

ADAMS NATURAL RESOURCES FUND, INC.
Form N-Q
April 25, 2016

FORM N-Q

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

Investment Company Act file number: 811-02736

ADAMS NATURAL RESOURCES FUND, INC.

(Exact name of registrant as specified in charter)

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

(Address of principal executive offices)

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

(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: March 31, 2016

Item 1. Schedule of Investments.

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March 31, 2016 (unaudited)

| | Shares | Value (A) |
|---|-----------|---------------|
| Common Stocks 99.0% | | |
| Energy 78.9% | | |
| Exploration & Production 23.7% | | |
| Anadarko Petroleum Corp. | 275,000 | \$ 12,806,750 |
| Cimarex Energy Co. | 96,100 | 9,347,647 |
| Concho Resources Inc. (C) | 103,400 | 10,447,536 |
| ConocoPhillips | 491,100 | 19,776,597 |
| EOG Resources, Inc. | 322,300 | 23,392,534 |
| EQT Corp. | 133,700 | 8,992,662 |
| Marathon Oil Corp. | 571,000 | 6,360,940 |
| Noble Energy, Inc. | 302,300 | 9,495,243 |
| Occidental Petroleum Corp. | 321,600 | 22,007,088 |
| Pioneer Natural Resources Co. | 89,600 | 12,610,304 |
| RSP Permian, Inc. (C) | 147,000 | 4,268,880 |
| Whiting Petroleum Corp. (C) | 251,500 | 2,006,970 |
| | | 141,513,151 |
| Integrated Oil & Gas 29.1% | | |
| Chevron Corp. | 591,200 | 56,400,480 |
| Exxon Mobil Corp. | 1,404,730 | 117,421,381 |
| | | 173,821,861 |
| Oil Equipment & Services 13.6% | | |
| Baker Hughes, Inc. | 160,000 | 7,012,800 |
| Halliburton Co. | 506,770 | 18,101,825 |
| National Oilwell Varco, Inc. | 133,500 | 4,151,850 |
| Oil States International Inc. (C) | 170,000 | 5,358,400 |
| Schlumberger Ltd. | 562,800 | 41,506,500 |
| Weatherford International plc (C) | 645,000 | 5,018,100 |
| | | 81,149,475 |
| Pipelines 4.6% | | |
| Kinder Morgan Inc. | 541,000 | 9,662,260 |
| Spectra Energy Corp. | 456,400 | 13,965,840 |
| Williams Companies, Inc. | 242,600 | 3,898,582 |
| | | 27,526,682 |
| Refiners 7.1% | | |
| Marathon Petroleum Corp. | 264,600 | 9,837,828 |
| Phillips 66 | 312,875 | 27,091,846 |
| Valero Energy Corp. | 83,000 | 5,323,620 |
| | | 42,253,294 |
| Renewable Energy Equipment 0.8% | | |
| First Solar, Inc. (C) | 71,800 | 4,916,146 |

SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2016 (unaudited)

| | Shares | Value (A) |
|--|-----------|----------------|
| Basic Materials 20.1% | | |
| Chemicals 17.2% | | |
| CF Industries Holdings, Inc. | 263,745 | \$ 8,265,768 |
| Dow Chemical Co. | 449,056 | 22,838,988 |
| E.I. du Pont de Nemours & Co. | 70,200 | 4,445,064 |
| Eastman Chemical Co. | 119,300 | 8,617,039 |
| H.B. Fuller Co. | 177,700 | 7,543,365 |
| LyondellBasell Industries N.V. (Class A) | 241,000 | 20,624,780 |
| Monsanto Co. | 181,300 | 15,907,262 |
| PPG Industries, Inc. | 132,000 | 14,716,680 |
| | | 102,958,946 |
| General Industrials 0.8% | | |
| Packaging Corp. of America | 82,400 | 4,976,960 |
| Gold & Precious Metals 0.7% | | |
| SPDR Gold Trust (C) | 35,200 | 4,139,520 |
| Industrial Metals 1.4% | | |
| Alcoa Inc. (B) | 614,000 | 5,882,120 |
| Freeport-McMoRan Inc. (C) | 248,000 | 2,564,320 |
| | | 8,446,440 |
| Total Common Stocks | | |
| (Cost \$487,647,080) | | 591,702,475 |
| Short-Term Investments 0.9% | | |
| Money Market Funds 0.9% | | |
| Western Asset Institutional Cash Reserves Fund (Institutional Class), 0.44% (D) | 5,175,815 | 5,175,815 |
| Total Short-Term Investments | | |
| (Cost \$5,175,815) | | 5,175,815 |
| Securities Lending Collateral 1.0% | | |
| (Cost \$5,773,898) | | |
| Money Market Funds 1.0% | | |
| Invesco Short-Term Investment Trust Liquid Assets Portfolio (Institutional Class), 0.45% (D) | 5,773,898 | 5,773,898 |
| Total Investments 100.9% of Net Assets | | |
| (Cost \$498,596,793) | | \$ 602,652,188 |

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) 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.

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See accompanying notes.

NOTES TO SCHEDULE OF INVESTMENTS (Unaudited)

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. The investment objectives of the Fund are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

1. SIGNIFICANT ACCOUNTING POLICIES

Investment Transactions - Investment transactions are accounted for on the trade date. Realized gains and losses on sales of investments are recorded on the basis of specific identification.

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. The Fund has a Valuation Committee ("Committee") to ensure that financial instruments are appropriately priced at fair value in accordance with accounting principles generally accepted in the United States ("GAAP") and the 1940 Act. Subject to oversight 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 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.

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. Money market funds are valued at net asset value. These securities are generally categorized as Level 1 in the hierarchy.

Short-term investments (excluding money market funds) are valued at amortized cost, which approximates fair value. These securities are generally categorized as Level 2 in the hierarchy.

At March 31, 2016, the Fund's financial instruments were classified as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------|---------------|---------|---------|---------------|
| Assets: | | | | |
| Common stocks | \$591,702,475 | \$-- | \$-- | \$591,702,475 |
| Short-term investments | 5,175,815 | -- | -- | 5,175,815 |
| Securities lending collateral | 5,773,898 | -- | -- | 5,773,898 |
| Total investments | \$602,652,188 | \$-- | \$-- | \$602,652,188 |

There were no transfers between levels during the three months ended March 31, 2016.

2. FEDERAL INCOME TAXES

As of March 31, 2016, the identified cost of securities for federal income tax purposes was \$498,596,793 and net unrealized appreciation aggregated \$104,055,395, consisting of gross unrealized appreciation of \$182,118,280 and gross unrealized depreciation of \$78,062,885.

3. 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.

4. 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 March 31, 2016, the Fund had securities on loan of \$5,587,267 and held cash collateral of \$5,773,898. 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 1940 Act) 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 1940 Act) 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 1940 Act 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: April 25, 2016

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: April 25, 2016

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

Date: April 25, 2016