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Annual Meeting

The 80th Adams Express Company and Petroleum & Resources Corporation Annual Meetings will be held in Baltimore, MD, on **March 23, 2010**. The Adams Express meeting is scheduled to start at 9:00 am and Petroleum & Resources will commence at 10:00 am. They will be held at **InterContinental Harbor Court Baltimore**, 550 Light Street, Baltimore, MD 21202. If you are interested in attending and want more information, please contact **Ms. Geri Paré** at pare@adamsexpress.com or **410-752-5900**.



STRATEGIES FORM SOLID FOUNDATION FOR SUCCESS

Adams Express (ADX) and Petroleum & Resources (PEO) performed very well in 2009. Adams Express returned 30.6% on net asset value versus the S&P 500's return of 26.5% and the return on Large-Cap core mutual funds of 27.1%. Petroleum & Resources returned 26.7% as compared to the Dow Jones U.S. Oil and Gas Index return of 17.3%. A thorough review of the 2009 performance and the 2010 outlook for the Funds is contained in the annual reports of each company.

The Energy Sector



According to Nancy Prue, Executive Vice President, PEO, "good energy stock selection and the addition of several new names in our basic materials holdings contributed to the performance. Some of the companies added to the basic materials mix were Potash Corporation of Saskatchewan, Freeport-McMoRan Copper & Gold, and Cliffs Natural Resources Corp."

"Performance among the different energy sectors, both within our portfolio and the index, varied widely this year" Prue observed. "The market had a strong preference for companies leveraged to commodity prices. Broadly diversified companies, especially those with exposure to refining and marketing, were penalized." For example, Exxon Mobil, the largest weighted name in the Dow Jones U.S. Oil and Gas index, experienced a decline of 12.6% during 2009. Conversely, Energen, a large Exploration and Production company, returned 61.7% and Noble Corporation, an oil service company and one of our largest portfolio holdings, returned 85.2%. "We benefitted by overweighting segments of the energy sector that we felt were going to deliver superior returns. That strategy

proved successful and allowed us to post a strong performance in 2009," Prue stressed.

LOOKING AHEAD

Energy and basic materials, along with the overall market, rallied in the first few days of the year. Energy stocks responded to cold weather and both basic materials and energy participated in the market's optimism that the recovery would continue. However, after the initial exuberance, the markets pulled back and commodity related securities declined. Commodities and equities reliant on prices of those commodities respond quickly to changes in the weather, changes in anticipated worldwide growth, and changes in the value of the dollar. Specifically, changes in China's stimulus and monetary policy worried investors.

Aside from the economy and weather, supplies of natural gas and crude oil influence prices. "Natural gas and crude oil are in abundant supply with inventories above normal levels," Prue cautions. Plentiful OPEC crude supplies and increases in supplies from North America are weighing on prices. That should keep prices for energy to business and consumers relatively stable through the first half of the year. Shale plays in particular are prolific, contributing to the over-supplied market. "We expect commodity prices to continue under pressure during the first half of 2010. In that environment, we look for financially-disciplined, low cost producers. Several service companies also offer opportunities for growth as companies continue to fund drilling programs. Additionally, given the large underperformance of the major integrated companies last year, buying opportunities may be presented. As we move through the year, we will continue to analyze the economic growth in developing markets and signs of demand growth in North America and other developed countries.

The Industrial Sector



In 2009, the industrials sector of the Fund sharply outperformed the S&P Industrials sector. The best performing stocks in the Fund were those that sold off sharply leading up to March 2009. The overreaction by the markets offered good buying opportunities, which the Fund took advantage of in the first half of 2009.

“For the Fund, our main out-performers in 2009 were the stocks that had performed poorly in 2008,” said David Weaver, Executive Vice President, ADX. “Names such as Oshkosh Corporation, Tata Motors and Spirit AeroSystems. We started the year with a reserve of cash and that gave us the firepower in March 2009 to put money into the market. We were able to step in and buy some of the stocks that we believed to be unjustly priced,” he said. “Part of our success lies in sticking to our long-term views and remaining disciplined in our buying and selling strategies. Raising cash during 2008 made possible the purchases of 2009.”

LOOKING AHEAD

From Weaver’s perspective, many industrial companies will benefit from heavy cost cuts taken over the preceding year or two. As a result, earnings could expand in 2010, even in the absence of revenue growth. “We’re expecting our holdings to recover nicely,” he said. “As the economy picks up, orders and revenues will increase and, based on already lean operations, should yield further earnings growth. Initially, many companies will be able to grow without putting too much capital back into the business. But eventually, they will need to re-invest in their businesses in order to accommodate growing demand.”

GDP growth of 2%-3% in 2010 would be a favorable environment for our industrial holdings. Stimulus funds are expected to flow this year to infrastructure and transportation projects, areas where our holdings have significant exposure. Overall, industrial output should increase as the economy recovers, although caution will likely prevail until growth is more evident.

Overall, 2009 was a strong example of how active management, control of assets, analytical expertise, industry knowledge, investment strategies, and market dynamics can all come together to yield positive results.

The Financial Sector



According to Cotton Swindell, Vice President-Research, ADX, the Financial sector is poised for a recovery. “Since the Great Depression, the sector has never under-performed the overall market for four consecutive years. Last year was Year 3.”

The year was a tale of two very different markets for the Financial sector. The sector lost 52% of its value through early March and then rebounded 137% through the year end. According to Swindell, this turnaround was due to increased liquidity in the markets combined with significant capital improvement. Fears of a deepening recession began to dissipate and people gained confidence.

“Once the big psychological hurdle was overcome, we believed there were quality companies trading at

depressed valuations,” said Swindell. ADX took calculated risks, focusing on the quality names and industry leaders. “We participated by buying shares in Goldman Sachs, JPMorgan Chase, and Capital One Financial, in addition to adding to existing positions in the portfolio,” Swindell said. “Given our underweight position in financials, we were able to take advantage of the opportunity to redeploy capital and we were positive investors during the last three quarters of the year.”

LOOKING AHEAD

“The biggest issues facing financials remain credit quality and capital. The best performing stocks will be those where companies are ahead on recognizing problems related to credit and where there is excess liquidity that can be deployed when the economy improves,” said Swindell. The current holdings of financial stocks reflect these expectations.

Forward-Looking Statements

This newsletter contains “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their very 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 Companies’ actual results are the performance of the portfolio of stocks held by the Companies, the conditions in the U.S. and international financial markets, the price at which shares of the Companies will trade in the public markets, and other factors discussed in the Companies’ periodic filings with the Securities and Exchange Commission. The Companies assume no obligation to revise, correct, or update these statements.