

**ADV Part II  
Firm Information**

**Adams Asset Advisors, LLC**  
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This brochure has been provided to you as required by the State of Texas and Securities Exchange Commission (SEC). This brochure serves as a replacement to Form ADV Part II. This brochure has not been approved by the SEC or any state securities agency. Registration of an advisor does not imply that the advisor possesses a certain level of skill or training.

## I. Advisory Services Offered

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. The firm is owned by Steven Adams and his family. Adams Asset Advisors, LLC is registered with the Securities and Exchange Commission (SEC).

## II. Educational and Business Background of Investment Principal

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. 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 to run Adams Asset Advisors, LLC, a private money management firm. Steve Adams is the sole investment officer and makes all discretionary investment decisions for clients.

## III. 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
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.

All equities transactions in discretionary fee based accounts are currently executed through Fidelity Investments at a commission rate of three cents per share. Fidelity uses a portion of these equities commissions 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.

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 \$60) 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.

At times, Adams Asset Advisors, LLC may aggregate purchases or sales of a 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.

The Advisor is an advisor to two SEC Registered Investment Companies (mutual funds). No management fees will be charged to clients on mutual fund assets that are affiliated with the Advisor, and the Advisor will not purchase mutual funds affiliated with the Advisor on a discretionary basis. 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.

For clients that wish to have assets managed on a commission basis, transactions will be done through Fidelity Investments at standard commissions and then a separate "commission schedule" will be negotiated. These additional separate commissions will be tracked daily on a spreadsheet and paid monthly in the form of fee payments.

#### IV. Other Business Affiliations

None

#### V. Methods of Analysis, Sources of Information, and Investment Strategies

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 include long and short term purchases, trading and short sales.

#### VI. Other Financial Industry Activities or Affiliations

Adams Asset Advisors, LLC is an advisor to two SEC registered investment companies (Small Cap Value Fund, Inc. and Stock Dividend Fund, Inc.). Laura Adams, an owner of Adams Asset Advisors, is the President of these two investment companies. Steven Adams, also an owner of Adams Asset Advisors, LLC is the portfolio manager of these two investment companies. Adams Asset Advisors, LLC may at times recommend one or more of these funds as an investment. If a client owns any of these funds 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 funds.

Adams Asset Advisors, LLC is also the general partner of Alpha Hedge Fund, LP, a private partnership that clients may invest in through their Fidelity account.

#### VII. Investment or Brokerage Discretion and Custody

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. Commission rates for fee based equities accounts are at three cents per share with Fidelity Investments. Fidelity currently uses a portion of this commission as a credit to pay for some of the Advisor's costs for research or technology expense.

Adams Asset Advisors, LLC is deemed to have custody of client assets due the fact that the Firm is the general partner and manager of Alpha Hedge Fund, LP. Other than for client assets that are invested in Alpha Hedge Fund, LP, the Firm does not have custody of any assets in any client accounts.

#### VIII. Payment for Client Referrals

Adams Asset Advisors, LLC does not currently have any arrangements to directly or indirectly compensate any person for client referrals.

#### IX. Review of Accounts

Accounts are reviewed continuously as we monitor the variables in our mathematical and fundamental investment models. If meaningful changes are warranted, we generally contact clients to discuss the proposed changes. At a minimum, if no meaningful changes are suggested during the course of the calendar year, an annual review will be performed for each 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.

#### X. Performance Reporting

Adams Asset Advisors, LLC uses Advent software with a direct custodial interface with Fidelity Investments for performance reporting.

#### XI. Privacy of Consumer Financial Information Disclosure

As a Registered Investment Advisor with the State of Texas, Adams Asset Advisors, LLC is required under SEC Regulation S-P, Privacy of Consumer Financial Information, to disclose the types of non-public personal information we collect from you, who we share this information with, and what security steps we take to protect this information from unauthorized use.

We collect non-public personal information about you from the following sources:

Information we receive from you on Account Applications, Investment Advisory Agreements, and other forms.

Information about transactions we execute through brokers.

We have never and will not ever disclose non-public personal information about you to third parties except as required by law. We restrict access to non-public personal information about you to only those employees who need to know that information to provide service to you. If you have any questions about our privacy policies or procedures please give us a call.