

Meet the Manager: Ryan Weidenmiller, Acacia Management



Ryan Weidenmiller, Partner and Portfolio Manager from [Acacia Management](#), knows the key to his success as an investor is more than having the right algorithm; it is the getting to know the people behind the companies in which he invests.

Weidenmiller talked with HedgeFund.net about how his experience as a venture capitalist bolsters his hedging strategies, and why it is so important to get in front of portfolio company management.

HedgeFund.net: Can you please tell me a little bit about your fund and the strategy you employ?

Ryan Weidenmiller: Acacia's strategy is to generate meaningful positive returns every year through a long-short strategy we use that is based mostly on fundamental research and our own independent analysis.

We have a top-down approach to global and China related trends and then analyze the impact those trends may have on specific companies that do business in or are influenced by China.

It is a long process that entails our top-down approach and deep, independent bottom-up analysis of the companies' variable that culminates with the most important part of the equation - looking at the people running the businesses.

HFN: How do you get to know the management teams of the companies you are interested in?

RW: Typically, we try quite hard to get in front of management, CEO, or CFO . . . someone who is responsible for the business, to understand their strategy and make an assessment of their ability to see the big picture and most importantly understand their ability to execute.

We want to see their strategy through their eyes and to know why their model is compelling. Why it is used rather than what competitors are doing. We also like to see how the management team sees the industry evolving and how they see that potentially affecting them.

Sometimes we have to dive deeper into their strategy if we do not agree with the management team's approach, or if they believe they have a meaningful advantage that warrants further investigation. We place a strong degree of emphasis on getting to know the people behind the businesses especially in the emerging space and the new economies. When you look at outperformance on a micro or macro scale, it all comes down to those who can get things done, especially in dynamic and rapidly changing markets and industries.

HFN: Do you focus on a particular sector?

RW: It is a pretty broad focus and we have been doing it for about 10 years now. We started in China focused on TMT and consumer, but we branched into energy, autos, industrials, financials, natural resources, and healthcare over time.



HFN: What separates your fund from competitors?

RW: It really is how we approach management teams and look at companies. Prior to founding Acacia, I founded one of the top venture capital firms in China that was backed by a trading firm in the US; the fund has now seen 12 companies, topping \$10 billion in market cap, in aggregate, list on the NYSE and Nasdaq exchanges.

We believe this level of experience and performance is unmatched and brings us a wealth of knowledge. In addition to this experience of working with emerging companies, we also have a track record of investing in a long-short strategy in China for more than seven years. The experience involves strong long-term performance in two asset classes within China: venture capital / private equity and a long-short hedge fund.

We invested in a number of well known Chinese companies early on; many of them in their first day of public listing and they are now multi-billion businesses and we also identified a number of issues with companies or industries that faced serious flaws. We believe we have a proven track record in finding good companies and ideas in their early stages.

We believe the combination of these skill sets is extremely unique in the marketplace.

HFN: Tell me a little bit more about how your venture experience helps with your hedge fund strategy.

RW: This strategy augments our hedging skill set because it helps us to identify entrepreneurs and businesses at an early stage, whereas it may take other managers a bit longer to find those companies or they may wish to see how the company executes for a few quarters in the public market. Knowing what to look for early on is extremely important to be able to generate alpha.

HFN: How many positions do you typically take?

RW: Our positions fluctuate based on market conditions. We typically have between 12 and 20 on the long side, and five to 15 on the short side. That can change, according to market conditions, of course.

HFN: Where do you see the market conditions headed?

RW: So far, we have had solid performance for many years, and right now, we feel quite comfortable with where we see things headed for us this year.

We continue to have our pulse on the economic beat in the markets we focus on. We were recently in Cairo and were able to understand what was happening there. In fact, we put that in a note to our investors last month saying there was potential for a flare up through the region when others were somewhat dismissive. While we are focused on China and China-related themes, we've always put a bit of emphasis of understanding these major global risks as the global markets are intricately intertwined - as 2008 proved.

We believe we have a solid understanding of the opportunities and risks around now and believe that we can deliver substantial returns for our partners.