

Brochure Supplement (Part 2B of Form ADV)

Supervised Persons

Kimberly A. Ratcliffe and Hal Rubin

SALEM CAPITAL MANAGEMENT, Inc.

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As of December 31, 2020

This Brochure Supplement provides information about Kimberly A. Ratcliffe and Hal Rubin that supplements the Salem Capital Management Brochure. You should have received a copy of that Brochure. Please contact Pallavi Dedhia, Office Manager, if you did not receive Salem Capital Management's Brochure, or if you have any questions about the contents of this supplement.

Additional information about Kimberly A. Ratcliffe or Hal Rubin is available on the SEC's website at www.adviserinfo.sec.gov

Education and Business Standards

Salem Capital Management requires that any employee whose function involves determining or giving investment advice to clients must either hold the Chartered Financial Analyst® designation (CFA charter) or have at least five years of experience in investment counseling.

Further detail regarding the Chartered Financial Analyst® designation follows.

The CFA charter is a globally respected graduate-level investment credential established in 1962 and awarded by the CFA Institute – the largest global association of investment professionals.

There are currently more than 150,000 CFA charterholders working in more than 165 countries. To earn the CFA charter, candidates must:

- 1) pass three sequential, six-hour examinations;
- 2) have at least four years of qualified professional investment experience;
- 3) join the CFA Institute as members; and
- 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders – often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test proficiency with a wide range of fundamental and advanced investment topics, including:

- ethical and professional standards,
- fixed-income and equity analysis,
- alternative and derivative investments,
- economics,
- financial reporting standards,
- portfolio management, and
- wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession. To learn more about the CFA charter, visit www.cfainstitute.org.

Hal Rubin, Chairman

Educational Background:

- Date of Birth: May 19, 1939
- Union College

Business Experience:

Hal Rubin co-founded Salem Capital Management in 1990 and has been employed with the firm ever since. Prior to working at Salem Capital Management Hal Rubin was Vice President and Portfolio Manager at Loomis, Sayles & Company from 1980 to 1990. Before working at Loomis, Sayles & Company, Mr. Rubin was Manager of Alex, Brown & Sons (Boston office) and other investment banking firms.

Disciplinary Information: None

Other Professional Activities: None

Additional Compensation: None

Supervision:

Kimberly Ratcliffe reviews Hal Rubin's investment advisory work through frequent office interactions and mutual attendance at client meetings. Hal Rubin's compliance-related activities are supervised by Kimberly Ratcliffe, Chief Compliance Officer.

Hal Rubin's contact information: 781-932-9005 HRubin@SalemManagement.com

Kimberly A. Ratcliffe, CFA, President**Educational Background:**

- Date of Birth: May 4, 1961
- Princeton University, AB Economics, 1983
- Boston University, MBA, 1989

Business Experience:

Kimberly Ratcliffe has worked at Salem Capital Management since 2001. Prior to working at Salem Capital Management, she was a Portfolio Manager and Research Analyst at a number of firms, including BayBank Investment Management.

Disciplinary Information: None

Other Professional Activities: None

Additional Compensation: None

Supervision:

Hal Rubin reviews Kimberly Ratcliffe's investment advisory work through frequent office interactions and mutual attendance at client meetings. Kimberly Ratcliffe's compliance related activities are reviewed by Janet Hall and Hal Rubin.

Kimberly Ratcliffe's contact information:

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