

ADAMS DIVERSIFIED EQUITY FUND, INC.

Form N-30B-2

October 23, 2017

**ADAMS**

**DIVERSIFIED EQUITY**

**FUND**

**THIRD QUARTER REPORT**

**SEPTEMBER 30, 2017**

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

The U.S. equity market rose to record levels in the third quarter of 2017. The S&P 500 gained 4.5% for the quarter, bringing its year-to-date return to 14.2%. Adams Diversified Equity Fund exceeded the returns of the S&P 500 over both horizons, increasing 4.9% and 17.4%, respectively.

For the first time since 2011, the S&P 500 posted two consecutive quarters of double-digit earnings growth in the first half of 2017. The economy grew 3.1% in the second quarter, an acceleration from the 1.2% growth in the first quarter, driven by strong consumer spending. The combination of strong earnings growth and positive economic data supported the market's move higher in the third quarter. Although inflation levels remained low, the Fed signaled it expects to continue to gradually raise rates and would begin unwinding its \$4.5 trillion balance sheet this year, demonstrating conviction in the strength of the economy.

The market hit record highs during the quarter despite concerns over several geopolitical issues, including rising tensions between the U.S. and North Korea, talk of potential trade limitations on Chinese goods, and terrorist attacks in Spain and London. In addition, two major hurricanes struck the U.S., causing significant damage to parts of Texas, Florida, and Puerto Rico.

The strongest contributors to the Fund's outperformance during the quarter were Materials and Industrials, increasing 16.9% and 8.1%, respectively. Year-to-date, Technology and Industrials were the strongest sectors, advancing 33.2% and 21.3%, respectively.

Materials was a standout in the third quarter led by LyondellBasell, a diversified chemical company. LyondellBasell benefited from strong margins in its core olefins and polyolefins business, which are essential components in the production of plastics. We initiated a position in Albemarle during the quarter. Albemarle is one of the best-positioned global producers of lithium, which is used in lithium-ion batteries. The market for lithium is growing rapidly as a result of increased demand for electric vehicles. Over the long term, we view the potential of power storage growth as a significant opportunity for the company.

LETTER TO SHAREHOLDERS (CONTINUED)

The Fund benefited from strong stock selection in the Industrials sector. The top performer for the quarter was Boeing, which increased 29.3% and 67.0% year-to-date. Strong global demand for aircraft, combined with Boeing's exposure to the defense industry, resulted in significant operating leverage and cash-flow growth at the company. Machinery stocks also generated strong returns for the Fund, driven by Fortive and Parker-Hannifin. Fortive manufactures instrumentation products and provides industrial manufacturing solutions to a variety of end-markets. It

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is a consolidation story that is exceeding earnings expectations and executing upon plans to utilize free cash flow for growth through acquisitions. Parker-Hannifin is an industrial manufacturer focused on motion and control technologies. The company is benefiting from a recovery in industrial manufacturing and realizing better-than-expected synergies from its acquisition of filtration product manufacturer Clarcor.

During the quarter, the Financials sector was challenged, particularly stocks in the insurance industry. We exited our position in American International Group (AIG) as our original investment thesis on the company had changed. The new management team is less focused on returning capital to shareholders, which we had viewed as critical to the AIG opportunity. We chose to increase our exposure to regional banks and initiated a position in Signature Bank, based in New York City. The stock had come under pressure recently due to issues with the value of its Taxi medallion loan book and competition within its core market. This created a compelling valuation for a company with a unique business model that generates higher returns and growth rates relative to its peers.

In the Technology sector, our holdings in Facebook and Lam Research continued to benefit the portfolio. Both companies generated better-than-expected earnings, which led to significant share-price appreciation. During the quarter, we initiated a position in Cognizant Technology Solutions, an information technology consulting and outsourcing company. Cognizant struggled in 2016 due to spending reductions in two of its largest end-markets, Financial Services and Health Care. With expectations for a recovery in these markets, combined with management's emphasis on enhancing shareholder returns through margin expansion and share repurchases, we expect the company to report strong results.

The stock market has performed well thus far in 2017 despite ongoing gridlock in Washington delaying promises for health care legislation, tax reform, and infrastructure spending. There is still the possibility that Congress will pass tax reform legislation before the end of the year but, given its recent track record, it is anything but certain. Geopolitical issues will likely continue to create potential headwinds for stocks as well. In the face of this, we remain focused on identifying quality companies that are executing at the highest levels and are trading at attractive valuations.

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### LETTER TO SHAREHOLDERS (CONTINUED)

For the nine months ended September 30, 2017, the total return on the Fund's net asset value (NAV) per share (with dividends and capital gains reinvested) was 17.4%. This compares to a 14.2% total return for the S&P 500 and a 13.5% total return for the Lipper Large-Cap Core Funds Average over the same time period. The total return on the market price of the Fund's shares for the period was 20.9%.

For the twelve months ended September 30, 2017, the Fund's total return on NAV was 21.7%. Comparable figures for the S&P 500 and Lipper Large-Cap Core Funds Average were 18.6% and 17.7%, respectively. The Fund's total return on market price was 24.6%.

During the first nine months of this year, the Fund paid distributions to shareholders in the amount of \$14.9 million, or \$.15 per share, consisting of \$.03 net investment income and \$.01 long-term capital gain, realized in 2016, and \$.11 of net investment income realized in 2017, all taxable in 2017. These constitute the first three payments toward our annual 6.0% minimum distribution rate commitment. Additionally, the Fund repurchased 741,261 shares of its Common Stock during the past nine months. The shares were repurchased at an average price of \$14.05 and a

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weighted average discount to NAV of 15.3%, resulting in a \$0.02 increase to NAV per share.

By order of the Board of Directors,

Mark E. Stoeckle

*Chief Executive Officer & President*

October 12, 2017

### **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.

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### **SUMMARY FINANCIAL INFORMATION**

*(unaudited)*

|                           | <b>2017</b>     | <b>2016</b>     |
|---------------------------|-----------------|-----------------|
| <i>At September 30:</i>   |                 |                 |
| Net asset value per share | \$17.68         | \$15.65         |
| Market price per share    | \$15.21         | \$13.15         |
| Shares outstanding        | 98,684,525      | 97,016,857      |
| Total net assets          | \$1,744,456,638 | \$1,517,835,665 |

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|  |               |               |
|--|---------------|---------------|
| Unrealized appreciation on investments | \$546,390,851 | \$388,298,493 |
|--|---------------|---------------|

*For the nine months ended September 30:*

|   |               |              |
|---|---------------|--------------|
| Net investment income                   | \$16,174,503  | \$13,893,193 |
| Net realized gain                       | \$108,858,787 | \$63,633,330 |
| Cost of shares repurchased              | \$10,414,250  | \$11,151,645 |
| Shares repurchased                      | 741,261       | 875,663      |
| Total return (based on market price)    | 20.9%         | 3.7%         |
| Total return (based on net asset value) | 17.4%         | 5.3%         |

*Key ratios:*

|   |       |       |
|---|-------|-------|
| Expenses to average net assets*                 | 0.57% | 0.61% |
| Net investment income to average net assets*    | 1.32% | 1.26% |
| Portfolio turnover*                             | 41.0% | 26.9% |
| Net cash & short-term investments to net assets | 1.2%  | 2.5%  |

\* Annualized

**TEN LARGEST EQUITY PORTFOLIO HOLDINGS**

*September 30, 2017 (unaudited)*

|                                     | <b>Market Value</b> | <b>Percent of Net Assets</b> |
|-------------------------------------|---------------------|------------------------------|
| Apple Inc.                          | \$ 74,054,660       | 4.2%                         |
| Microsoft Corp.                     | 62,333,232          | 3.6                          |
| Alphabet Inc. (Class A & Class C)   | 58,474,727          | 3.4                          |
| Facebook, Inc. (Class A)            | 46,613,336          | 2.7                          |
| Adams Natural Resources Fund, Inc.* | 42,970,109          | 2.5                          |
| Amazon.com, Inc.                    | 42,395,535          | 2.4                          |
| Comcast Corp. (Class A)             | 38,826,320          | 2.2                          |
| Bank of America Corp.               | 34,756,344          | 2.0                          |
| American Express Co.                | 34,221,018          | 2.0                          |
| Visa Inc. (Class A)                 | 33,887,280          | 1.9                          |
|                                     | \$ 468,532,561      | 26.9%                        |

\* Non-controlled affiliated closed-end fund

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**SCHEDULE OF INVESTMENTS**

*September 30, 2017 (unaudited)*

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|  | Shares    | Value (A)     |
|--|-----------|---------------|
| <b>Common Stocks 98.7%</b>             |           |               |
| <b>Consumer Discretionary 11.7%</b>    |           |               |
| Amazon.com, Inc. (B)                   | 44,100    | \$ 42,395,535 |
| Comcast Corp. (Class A)                | 1,009,000 | 38,826,320    |
| Dollar General Corp.                   | 149,637   | 12,128,079    |
| Home Depot, Inc.                       | 177,400   | 29,015,544    |
| Lowe's Companies, Inc.                 | 298,400   | 23,854,096    |
| Magna International Inc. (F)           | 252,000   | 13,451,760    |
| Priceline Group Inc. (B)               | 10,300    | 18,857,446    |
| Starbucks Corp.                        | 251,300   | 13,497,323    |
| Walt Disney Co.                        | 117,000   | 11,532,690    |
|  |           | 203,558,793   |
| <b>Consumer Staples 8.4%</b>           |           |               |
| Altria Group, Inc.                     | 273,300   | 17,332,686    |
| Coca-Cola Co.                          | 186,000   | 8,371,860     |
| Costco Wholesale Corp.                 | 45,200    | 7,425,908     |
| CVS Health Corp.                       | 247,400   | 20,118,568    |
| PepsiCo, Inc.                          | 230,400   | 25,673,472    |
| Philip Morris International Inc.       | 295,300   | 32,781,253    |
| Procter & Gamble Co.                   | 131,850   | 11,995,713    |
| Walmart Stores, Inc.                   | 292,400   | 22,848,136    |
|  |           | 146,547,596   |
| <b>Energy 6.5%</b>                     |           |               |
| Adams Natural Resources Fund, Inc. (C) | 2,186,774 | 42,970,109    |
| Andeavor                               | 68,000    | 7,014,200     |
| Concho Resources Inc. (B)              | 72,900    | 9,602,388     |
| Exxon Mobil Corp.                      | 358,300   | 29,373,434    |
| Halliburton Co.                        | 354,400   | 16,313,032    |
| Pioneer Natural Resources Co.          | 57,800    | 8,527,812     |
|  |           | 113,800,975   |
| <b>Financials 14.7%</b>                |           |               |
| American Express Co.                   | 378,300   | 34,221,018    |
| Bank of America Corp.                  | 1,371,600 | 34,756,344    |
| Berkshire Hathaway Inc. (Class B) (B)  | 65,900    | 12,080,788    |
| BlackRock, Inc.                        | 41,400    | 18,509,526    |
| Chubb Ltd.                             | 78,800    | 11,232,940    |
| Citigroup Inc.                         | 345,600   | 25,138,944    |
| Intercontinental Exchange, Inc.        | 379,900   | 26,099,130    |
| JPMorgan Chase & Co.                   | 178,200   | 17,019,882    |
| Prudential Financial, Inc.             | 129,400   | 13,757,808    |
| Signature Bank (B)                     | 92,800    | 11,882,112    |
| SunTrust Banks, Inc.                   | 378,100   | 22,599,037    |
| Wells Fargo & Co.                      | 518,200   | 28,578,730    |
|  |           | 255,876,259   |

SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2017 (unaudited)

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|  | Shares  | Value (A)     |
|--|---------|---------------|
| <b>Health Care 13.7%</b>                 |         |               |
| AbbVie, Inc.                             | 380,000 | \$ 33,766,800 |
| Aetna Inc.                               | 183,900 | 29,241,939    |
| Alexion Pharmaceuticals, Inc. (B)        | 73,400  | 10,297,286    |
| Allergan plc                             | 107,096 | 21,949,325    |
| Amgen Inc.                               | 113,300 | 21,124,785    |
| Becton, Dickinson and Co. (F)            | 63,000  | 12,344,850    |
| Johnson & Johnson                        | 241,900 | 31,449,419    |
| McKesson Corp.                           | 100,900 | 15,499,249    |
| Pfizer Inc.                              | 702,940 | 25,094,958    |
| Thermo Fisher Scientific Inc.            | 145,400 | 27,509,680    |
| Waters Corp. (B)                         | 62,200  | 11,166,144    |
|  |         | 239,444,435   |
| <b>Industrials 10.3%</b>                 |         |               |
| Boeing Co.                               | 114,700 | 29,157,887    |
| Cummins Inc.                             | 136,100 | 22,868,883    |
| Delta Air Lines, Inc.                    | 282,200 | 13,607,684    |
| Fortive Corp.                            | 279,700 | 19,799,963    |
| General Electric Co.                     | 510,600 | 12,346,308    |
| Honeywell International Inc.             | 193,000 | 27,355,820    |
| Industrial Select Sector SPDR Fund (F)   | 143,900 | 10,216,900    |
| Parker-Hannifin Corp.                    | 103,400 | 18,097,068    |
| Union Pacific Corp.                      | 219,500 | 25,455,415    |
|  |         | 178,905,928   |
| <b>Information Technology 23.3%</b>      |         |               |
| Adobe Systems Inc. (B)                   | 117,200 | 17,483,896    |
| Alphabet Inc. (Class A) (B)              | 30,900  | 30,087,948    |
| Alphabet Inc. (Class C) (B)              | 29,597  | 28,386,779    |
| Apple Inc.                               | 480,500 | 74,054,660    |
| Broadcom Ltd.                            | 78,900  | 19,136,406    |
| Cisco Systems, Inc.                      | 271,900 | 9,143,997     |
| Cognizant Technology Solutions Corp.     | 200,100 | 14,515,254    |
| DXC Technology Co.                       | 143,000 | 12,280,840    |
| Facebook, Inc. (Class A) (B)             | 272,800 | 46,613,336    |
| Lam Research Corp. (F)                   | 84,300  | 15,598,872    |
| MasterCard, Inc. (Class A)               | 147,700 | 20,855,240    |
| Microsoft Corp.                          | 836,800 | 62,333,232    |
| Oracle Corp.                             | 122,200 | 5,908,370     |
| salesforce.com, inc. (B)                 | 181,200 | 16,927,704    |
| Visa Inc. (Class A) (F)                  | 322,000 | 33,887,280    |
|  |         | 407,213,814   |
| <b>Materials 2.2%</b>                    |         |               |
| Albemarle Corp. (F)                      | 76,300  | 10,400,453    |
| DowDuPont Inc.                           | 208,300 | 14,420,609    |
| LyondellBasell Industries N.V. (Class A) | 136,200 | 13,490,610    |
|  |         | 38,311,672    |
| <b>Real Estate 3.6%</b>                  |         |               |
| American Tower Corp.                     | 85,900  | 11,740,812    |
| AvalonBay Communities, Inc.              | 53,800  | 9,598,996     |
| Prologis, Inc.                           | 351,600 | 22,312,536    |
| SBA Communications Corp. (Class A) (B)   | 46,800  | 6,741,540     |
| Simon Property Group, Inc.               | 77,000  | 12,397,770    |
|  |         | 62,791,654    |
| <b>Telecommunication Services 1.4%</b>   |         |               |
| AT&T Inc. (F)                            | 262,200 | 10,270,374    |

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|                             |         |            |
|-----------------------------|---------|------------|
| T-Mobile US, Inc. (B)       | 98,200  | 6,055,012  |
| Verizon Communications Inc. | 171,600 | 8,492,484  |
|                             |         | 24,817,870 |

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SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2017 (unaudited)

|   | Shares/<br>Principal | Value (A)     |
|---|----------------------|---------------|
| <b>Utilities 2.9%</b>   |                      |               |
| CenterPoint Energy, Inc.  | 401,000              | \$ 11,713,210 |
| Edison International  | 130,300              | 10,055,251    |
| NextEra Energy, Inc.  | 111,800              | 16,384,290    |
| Public Services Enterprise Group Inc.   | 249,000              | 11,516,250    |
|   |                      | 49,669,001    |
| <b>Total Common Stocks</b>  |                      |               |
| (Cost \$1,178,428,992)  |                      | 1,720,937,997 |
| <b>Other Investments 0.1%</b>   |                      |               |
| <b>Financials 0.1%</b>  |                      |               |
| Adams Funds Advisers, LLC (B) (D)   |                      | 1,469,000     |
| (Cost \$150,000)  |                      |               |
| <b>Short-Term Investments 1.1%</b>  |                      |               |
| <b>Money Market Funds 1.1%</b>  |                      |               |
| Fidelity Institutional Money Market Money Market Portfolio (Institutional Class), 1.22% (E) | 13,000,000           | 13,008,614    |
| Northern Institutional Treasury Portfolio, 0.91% (E)  | 7,076,257            | 7,076,257     |
| <b>Total Short-Term Investments</b>   |                      |               |
| (Cost \$20,076,257)   |                      | 20,084,871    |
| <b>Securities Lending Collateral 2.9%</b>   |                      |               |
| <b>Money Market Funds 0.1%</b>  |                      |               |
| Northern Institutional Funds Liquid Assets Portfolio, 1.04% (E)                             | 1,594,512            | 1,594,512     |
| <b>U.S. Government Obligations 2.8%</b>   |                      |               |
| U.S. Inflation Indexed Notes, 0.13-5.77%, 4/15/18-2/15/47                                   | \$ 591,008           | 643,361       |
| U.S. Treasury Bills, 0.0%, 10/12/17-7/19/18   | \$ 4,305,749         | 4,297,573     |
| U.S. Treasury Bonds, 1.50-8.13%, 5/15/19-11/15/46   | \$ 9,922,696         | 10,824,961    |
| U.S. Treasury Notes, 0.63-4.25%, 10/15/17-11/15/40  | \$ 32,791,917        | 32,940,072    |
| U.S. Treasury Strips, 0.0%, 11/15/25  | \$ 4,229             | 3,502         |
|   |                      | 48,709,469    |
| <b>Total Securities Lending Collateral</b>  |                      |               |
| (Cost \$50,303,981)   |                      | 50,303,981    |
| <b>Total 102.8%</b>   |                      |               |
| (Cost \$1,248,959,230)  |                      | 1,792,795,849 |

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Other Assets Less Liabilities (2.8)% (48,339,211)

Net Assets 100.0% \$ 1,744,456,638

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SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2017 (unaudited)

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          | Berkshire Hathaway Inc. Class B (96,000 shares)           | 3/7/18           | \$ 15,735,946   | \$ 1,704,445                               | \$  |
|       | 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         | Financial Select Sector SPDR Fund (664,400 shares)        | 3/7/18           | (15,712,994)    |  | (1,220,722)                                     |
|       | 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          | Costco Wholesale Corp. (79,400 shares)                    | 8/2/18           | 12,266,641      | 775,822                                    |   |
|       | Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.46%. | Short         | Consumer Staples Select Sector SPDR Fund (220,400 shares) | 8/2/18           | (12,190,836)    | 190,021                                    |   |
|       | 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          | Anadarko Petroleum Corp. (210,600 shares)                 | 8/31/18          | 9,831,924       | 436,625                                    |   |
|       | Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.51%. | Short         | Energy Select Sector SPDR Fund (136,800 shares)           | 8/31/18          | (9,049,005)     |  | (427,031)                                       |

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SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2017 (unaudited)

| Terms | Description | Contract Type | Underlying Security | Termination Date | Notional Amount | Value and Unrealized Appreciation (Assets) | Value and Unrealized Depreciation (Liabilities) |
|-------|-------------|---------------|---------------------|------------------|-----------------|--|---|
|-------|-------------|---------------|---------------------|------------------|-----------------|--|---|

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|   |       |  |         |              |            |           |
|---|-------|--|---------|--------------|------------|-----------|
| 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  | Affiliated Managers Group, Inc. (28,800 shares)          | 9/18/18 | \$ 5,145,777 | \$ 309,608 | \$        |
| 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  | Eaton Vance Corp. (106,700 shares)                       | 9/18/18 | 5,159,190    | 96,839     |           |
| 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 | Financial Select Sector SPDR Fund (407,700 shares)       | 9/18/18 | (10,210,113) |            | (749,079) |
| 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  | The TJX Companies, Inc. (236,800 shares)                 | 10/4/18 | 17,112,068   | 324,480    |           |
| Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.41%. | Short | Consumer Discretionary Select SPDR Fund (142,800 shares) | 10/4/18 | (12,796,451) |            | (104,943) |
| Pay total return on underlying security and pay financing amount based on notional amount and daily U.S. Federal Funds rate less 2.91%.     | Short | SPDR S&P Retail ETF (108,900 shares)                     | 10/4/18 | (4,259,841)  |            | (314,562) |
| 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  | Centene Corp. (143,200 shares)                           | 10/9/18 | 12,686,331   | 1,155,024  |           |
| Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.41%. | Short | Health Care Select Sector SPDR Fund (157,000 shares)     | 10/9/18 | (12,676,007) |            | (91,284)  |

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SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2017 (unaudited)

| 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          | Mondelez International Inc. (319,500 shares)              | 10/24/18         | \$ 12,945,150   | \$ 108,632                                 | \$  |
| Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.41%. | Short         | Consumer Staples Select Sector SPDR Fund (235,200 shares) | 10/24/18         | (12,852,151)    | 202,781                                    |   |
| 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          | Celgene Corp. (181,800 shares)                            | 10/26/18         | 26,155,748      | 344,389                                    |   |

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|   |       |   |          |              |           |
|---|-------|---|----------|--------------|-----------|
| Pay total return on underlying security and receive financing amount based on notional amount and daily U.S. Federal Funds rate less 0.41%. | Short | Health Care Select Sector SPDR Fund<br>(321,300 shares) | 10/26/18 | (26,173,741) | (186,813) |
|---|-------|---|----------|--------------|-----------|

|   |  |  |  |              |                |
|---|--|--|--|--------------|----------------|
| Gross unrealized gain/(loss) on open total return swap agreements |  |  |  | \$ 5,648,666 | \$ (3,094,434) |
|---|--|--|--|--------------|----------------|

|  |  |  |  |              |  |
|--|--|--|--|--------------|--|
| Net unrealized gain on open total return swap agreements (G) |  |  |  | \$ 2,554,232 |  |
|--|--|--|--|--------------|--|

Notes:

(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) 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) All or a portion of shares held are on loan.

(G) Counterparty for all open swap agreements is Morgan Stanley. At period-end, \$2,180,000 in cash collateral was held by the Fund.

ADAMS DIVERSIFIED EQUITY FUND, INC.

**Board of Directors**

|                                   |  |                               |
|-----------------------------------|--|-------------------------------|
| Enrique R. Arzac <sup>2,4</sup>   | Frederic A. Escherich <sup>1,2,3</sup> | Craig R. Smith <sup>2,3</sup> |
| Phyllis O. Bonanno <sup>3,4</sup> | Roger W. Gale <sup>1,2,4</sup>         | Mark E. Stoeckle <sup>1</sup> |
| Kenneth J. Dale <sup>1,3,4</sup>  | Kathleen T. McGahran <sup>1,5</sup>    |                               |

- 1. Member of Executive Committee
- 2. Member of Audit Committee
- 3. Member of Compensation Committee
- 4. Member of Nominating and Governance Committee
- 5. Chair of the Board

**Officers**

|                            |  |
|----------------------------|--|
| Mark E. Stoeckle           | <i>Chief Executive Officer &amp; President</i>                                   |
| James P. Haynie, CFA       | <i>Executive Vice President</i>  |
| D. Cotton Swindell, CFA    | <i>Executive Vice President</i>  |
| Brian S. Hook, CFA, CPA    | <i>Vice President, Chief Financial Officer &amp; Treasurer</i>                   |
| Lawrence L. Hooper, Jr.    | <i>Vice President, General Counsel, Secretary &amp; Chief Compliance Officer</i> |
| Steven R. Crain, CFA       | <i>Vice President Research</i>   |
| Michael E. Rega, CFA       | <i>Vice President Research</i>   |
| David R. Schiminger, CFA   | <i>Vice President Research</i>   |
| Jeffrey R. Schollaert, CFA | <i>Vice President Research</i>   |
| Christine M. Sloan, CPA    | <i>Assistant Treasurer</i>   |

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410.752.5900 800.638.2479

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**Tickers:** ADX (NYSE), XADEX (NASDAQ)

**Counsel:** Norton Rose Fulbright US LLP

***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

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