

Item 1. Cover Page

Delphi Management, Inc.

Firm Brochure
(part 2A Form ADV)

This brochure provides information about the qualifications and business practices of Delphi Management, Inc. (“Delphi”). If you have any questions about the contents of this brochure, please contact us at (617) 738-9424. 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.

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Additional information about Delphi is also available on the SEC’s website at www.adviserinfo.sec.gov.

Brochure dated March 31, 2024.

Item 2. Material Changes

1. There have been no material changes to Delphi's Form ADV since the last annual update in 2023.

Item 3. Table of Contents

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Item 4. Advisory Business

Delphi specializes in equity securities and offers two types of investment management services: namely, all cap value portfolio management and small/midcap value portfolio management.

Delphi provides investment management services to institutions (such as pension and retirement plans, endowments and investment companies) and high net worth individuals and trusts on a discretionary basis. Delphi has provided these services since 1980. Mr. Scott Black is the principal owner of Delphi, owns all of the outstanding capital stock of Delphi and is the President, Chief Investment Officer and Chief Compliance Officer of the firm.

Prior to engaging Delphi to provide investment management services, Delphi and the client will discuss the individual needs of the client. The client will be required to enter into an investment management agreement with Delphi setting forth the terms and conditions of the engagement and describing the scope of the services to be provided. The investment management agreement is terminable at any time by either party giving to the other written notice of such termination.

Delphi generally does not permit clients to impose restrictions on investing in certain securities or types of securities but may do so in certain limited circumstances.

At year end 2023, Delphi managed \$122.8 million in discretionary client assets: \$115.0 million on a separately managed basis and \$7.8 million on a subadvisory basis. Delphi does not manage any client assets on a non-discretionary basis.

Item 5. Fees and Compensation

Delphi receives a fee for the services it provides to its clients as described below.

For separately managed accounts the fee structure ranges between 0.50% p.a. and 1.00% p. a. based upon client assets under management. For subadvisory assets fees are determined based on the level of total assets placed in Delphi's strategy by a third-party advisor on behalf of its clients. Subadvisory fees averaged 0.40% in 2023; the total fees paid by clients for these third party advisors are typically higher than what Delphi charges for a separately managed account. All fee structures are negotiated separately between the client and Delphi. Fees are payable quarterly in arrears. Delphi bills separately managed clients for fees incurred.

Delphi's fee is exclusive of, and in addition to, any custody fees, brokerage commissions, transaction fees and other related costs and expenses which may be incurred by the client. Delphi does not receive any portion of these commissions, fees and costs. Information regarding brokerage is discussed in greater detail in Item 12 of this Brochure.

Delphi and its supervised employees do not accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6. Performance-Based Fees and Side-by-Side Management

Delphi and its supervised employees do not accept performance-based fees.

Item 7. Types of Clients

Delphi generally provides investment management services to institutions (such as pension and retirement plans, endowments and investment companies) and high net worth individuals and trusts. Delphi has a general policy requiring a minimum amount of assets under management of \$1,000,000 for institutional accounts and \$500,000 for individuals or trust accounts.

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

In analyzing a company as an investment candidate, Delphi breaks the purchasing decision into two principal questions: (i) Is the company under scrutiny a good business? (ii) Can we purchase this business at a cheap price in the marketplace? Delphi initially addresses the first question based upon a quantitative screening.

- Generally speaking, the company should earn a minimum 15% after-tax return on equity. For a cyclical business, the company should generally achieve the 15% target on its recovery earnings.
- Delphi likes companies that grow both revenues and earnings faster than inflation over a 3 to 5 year time horizon. While Delphi accepts that companies do not necessarily grow along a straight line, it wants real growth, not just nominal growth, over time.
- For all non-financial companies, Delphi performs a free cash flow analysis to determine if a firm can finance its growth through internally generated operating cash flow. Delphi eliminates non-recurring items such as divisional spinoffs or divestiture of assets to obtain a true cash flow. Additionally, Delphi analyzes the areas of capital intensity such as inventory turns, days of receivables, and sales to fixed assets.
- Delphi favors companies with low debt/equity ratios.
- As a disciple of Benjamin Graham, Delphi insists that all purchases should be made at a substantial discount to a conservatively estimated liquidating valuation. For example, a media stock must be acquired at a significant discount to a takeover enterprise value to cash flow multiple.
- Delphi insists upon conservative accounting practices. Underreserved banks have no place in its universe. High technology companies with rapidly deteriorating inventory turns are a sure sign of obsolesced product lines and overstated earnings and book value.

Once an investment candidate meets the quantitative criteria, Delphi has a rule that, in all cases, Delphi personnel must either telephone or visit with management. Most important, Delphi likes managements with a high degree of integrity; those who willingly communicate what the problem areas in the company

are. Like the old Business Policy course at the Harvard Business School, Delphi insists that companies have a well defined business strategy and can articulate their strengths and weaknesses versus their competition. Finally, Delphi requires management to have a strategic plan and definable goals over a 3 to 5 year horizon. While a formal management consulting firm plan is not required, Delphi expects management to have considered the four building blocks of any business – marketing, finance, production and manpower.

After assessing the merits of the business, Delphi is ready to address the second question, “Can we purchase it cheaply in the marketplace?” Delphi has divided the world of Graham & Dodd into two subcategories – earnings power plays and asset plays. Earning power plays are companies with consistently high returns on equity every year with relatively few breaks in reported earnings. Under no circumstance does Delphi pay more than 13.9x the forthcoming year’s conservatively estimated earnings. The multiple of the S&P 500 (whether it is 15x or 27x) does not influence its price/earnings ratio frontier. Hence, Delphi is an absolute value, not a relative value investor. The second category, asset plays are companies which may be currently depressed, which have earned 15% return on equity in the past with the likelihood of reaching that figure again, and which sell at significant discounts to their respective liquidating valuations.

Portfolio Strategy

After committing the initial funds, Delphi remains fully invested (85 to 100% equity exposure) at all times. Delphi does not think that anyone (including Delphi) is smart enough to pick the turns in the stock market. Delphi has two main diversification criteria: (i) No one stock exceeds 5% of portfolio weighting at cost (in practicality, we usually follow a 3% limit); (ii) No one industry grouping surpasses 18% weighting at cost. In general, a typical Delphi portfolio comprises 60 to 85 names. On average, annual portfolio turnover is low, less than 35%. For designated small cap accounts, Delphi will adjust the median weighted capitalization according to the client’s requirement.

Risks

Clients need to be aware that investing in securities involves risk of loss that the client should be prepared to bear.

The following is a description of certain risks associated with Delphi’s method of analysis and the types of investments for Delphi may make:

Management Risk – The value of a client’s portfolio may decrease if Delphi’s judgment about the quality, relative yield, value or market trends affecting a particular security, industry, sector or region, or about interest rates, is incorrect.

Market Risk – Share prices of securities in a client’s account can fall because of, among other things, a decline in the market as a whole, deterioration in the prospects for a particular industry or company or changes in general economic conditions, such as prevailing interest rates and investor sentiment.

Credit Risk – The value of certain fixed income investments may be adversely affected if a security’s credit rating is downgraded, an issuer of an investment fails to pay an obligation on a timely basis, otherwise defaults or is perceived by other investors to be less creditworthy.

Interest Rate Risk – The value of investments in fixed income securities may decline when prevailing interest rates rise or increase when interest rates go down. The longer a security’s maturity or duration, the greater its value will change in response to change in interest rates. The interest earned on investments in fixed income securities may decline when prevailing interest rates decline.

Delphi has developed various processes, procedures and controls to identify risks, lessen the probability of their occurrence and mitigate any adverse impact. However, there is no guarantee that those devices will be effective and some risks are beyond the control of Delphi.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of Delphi’s investment management business or the integrity of Delphi’s management.

Item 10. Other Financial Industry Activities and Affiliations

Delphi does not have any relationships or arrangements with financial industry participants that would constitute material conflicts of interest for Delphi’s investment management business or Delphi’s clients.

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

Delphi has a written Code of Ethics which permits, under certain circumstances, employees to purchase and sell for their own accounts securities Delphi recommends for purchase or sale to its clients.

Delphi’s Code of Ethics requires that officers, directors and stockholders (access persons) not buy or sell any security personally while a client has a pending buy or sell order in the same security until at least 48 hours after the order is executed or withdrawn. Prior to engaging in any personal investment transaction, the access person must seek approval of the transaction from Mr. Black as Chief Compliance Officer or, in the case of Mr. Black, another Delphi investment professional. The Code of Ethics also requires periodic reporting by access persons of their personal transactions and holdings. Upon request, Delphi will provide a copy of its Code of Ethics to any client or prospective client.

Neither Delphi nor its related persons buy or sell for client accounts securities of a company in which they have a material financial interest.

Item 12. Brokerage Practices

Allocations of portfolio transactions and, where applicable, the negotiation of commission rates, are made by Mr. Black. Allocations of transactions for the Concentrated Strategy are made by Evan Campbell. It is the primary consideration in all portfolio transactions to seek the most favorable prices and execution.

While seeking the most favorable prices and executions on orders, portfolio transactions, so far as practicable, are allocated to eligible broker-dealers on the basis of execution. Some client accounts are custodied at institutions which have their own internal broker-dealer. In these cases Delphi has carefully considered the competitiveness of the trading commissions and overall custody fees before recommending the clients use such a custodian.

Delphi has no “soft dollar” commitments.

Delphi does not consider, in selecting broker/dealers, whether Delphi or a related person received client referrals from the broker dealer or a third party.

Transactions for each client generally will be effected independently, unless Delphi decides to purchase or sell the same securities for several clients at approximately the same time. Delphi may (but is not obligated to) aggregate such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Delphi’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Delphi’s clients pro rata to the purchase and sale orders placed for each client on any given day.

Item 13. Review of Accounts

Mr. Black, as President of the firm and Chief Investment Officer, has the ultimate responsibility for review of separately managed and subadvisory portfolios. Mr. Campbell has direct responsibility for review of the Concentrated Strategy accounts under Mr. Black’s leadership. Review of accounts under management by Delphi is normally undertaken by Mr. Black on a weekly basis, with more frequent reviews if individual accounts or overall economic conditions warrant. In addition, all securities in portfolios under management and subadvisory by Delphi are reviewed on a daily basis.

Each client receives, at least quarterly, a written appraisal of the client’s account, together with a letter describing the account’s performance and a general review of activity in the account during the quarter. In addition, clients receive written communications of any matters of importance to their accounts, and would normally expect to have periodic meetings or telephone conversations with Mr. Black during the year.

Item 14. Client Referrals and Other Compensation

Delphi does not receive any compensation or other economic benefit from any persons other than its clients for its provision of services. Delphi does not generally directly or indirectly seek to provide, or provide, any compensation to any persons for client referrals. Delphi may, however, accept referral arrangements in the future under suitable terms and conditions.

Item 15. Custody

Delphi does not have custody of client funds or securities.

Item 16. Investment Discretion

Delphi has full investment discretion over the accounts of all of its separately managed clients. The client grants such authority to Delphi in the investment management agreement. Delphi has investment discretion over the pool of assets assigned to it by third party advisors under subadvisory agreements, but does not trade the positions in each individual account. The third party advisor has sole trading responsibility in these cases, as well as the sole responsibility to seek best execution,.

Item 17. Voting Client Securities

Delphi has policies and procedures governing compliance with its fiduciary responsibility to vote proxies that are appurtenant to securities held in its clients' accounts.

These policies and procedures deal with Delphi's responsibility to monitor corporate actions, receive and vote client proxies, disclose any potential conflicts of interest, make information available to clients about the voting of proxies for portfolio securities, and maintain relevant required records.

A client must either delegate all proxy voting responsibility to Delphi with respect to the asset managed by Delphi for that client, including an ERISA plan client, or the client must retain all proxy voting responsibility with respect to the assets Delphi manages for the client.

Delphi's Proxy Voting Policy contains a list of categories of management proposals for which Delphi usually will vote in favor, as well as a list of categories for which Delphi usually will vote against. With respect to other items proposed by management and to items proposed by shareholders, Delphi generally will vote in accordance with management's recommendations unless Delphi determines that such vote would not be in the best interests of the client.

Delphi will attempt to identify any conflicts of interest that exist between the interests of Delphi and any client by reviewing the relationship of Delphi with the issuer of each security to determine if Delphi or any of its employees has any financial, business or personal relationship with the issuer. If a material conflict of interest is determined to exist, Delphi will determine whether it is appropriate to disclose the conflict to the affected clients and to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with Delphi's predetermined voting policy or receiving an independent voting recommendation.

Delphi provides copies of its Proxy Voting Policy and information about how Delphi voted with respect to any securities held in a client's account upon request.

Item 18. Financial Institution

Delphi is not required to provide a balance sheet or other financial information in this Brochure because (i) Delphi does not charge client fees of more than \$1,200 six months or more in advance; (ii) does not have custody of client funds or securities; and (iii) has never been the subject of a bankruptcy petition.

Delphi Management, Inc.

Form ADV Part 2B – Brochure Supplement

This brochure supplement provides information about Scott Black that supplements the brochure for Delphi Management, Inc. (“Delphi”). You should have received a copy of that brochure. Please contact Delphi if you did not receive Delphi’s brochure or if you have any questions about the contents of this supplement.

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Additional information about Delphi is also available on the SEC’s website at www.adviserinfo.sec.gov.

Supplement dated March 31, 2024

Educational Background and Business Experience

Name: Scott Black

Born: 1947

Title: President, Chief Investment Officer and Chief Compliance Officer

Educational Background: Johns Hopkins University, B.A. in Applied Mathematics and Economics, 1968
Harvard Business School, MBA in Finance, 1971

Business Background: Founder and President of Delphi (and predecessor) since 1980

Disciplinary Information

Disciplinary Information: Mr. Black has never been subject to any material legal or disciplinary proceeding.

Other Business Activities: Mr. Black does not have any other investment-related business or occupation other than Delphi.

Additional Compensation: Mr. Black does not receive any additional economic benefits required to be disclosed in the brochure supplement.

Supervision: Mr. Black (617-738-9424) is the President, Chief Investment Officer and sole shareholder of Delphi and as such supervises the operations of the firm. Like all of Delphi's employees, he is subject to Delphi's Code of Ethics and compliance policies and procedures.