

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**Item 1. Cover Page**

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Form ADV Part 2A  
Brochure

This brochure provides information about the qualifications and business practices of Orion Investment Company. If you have any questions about the contents of this brochure, please contact us at (314) 725-3800. 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.

Additional information about Orion Investment Company is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Orion Investment Company is a Registered Investment Advisor. Registration does not imply a certain level of skill or training.

**Item 2. Material Changes**

This brochure reflects the current disclosures that Securities and Exchange Commission rules require be provided to clients as part of Form ADV Part 2. It is not materially different compared to the most recent update of Form ADV part 2, dated 4/25/17.

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**Item 4. Advisory Business**

A.-C. Orion Investment Company has been in business since 1988. Fred N. Sauer is the principal owner. Frederic G. Sauer is also an owner.

Orion Investment Company gives investment advice to clients and makes investments for clients based on their individual needs, including (by way of illustration and not limitation) their need for income, which becomes a basic control of portfolio architecture, their long-term goals and objectives, their tolerance for risk, and any other guidelines that clients may wish to impose.

These requirements guide the development of a “Target Portfolio,” which is a schematic plan of approximately which assets will eventually make up the portfolio over a 3 to 5 year period. The client can use the Target Portfolio to follow the progress of the investment program as we make individual asset acquisitions to carefully build up the portfolio. Clients empower us with discretion to change the asset mix to accommodate changes in the investment environment. The Target Portfolio can reflect specific client directives.

Orion Investment Company does not issue publications or reports on a fee or subscription basis.

D. Orion Investment Company does not participate in wrap fee programs.

E. As of March 31, 2017, Orion Investment Company had \$291.8 million in assets under management on a discretionary basis and \$11.8 million in assets under management on a non-discretionary basis.

## **Item 5. Fees and Compensation**

A. Fees will be charged quarterly based on a percentage of assets under management as follows:

1/4 of 0.90% on the first \$1,000,000 of asset value, plus  
1/4 of 0.75% on the next \$2,000,000 of asset value, plus  
1/4 of 0.55% on the next \$2,000,000 of asset value, plus  
1/4 of 0.35% on assets over \$5,000,000.

Fees may be negotiable in special circumstances.

B. Fees will be charged quarterly to the client's account. Clients may arrange to pay by check in special circumstances. Clients with the firm before 6/1/10 pay fees according to the schedule defined in their Client Agreement.

C. Clients may pay various fees to the qualified custodian that holds their assets. These fees are payable to the qualified custodian for its services and not to Orion Investment Company. If clients hold mutual funds, they may pay mutual fund fees, possibly including advisory fees, transaction costs, legal fees, accounting fees, and other business expenses as disclosed in the appropriate fund prospectus to the fund managers. Orion Investment Company generally does not recommend or invest in stock or bond mutual funds except in very special circumstances.

Clients will incur brokerage and other transaction costs. Please see Item 10. Other Financial Industry Activities and Affiliations on p. 11 and Item 12. Brokerage Practices on p. 13 of this brochure.

D. All fees are billed in arrears, after the calendar quarter for which the services have been rendered. Client Agreements for Advisory Services with Orion Investment Company are cancelable on thirty days' prior written notice, or by the client within five days of signing. We do not bill for a partial quarter during which a contract has been terminated. Therefore there is no need to issue refunds.

E. 1. Neither Orion Investment Company nor its investment advisor representatives receive compensation for the sale of securities or other investment products. Sauer, Dazey Investment Company is "fully disclosed" registered broker-dealer wholly owned by Orion Investment Company. Orion recommends that client trades be effected by Sauer, Dazey Investment Company, and Sauer, Dazey Investment Company receives an economic benefit from effecting such trades. See Item 10. Other Financial Industry Activities and Affiliations on p. 11 and Item 12. Brokerage Practices on p. 13 of this brochure for more information. Sauer, Dazey Investment Company may receive fees from mutual funds held by its customers. While this could theoretically create a material conflict of interest for Orion Investment Company, in practice, Orion Investment Company neither recommends nor invests in open-ended stock or bond mutual funds for its clients except in special circumstances, so there is no material conflict of interest.

E. 2. Clients are free to direct trades to brokers other than Sauer, Dazey Investment Company.

E. 3. Revenue that results from commissions or other compensation for the sale of investment products is less than 50% of the revenue of Orion Investment Company.

E. 4. Orion Investment Company does not charge commissions or markups.

**Item 6. Performance-Based Fees and Side-By-Side Management**

Orion Investment Company does not charge or accept performance-based fees.

**Item 7. Types of Clients**

Orion Investment Company generally provides investment advice to individuals, families, trusts, corporations, retirement plans, 401k plans, and profit sharing plans. While there is no official required minimum to invest, clients typically have substantial investable assets.



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

A.-C. Orion Investment Company invests in specific securities based on our own continuous following of companies, industries, and the economy using an array of sources of publicly available information. These sources may include (by way of illustration and not of limitation) newspapers, financial publications and other news media; company annual reports and filings with the SEC; company press releases and webcasts of company events; and purchased research materials prepared by others. We may attend company annual meetings or analyst days. We may attend public conferences—put on by industry, medical, scientific, or other groups—that relate to our investments.

All investment in securities involves the risk of loss, and clients must be prepared to bear this risk. Investments may be subject to equity risk, credit risk, duration risk, security-specific risks, non-specific risks, and other known and unknown risks.

While no investment approach can eliminate the risk of loss, we seek to mitigate risk by targeting an appropriate mix of cash, fixed income, stocks, and other assets for each client portfolio; by the selection of the individual securities in the portfolio; by the slow, careful build up of securities over time in the portfolio; by having a long-term approach to investing; and by avoiding frequent trading.

**Item 9. Disciplinary Information**

There are no material legal or disciplinary events to disclose.

**Item 10. Other Financial Industry Activities and Affiliations**

A. Frederic G. Sauer is an officer, director, and general principal of Sauer, Dazey Investment Company. Sauer, Dazey Investment Company is a “fully disclosed” registered broker-dealer and a wholly owned affiliate of Orion Investment Company. Charles J. McEnery is a registered representative of Sauer, Dazey Investment Company.

B. Neither Orion Investment Company nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodities pool operator, a commodity trading advisor, or associated person of such entities.

C. Upon satisfaction of suitability requirements, Sauer, Dazey Investment Company effects trades for clients of Orion Investment Company, unless clients direct otherwise. Sauer, Dazey Investment Company receives an economic benefit for effecting such trades, and clients may or may not always receive best price and execution on their trades. Commission schedules of Sauer, Dazey Investment Company are available upon request, at no charge.

Sauer, Dazey Investment Company contracts with RBC Capital Markets Corporation, which has a clearing broker affiliate, RBC Correspondent Services. RBC Correspondent Services clears trades and provides back office support for Sauer, Dazey Investment Company. Sauer, Dazey Investment Company receives an economic benefit from RBC Capital Markets for acting as an introducing broker.

Clients may direct trades to brokers other than Sauer, Dazey Investment Company. Client-directed brokerage may limit the ability of Orion Investment Company to obtain best price and execution for trades.

There are no other material arrangements or relationships with related persons that are broker-dealers, municipal securities dealers, government securities dealers, investment companies, investment advisors, financial planners, futures commissions merchants, commodity pool operators, commodity trading advisors, banks, thrifts, accountants, accounting firms, lawyers, law firms, insurance companies/agencies, pension consultants, real estate brokers/dealers, or sponsors/syndicators of limited partnership to disclose.

D. Orion Investment Company does not recommend or select other investment advisors for clients.

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

A. Orion Investment Company has adopted a Code of Ethics pursuant to Rule 204A-1 adopted by the Securities and Exchange Commission under the Investment Advisers Act.

The Code of Ethics states that Orion Investment Company aims to provide outstanding investment advice and service to its clients and to serve as a diligent fiduciary of its clients' assets. All the officers and employees of Orion Investment Company aim to perform their work and carry out their fiduciary responsibilities with honesty, integrity, openness and at the highest level of excellence.

Among its general requirements, the Code of Ethics states that officers and employees of Orion Investment Company (1) will strive to work in the spirit of the Code, (2) will act in the best interests of clients, (3) will not place their own interests ahead of the interests of any client, (4) will not misuse any material non-public information regarding firm and client affairs, recommendations, and/or transactions, and (5) will abide by all applicable federal securities laws.

Orion Investment Company will provide a copy of the Code of Ethics to any client or prospective client upon request.

B. Neither Orion Investment Company nor its related parties recommend, buy, or sell securities in which Orion Investment Company or its related parties have a material financial interest.

C. & D. The officers and employees of Orion Investment Company who are responsible for making recommendations and investments for client accounts invest their own money as if they were clients of Orion Investment Company. Thus, their securities holdings are generally similar to those of the clients of Orion Investment Company, taking into account the different needs, goals, financial situations, etc. of the respective parties. Orion Investment Company believes this practice closely aligns the interests of its advisors with its clients.

When making an investment in a security or selling a security for a number of clients at the same time, advisors may choose at their discretion to execute a block order so that clients receive the same price. Advisors are encouraged to execute trades for their own accounts with clients in such block transactions, if the trade in question is appropriate for the advisor's account. This practice aligns the interests of the advisors and clients of Orion Investment Company.

Officers and employees of Orion Investment Company must obtain prior approval from Fred N. Sauer, Frederic G. Sauer, or Charles J. McEnery before executing any trade for their own account that is not part of a block trade with clients.

Orion Investment Company does not itself invest in securities other than money market funds.

**Item 12. Brokerage Practices**

A. Sauer, Dazey Investment Company effects all trades for clients of Orion Investment Company, unless clients direct otherwise. Please refer to Item 10. Other Financial Industry Activities and Affiliations, on p. 11 of this brochure, for more information.

A. 1. (a.-f.) Orion Investment Company has no soft dollar arrangements.

A. 2. (a.-b.) Orion Investment Company does not consider client referrals from broker-dealers or third parties in selecting or recommending broker-dealers.

A. 3. (a.) Orion Investment Company recommends that Sauer Dazey Investment Company effect trades for clients. Sauer, Dazey Investment Company is a wholly owned affiliate of Orion Investment Company and receives an economic benefit for effecting client trades, and clients may not always receive best price and execution on their trades. This may cost clients more money. Please refer to Item 10. Other Financial Industry Activities and Affiliations, on p. 11 of this brochure, for more information. Not all investment advisors recommend or require that clients direct their trades to a specific brokerage.

A. 3. (b.) Clients are free to direct their trades to brokers other than Sauer, Dazey Investment Company. In this case, clients may not always receive best price and execution on their trades, and this may cost clients more money.

B. When making an investment in a security or selling a security for a number of clients at the same time, Orion Investment Company advisors may choose at their discretion to execute a block order so that clients receive the same price. When Sauer, Dazey Investment Company, effects trades, clients are charged a commission based on the market value of the shares traded, so clients pay the same commission whether their trades are executed in block or individually.

**Item 13. Review of Accounts**

A. Each client account is reviewed quarterly by at least two members of the Investment Committee, which consists of Fred N. Sauer, Frederic G. Sauer, and Charles J. McEnery. Fred N. Sauer is President and Treasurer of Orion Investment Company, and Frederic G. Sauer is Vice President, Secretary, and Chief Compliance Officer. The reviewers together examine the securities held in each client account to determine if any changes need to be made.

B. In addition to the periodic quarterly reviews, client accounts are also reviewed whenever the Investment Committee, in the course of its continuous following of companies, industries, and the economy, decides to buy or sell a particular security. For example, the Investment Committee may decide, based on recent news and attractive company valuation, that it may be advantageous to add more shares of Company A to client portfolios. In this case, at least two members of the Investment Committee would together review each client account to determine if it was appropriate to add shares of Company A, and how many to add. Then a block buy trade of Company A would be executed so that each client receives the same price.

These non-periodic client account reviews combined with the periodic quarterly reviews described above result in what is in practice nearly continuous review of all client accounts.

C. After the end of each quarter, Orion Investment Company mails to each client a report for each client account. The report lists each security held in the account, as well as the number of shares, the market price, the adjusted cost, the market value, the estimated annual income, the estimated yield, and the value as a percentage of the total account value.

**Item 14. Client Referrals and Other Compensation**

A. There is no one who is not a client who provides any economic benefit to Orion Investment Company for providing investment advice or other advisory services.

B. Orion Investment Company does not compensate anyone for client referrals.

**Item 15. Custody**

Orion Investment Company does not hold any client funds or securities, although it is deemed to have custody because quarterly investment advisor fees are charged directly to client accounts. Client funds and securities are held by RBC Correspondent Services or another qualified custodian selected by the client. Clients will receive monthly or quarterly account statements from the qualified custodian that holds their securities. Clients should carefully review these statements. Regardless of custodian, all clients also receive quarterly statements from Orion Investment Company. We urge clients to compare the account statements they receive from the qualified custodian with the account statements they receive from Orion Investment Company.



**Item 16. Investment Discretion**

Clients sign an Orion Investment Company Agreement that gives Orion Investment Company full discretion to invest and reinvest all assets under management in any type of security or other property it deems appropriate. The Agreement can be terminated by either party upon 30 days written notice.

**Item 17. Voting Client Securities**

A. & B. Orion Investment Company does not vote securities on clients' behalf. Voting securities is solely the responsibility of the client. Client will receive their proxies or other solicitations directly from their custodian or from the transfer agent, but not from Orion Investment Company. Clients are free to contact Orion Investment Company at (314) 725-3800 with any questions they may have regarding any proxy or other such solicitation.

**Item 18. Financial Information**

A. Orion Investment Company does not require or solicit prepayment of fees from clients. All investment advisor fees are billed in arrears.

B. There is no financial condition that is reasonably likely to impair the ability of Orion Investment Company to meet its contractual commitments to clients.

C. Orion Investment Company has never been the subject of a bankruptcy petition.

## **Item 19. Requirements for State-Registered Advisers**

### **A. Principal Executive Officers and Management Persons**

Fred N. Sauer, President, Born 1945  
B.A. Economics, Yale University, 1967  
M.B.A. Stanford University, 1969

Fred founded Orion Investment Company and has been a member of the Investment Committee since 1988. Earlier in his career, he rose to become the comptroller of a diversified private company. Subsequently, he was a partner in and raised private capital for the design and development of a number of commercial real estate projects. He served in the United States Navy as a Destroyer Officer from 1969 to 1972.

Frederic G. Sauer, Vice President, Born 1971  
B.S. Biological Sciences, Stanford University, 1993  
Ph.D. Molecular Cell Biology, Washington University in St. Louis, 2002

Before coming to Orion, Fred spent ten years in medical research both in the biotechnology industry and in academia. He did postdoctoral work at Yale Medical School. He has been a member of the Investment Committee since 2004.

Charles J. McEnery, Born 1972  
B.A. Accountancy, University of Notre Dame, 1995  
M.B.A., St. Louis University, 2000  
C.P.A. 1997

Jack joined Orion Investment Company in 2015 and is a member of the Investment Committee. A C.P.A. by training, Jack started his career at a public accounting firm, before joining an online brokerage firm where he held various leadership positions within the Accounting/Finance and Treasury departments.

B. Orion Investment Company is not actively engaged in any business other than giving investment advice.

C. Neither Orion nor any of its supervised persons are compensated for advisory services with performance-based fees.

D. No incidents or material facts to disclose.

E. No relationships or arrangements to disclose.

