

# THE WEEKEND AUSTRALIAN

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WEALTH

## Loftus Peak offers small investors exposure to big disrupters



Alex Pollak says Loftus Peak invests across the board — anywhere that disruptive change is happening. Picture: Hollie Adams

The Australian | 12:00AM March 18, 2017



GLENDIA KORPORAAL  
Associate Editor (Business) Sydney @GlendaKorporaal

Alex Pollak started life as a finance journalist before an extended career at Macquarie Bank. He now runs Loftus Peak, a global fund manager focusing on listed disruptive businesses.

### You invest in disruptive businesses. What are they?

We invest across the board — retail, banking and finance, transport, energy, media — anywhere disruptive change is happening. But for risk and liquidity issues, we only buy listed companies. The companies in which we invest have a median market cap of \$US80 billion, so we give small investors in Australia the opportunity to hold positions in the companies we believe are driving the future — something that they would find hard to do themselves.

### Do your companies have to be technology companies?

It's not about technology, it's about disruption. There is a company called Dollar Shave Club which sells razors and personal grooming products that they deliver to your door. It doesn't do any TV marketing. Its razors sell for about \$10 for a pack of four. It's not a tech company, but it has been disrupting Procter & Gamble, which makes Gillette shavers. Unilever recently took it over after a bidding war with P&G, paying \$US1bn.

Or take Uber and the taxi industry. The transport outcome is the same — a person gets a ride, it's not hi-tech — but Uber is successful because when you book it you have the knowledge that the driver is coming, and the driver has the certainty of payment. Same outcome in terms of the ride, but the information in the network changes the whole proposition. That's the reason Uber has disrupted the taxi industry.

### Your personal favourite stock?

One of my favourite stocks is Alibaba. It's the Chinese version of Amazon and is a very large play on retail, banking and logistics in a market with significant growth in the middle class.

### When you moved into financial services you become a media analyst. How did that shape your thinking?

It gave me a box seat in an industry which was being seriously disrupted. I could see the trends happening. In 2002, we went to see the chief executive of Fairfax to warn of the potential challenges of internet-based companies to the company's traditional "rivers of gold" in employment and real estate ads. Fairfax said they were on top of it. I said "no problem". The next year we floated Seek and a little later Carsales. The rest, as they say, is history.

### How big is the fund?

It is under \$30 million. We are still a relatively new company, although building a strong following of people who share our views of the future. From the time we started until now, we have recorded 18.6 per cent return a year with 7 per cent outperformance annually.

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## FEATURED CAREERS

Deputy Director, Research  
Australian Institute of Family Studies  
Location: Melbourne, VIC

Commissioner  
Australian Skills Quality Authority (ASQA)  
Location: SA; VIC; NSW; QLD; ACT; TAS

Executive Director  
Queensland Government  
Location: Brisbane, QLD

**What stocks does the fund own?**

Well, we own Apple and Google, for example, but we don't hand out a list of our investments. Investors who pay us to manage their money wouldn't appreciate us giving it away for free.

**Do you own any Australian stocks?**

No. Our investments are mainly in the US and a bit in Europe and Asia. We are providing access to companies that are more difficult to research and invest in as an Australian investor.

**How do you search out the companies you invest in?**

We read a lot and follow some key people. We attend industry conferences. There is a lot of rich content out there if you know where to look.

**What about the banks? Do you like them or are they about to be disrupted by fintech?**

Banks have done well by pushing online banking to their customers, which has allowed them to take massive costs out and increase efficiency. The next wave of disruption for the banks was staved off by the GFC, which gave them essentially 10 years to get their houses in order. There was a big flight to quality after the GFC and no one really challenged the banks.

Now the capital markets have settled down. There are some big players out there with some big ideas getting ready to challenge the banks. We are going to see a lot more action in the fintech space. History shows that very few companies have been able to successfully disrupt themselves. But that's not to say the banks couldn't. The big banks are hoovering up all the data scientists, and they understand the risks.

**How about your own personal investments?**

I have generally made money investing in areas I understand — I have rarely been “lucky”. Timing is also important.

**Could you describe what investors do wrong ... what they should not do?**

There is too much focus on short- term issues, such as small changes in earnings or lines of stock being sought or sold. But it is important to not rush either way. You only really get two chances to make a return — by buying or selling well. Buying or selling poorly cuts in half those chances.

