued at the last quoted bid price. Short-term investments (excluding money market funds) are valued at amortized cost, which approximates fair value. Money market funds are valued at net asset value.

GAAP establishes the following fair value hierarchy that categorizes 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 in the circumstances.

At September 30, 2015, the Fund's financial instruments were classified as follows:

|                               | Level 1       | Level 2 | Level 3 | Total         |
|-------------------------------|---------------|---------|---------|---------------|
| <b>Assets:</b>                |               |         |         |               |
| Common stocks                 | \$581,772,757 | \$--    | \$--    | \$581,772,757 |
| Short-term investments        | 9,388,891     | --      | --      | 9,388,891     |
| Securities lending collateral | 3,005,800     | --      | --      | 3,005,800     |
| Total investments             | \$594,167,448 | \$--    | \$--    | \$594,167,448 |

There were no transfers between levels during the nine months ended September 30, 2015.

## **2. FEDERAL INCOME TAXES**

As of September 30, 2015, the identified cost of securities for federal income tax purposes was \$468,077,869 and net unrealized appreciation aggregated \$126,089,579, consisting of gross unrealized appreciation of \$195,303,811 and gross unrealized depreciation of \$69,214,232.

## **3. PORTFOLIO SECURITIES LOANED**

The Fund makes loans of securities to approved brokers to earn additional income. It receives as collateral cash deposits, U.S. Government securities, or bank letters of credit 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. Cash deposits are placed in a registered money market fund. The Fund accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Fund also continues to receive interest or 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 September 30, 2015, the Fund had securities on loan of \$3,147,502 and held cash collateral of \$3,005,800; additional collateral was delivered the next business day in accordance with the procedure described above. The Fund is indemnified by the Custodian, serving as lending agent, for loss of loaned securities and has the right under the lending agreement to recover the securities from the borrower on demand.

### **Item 2. Controls and Procedures.**

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report.

(b) There have been no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### **Item 3. Exhibits.**

The certifications of the principal executive officer and principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto as Form N-Q Certifications.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Adams Natural Resources Fund, Inc.

By: /s/ Mark E. Stoeckle

Mark E. Stoeckle  
Chief Executive Officer  
(Principal Executive Officer)

Date: October 21, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Mark E. Stoeckle  
Mark E. Stoeckle  
Chief Executive Officer  
(Principal Executive Officer)

Date: October 21, 2015

By: /s/ Brian S. Hook  
Brian S. Hook  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: October 21, 2015