

Item 1: Cover Page

ADV Part 2
Firm Brochure

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This brochure provides information about the qualifications and business practices of Adams Asset Advisors, LLC and Steven Adams. If you have any questions about the contents of this brochure, please contact us at 214-360-7410. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Item 2: Material Changes

There are no material changes in our Firm or practices over the past twelve months.

Item 3: Table of Contents

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Item 4: Advisory Business and Background of Investment Principal

Adams Asset Advisors, LLC ("the Advisor") provides investment management and supervisory services to individuals, investment companies, trusts, corporations and other institutional investors. The firm offers advice and recommendations on all types of investments, including equities, corporate debt, municipal securities, U.S. government securities, investment company securities, options on securities and interests in partnerships. We suggest overall asset allocations and specific investments but tailor our advisory services to the individual needs of our clients based on their input. Clients may impose restrictions on investing in certain securities or types of securities. As of December 31, 2023, we managed approximately \$892 Million in assets on a discretionary basis. The firm is owned by Steven Adams and his family. Adams Asset Advisors, LLC is registered with the Securities and Exchange Commission (SEC).

Steve Adams is the sole investment officer and makes all discretionary investment decisions for clients. Steve Adams graduated from U.T. Austin in 1981 with a Bachelor of Science in Mechanical Engineering and then worked for two years at Procter and Gamble and two years at Eastman Kodak. In 1985 he went to business school and received an MBA in 1987 from the Tuck School at Dartmouth College. He then worked for Goldman Sachs in New York and Dallas over the next 10 years, managing the Dallas Private Wealth Management office for the last four years of his employment with Goldman Sachs. In 1997 he was recruited by the Vice Chairman of Merrill Lynch to move his team to Merrill Lynch to help start a high net worth presence in the Southwest. In 2005 he resigned from Merrill Lynch to manage client assets for Adams Asset Advisors, LLC.

Item 5: Fees and Compensation

For all discretionary equities and fixed income fee based accounts, the Advisor shall be compensated on management fees payable quarterly in advance based upon the following Fee Schedule:

	Equities		Fixed Income
	<hr/>		<hr/>
Less than \$1mm	1.25%	Less than \$1mm	.40%
\$1 to \$5mm	1.00%	\$1 to \$5mm	.30%
Greater than \$5mm	0.75%	Greater than \$5mm	.20%

Accounts are charged an initial fee on existing assets and whenever assets are deposited into the account during a quarter based on the value of those assets, prorated to cover the period from the deposit date until the last day of the calendar quarter. Thereafter, quarterly fees are based on the value of assets on the last business day of the last month of the previous quarter. Quarterly fees are charged in advance the first week of the first month of the new quarter. Additional deposits made during a quarter are charged a prorated fee as previously discussed. Fees will be deducted directly from the managed account. Because of the quarterly frequency of fee calculation, no refunds will be credited if an advisory contract is terminated or a portfolio is liquidated before the end of a billing period.

All equities transactions in discretionary fee based accounts are currently executed through Fidelity Investments at a commission rate of three cents per share, capped at \$400 per trade, with a \$30 minimum. Fidelity uses a portion of these equities commissions ("soft dollars") as a credit to pay for some of the Advisors' costs for technology expense and research. The Advisor is not required to generate any minimum level of commission with Fidelity, and benefits in no other way from this arrangement and receives no cash compensation. Soft dollars are discussed in more detail under Item 12 below.

Fixed Income transactions will be executed on a best efforts basis using either the Fidelity Investments trading desk or through a prime brokerage transaction. For discretionary fee based accounts, there is a nominal charge (about \$50) to cover ticket processing on prime brokerage trades and no fees or commissions are earned by the Advisor or any affiliates of the Advisor in any way.

For securities purchased or sold on the same day, with rare exception, the Advisor will aggregate the purchases or sales of that security for multiple clients in a single transaction. In this instance, our policy is to average price for all accounts and then allocate the number of shares proportionate to the purchase amount relative to each account. It is likely, for a variety of reasons, that securities of the same issuer will be purchased or sold before or after the day that an allocated block trade occurs. This will result in some clients receiving better or worse prices than that block trade, depending on execution price on that different day.

The Advisor is an advisor to an SEC Registered Investment Company (mutual fund). No management fees will be charged to clients on mutual fund assets that are affiliated with the Advisor. The only compensation to the Advisor in this situation will be fees paid by mutual fund.

The Advisor may consider special factors and negotiate fees other than those listed above. For clients that choose to have the Advisor recommend mutual funds or other money managers versus a portfolio of individual securities, fees for allocation, selection and monitoring are negotiable and may differ from the schedule above.

Item 6: Performance-Based Fees and Side-By-Side Management

Not Applicable

Item 7: Types of Clients

The majority of our assets are from clients that are very high net worth individuals, typically over \$20mm in net worth. We generally do not engage new relationships unless there is potential to manage this level of assets. We do accept smaller clients if their intent is simply to invest in our advised Registered Investment Company, Stock Dividend Fund, Inc. or recommended ETF's.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

The Firm uses fundamental and quantitative analysis, including some proprietary mathematical models, to determine recommended asset allocation and underlying securities selection. The main source of information is from various subscriber services, financial newspapers, filings with the Securities and Exchange Commission, corporate rating services, etc. The investment strategies used to implement any investment advice given to clients may include long and short term purchases, trading and short sales. Although our objective is to outperform the benchmark index of the various asset categories in which we invest, i.e. stocks, reit's, mlp's and bonds, clients should be prepared to lose in excess of those benchmark returns if we underperform or if we have unfortunate asset allocation recommendations.

Item 9: Disciplinary Information

We have no current or prior legal or disciplinary issues.

Item 10: Other Financial Industry Activities and Affiliations

Adams Asset Advisors, LLC is an advisor to an SEC registered investment company (Stock Dividend Fund, Inc.). Laura Adams, an owner of Adams Asset Advisors, is the President of this investment company. Steven Adams, also an owner of Adams Asset Advisors, LLC is the portfolio manager of the investment company. Adams Asset Advisors, LLC may at times recommend this Fund as an investment. If a client owns this Fund in a fee based account, there will be no account fees charged on these assets because the Advisor is already being paid an advisory fee by the Fund.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

As an SEC registered advisor, we have adopted a code of ethics pursuant to SEC rule 204A-1. This Code of Ethics is meant to promote:

- a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b) full, fair, accurate, timely and understandable disclosure in reports and documents that the Advisor files with, or submits to, the Securities and Exchange Commission ("SEC") and in other public communications made by the Advisor;
- c) compliance with applicable laws and governmental rules and regulations;
- d) the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
- e) accountability for adherence to the Code.

A copy of our code of ethics will be provided to any client or prospective client upon request.

Employees or access persons of the Advisor may buy or sell the same securities that are recommended or held in client accounts. We have procedures in place to monitor and eliminate potential conflict such as a next day waiting period before an employee or access person can transact in the same security. There may be times after this next day waiting period that the access person receives a better execution than the client because the price of that security is lower or higher the next day. In addition, the investment strategy, for many reasons, of an access person may be very different at any given time than that of the general asset allocation recommendation and individual securities selection for clients.

The Advisor does not always buy or sell the same securities for all clients at the same time. This is because client portfolios are managed separately, tailored for each situation. For example, if the Advisor makes a decision to purchase a stock, those that have cash on hand may get executed before those that require other trades or events to generate cash. Individual tax situations or liquidity needs also can influence this result. While the Advisor generally attempts for clients to eventually own very similar equity portfolios, it generally does not happen immediately and therefore different clients will likely have different cost entry points, may end up purchasing or selling securities at higher or lower prices than other clients, and have different performance. Client trades that do occur on the same day will be aggregated and average priced.

The Advisor is also the Advisor to a registered Investment Company, Stock Dividend Fund, Inc., and will usually recommend this Fund for equity exposure for smaller accounts (generally less than a few million dollars) if they want to participate in our large cap dividend oriented strategy. While the total cost of ownership of this Fund is similar to the cost of our separate account investing, it is not the exact portfolio and may perform better or worse than expected on a relative basis. Owning a Fund also eliminates the opportunity to perform targeted sales of individual securities for tax purposes. Owning a Fund can also subject holders to receiving more dividend and capital gain income in any given year than expected due to distribution requirements. If the portfolio manager decides to sell a low cost security for a large gain, the current holders, even if recently purchased will be potentially responsible for taxes on those gains. There would however be a reduction in share price of that amount that could offset this effect if the Fund is sold in the future.

The Advisor has clients that have requested that the Advisor accept the role of GP to manage assets that are held in various family partnerships. The Advisor will only perform this function as long as 1) The Advisor GP percentage ownership is immaterial, 2) The fee structure is the same as all other clients with similar asset thresholds, and 3) The partnership receives no benefits other than those of other clients with similar asset size.

Item 12: Brokerage Practices

Adams Asset Advisors, LLC has the authority to determine, without specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold and the broker or dealer to be used. Clients may request a specific firm to custody with or to act as broker. Barring a specific client request, the Advisor currently recommends clients to open accounts, for custody and brokerage execution, with Fidelity Investments. Commission rates for fee based equities accounts have been negotiated at three cents per share, capped at \$400 per trade, with Fidelity Investments. Fidelity currently uses a portion (half) of this commission as a credit to pay for some of the Advisor's costs for qualified and "mixed use" research expense. The majority of these costs are related Advent software research expense. There is no attempt by the Advisor to somehow allocate these credits, or "soft dollars", proportionately to benefit the specific accounts

that generate them. They are simply pooled and used to benefit the Firm and all clients in general. Soft dollar benefits are used to benefit all clients, including the mutual fund advised by the Advisor, which trades at Schwab, but only clients that execute through Fidelity pay for these benefits. Given that all client accounts are at Fidelity except the Fund, which at Schwab, the Fund in effect receives some benefit without paying. The Advisor receives a benefit from the soft dollar arrangement because otherwise these research products would have to be paid for directly out of pocket.

A portion of the Advent software research is considered "mixed-use", i.e. other than research, and thus not eligible for payment with soft dollar credits. Advent data is currently paid 70% with soft dollars and paid 30% directly by the Advisor.

The ability to generate soft dollar credits based on trading activity creates a conflict in that the Advisor may have an incentive to trade more frequently to generate additional credits. The Advisor believes that this conflict is somewhat minimized due to the fact that 1) short term trading, which generates more commission, is not an investment objective, 2) The Advisor has no interest or intention of acquiring research other than Advent, and 3) The Advisor has historically generated more credits than needed to purchase Advent on an annual basis in the normal course of business and those additional credits are of no value to the Advisor.

Soft dollar arrangements also may cause a conflict if an Advisor chooses a broker based on its ability to provide research to the Advisor versus the client receiving the most favorable execution. The Advisor does not believe this conflict is present with the selection of Fidelity due to the fact that Advent is an external product, that Fidelity has advanced electronic trading, and that the Advisor does not receive any special research from Fidelity that is not available from any other larger broker dealer. The Advisor would seek the same soft dollar arrangement and commission rate schedule regardless of which broker was selected, because it is difficult to have trader access for large block trades if desired or optimal, without paying several cents per share, and certainly without a cap. The Advisor feels that this is beneficial to all clients, regardless of size. Fidelity, separate from the soft dollar arrangement, is the only Broker that meets all of the criteria the Advisor requires for selection, primarily due to the availability of the highest available money market fund rates for high net worth clients. This decision is evaluated annually.

Fixed Income transactions will be executed on a best efforts basis using either the Fidelity Investments trading desk or through a prime brokerage transaction. For discretionary fee based accounts, there is a nominal charge (about \$50) to cover ticket processing on prime brokerage trades and no fees or commissions are earned by the Advisor or any affiliates of the Advisor in any way.

Adams Asset Advisors, LLC does not receive client referrals from Fidelity Investments.

Item 13: Review of Accounts

Accounts are reviewed continuously as we monitor the variables in our mathematical and fundamental investment models and specific securities holdings. If meaningful changes are warranted, we generally contact clients to discuss the proposed changes. Quarterly reports with a commentary, detailed account holdings, realized gains and losses, and performance are sent to all fee based accounts. At a minimum, if no meaningful changes are suggested during the course of the calendar year, an annual review will be performed for each fee based client, or more frequently if they request. Steven Adams reviews all accounts. Account statements are sent to clients monthly by their custodian detailing all securities under management, number of shares or bonds owned and current market values. In addition, Adams Asset Advisors, LLC uses Advent software which can provide account detail information on a daily basis if requested.

Item 14: Client Referrals and Other Compensation

Not Applicable

Item 15: Custody

Adams Asset Advisors, LLC is deemed to have custody of client assets solely due to the fact that it deducts management fees directly from client accounts on a quarterly basis.

Item 16: Investment Discretion

The Advisor has discretionary authority to buy or sell securities and to determine the amount of securities to buy or sell without client consent. However, all purchases and sales will be consistent with a pre-determined strategy as discussed with clients and the Advisor will not engage in speculative transactions on a discretionary basis.

Item 17: Voting Client Securities

We currently do not accept authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent and of course can contact us for advice on any issues. If we want authority to vote on any given securities, we will contact clients.

Item 18: Financial Information

Not Applicable

Item 19: Requirements for State-Registered Advisors

Not Applicable