

# Q&A with Andrew Dassori of Wavelength Capital Management

BY HOURLYNERD · NOVEMBER 3, 2015

We sat down with Andrew Dassori, Founding Partner & Chief Investment Officer at Wavelength Capital Management to learn why he started this company, what characteristics entrepreneurs must have, and how he stays innovative in this fast-paced world.

*“You’re a founding partner of Wavelength Capital Management, what made you decide to start the company?”*

After spending my career in the financial services industry, friends and family would often ask how they should invest their savings. They faced the same challenges as larger investors – high costs, low transparency and a lack of balance to market scenarios – but they were not offered the same solutions.

At Wavelength, we manage investment strategies designed to preserve wealth and produce returns in any economic environment. We seek to empower our clients through transparency in what we do, and our mission is to deliver the best balance of risk and return for their financial future.

*“Let’s get down to brass tacks, what do you look for when making an investment?”*

While similar in principle, our process is different from traditional approaches as we use computers to process information instead of relying on an individual’s judgment. Technology enables us to be disciplined in our process and evaluate more factors than otherwise possible.

We begin by determining each investment’s relationship with the fundamental drivers of asset prices: growth and inflation. These conditions, while critical, show little evidence of being predictable, so instead of trying to predict them we identify them as risks. We hedge unpredictable conditions through a balanced risk budget and then focus on factors where we have a consistent and repeatable edge.

We break these factors down into three straightforward categories. The first focuses on measures of value, such as earnings, in ratios relative to history. The second examines how much we are paid to hold an investment, primarily through dividends or yield. The third assesses the direction and momentum of prices to account for external market forces. We test each factor rigorously, in some cases with over 100 years of data, and then combine them efficiently to produce investment signals.

## *“As a successful entrepreneur, what are two characteristics you’d advocate more entrepreneurs have?”*

Since founding Wavelength, a consistent theme has been that you’re only as good as your team. Working alongside other people, with expertise from fund structuring to web design, is what lets me focus on what we’re best at – investing. So while it may sound counterintuitive when “going out on your own,” being team-oriented is critical to an entrepreneur’s success.

What goes into reaching that success – turning an idea into a business – is invariably a demanding process. Building Wavelength, we spent thousands of hours on the details to create the best possible value for our clients. At the same time, the financial landscape was changing and maintaining our vision was crucial in delivering this value. Being dynamic helped us shift focus from specifics to high levels which allowed our business to run both efficiently and in the right direction.

## *“What’s been the top experience you’ve had that helped you get ready for the world of entrepreneurship?”*

Spending the bulk of my career at an investment bank, I learned a great deal about financial markets that are central to our business. It was a less common path, however, that prepared me most for entrepreneurship. At 26, I was selected for my firm’s Global Citizens Program, a leadership initiative that sent me to work in microfinance with Equity Bank in Kenya.

I led a team of quantitatively-oriented employees building default risk models for microfinance loans and began by traveling across Kenya to meet the bank’s customers. They ranged from farmers and fishmongers to much larger businesses. Our goal was to help them grow. Farmers, for example, had trouble getting to branch offices – this could take a full day by bus and was expensive. Looking at factors specific to these businesses and their owners, we created scorecards for default risk which were automated so loans could be offered by phone.

This saved people money and provided access to financing that supported growth for businesses and the entrepreneurs behind them. It also taught me about leadership, independence, and how to implement ideas in new environments which has been essential for Wavelength’s ability to provide innovative solutions for our clients.

## *“Is it better to be book smart or street smart in business?”*

Academics have long supported the investment industry with an invaluable pipeline of ideas. Applying these ideas in practice, however, is how profitable investments are made.

As profits provide the lifeblood for any investment firm’s operation, practice often trumps theory on a day-to-day basis. But over the long-term, when strategies become crowded, new ideas and innovation are indispensable to investment success.

## *“How do you stay innovative?”*

In our industry, innovation is necessary for survival. The constant change of financial markets provides a natural catalyst for new ideas, and identifying new risks and opportunities is central to how we invest.

Wavelength was built for this purpose, and in this process I've surrounded myself with smart people who view things differently from the way I'm inclined to see them. As a result, we are constantly re-assessing our processes, looking for new approaches to be more efficient. One of our guiding principles is to keep an open mind, and we regularly look beyond our core competencies to collaborate with experts outside our industry in creating exceptional value.

## *“If you could only have one business skill, what would it be?”*

While not entirely a skill, my choice would be ethics because this provides the essential framework for growth. When you are fair to the people you work with providing a fair service to clients, you can grow naturally through the right incentives to make a whole greater than the sum of its parts.

## *“What will Wavelength Capital Management look like in 2020?”*

Change is happening at a rapid pace in the financial services industry. Many institutions are dated in both their systems and approach, as investors move toward efficiency. Our goal is to make sophisticated strategies available to everyone, and we work day and night to be the best at this. I have no crystal ball, but as long as we continue our mission, I am confident we will be a leader in delivering exceptional value to clients for many years to come.

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