

Google boss to innovate

APPOINTMENTS

THE soon-to-depart head of Google Australia will join the prime minister's board of Innovation and Science.

Maile Carnegie is among seven scientists and business people appointed to the board to help the government allocate \$1.1 billion for innovation and science. She joins Seek co-founder Paul Bassat, Australia's chief scientist Alan Finkel and Charles Sturt University chancellor Michele Allan.

Ms Carnegie is set to join ANZ as its group executive for digital banking from July.

Consumers feeling good

CONFIDENCE

THE strong dollar and falling fuel prices have helped push consumer confidence to its highest level in 14 months.

The ANZ-Roy Morgan consumer confidence index jumped 1.4 points in the week ending March 13 to 116.4. ANZ chief economist Warren Hogan says consumers seem to have moved past concerns about share market volatility in January.

He says the boost was driven by consumers' views of their personal finances rising to the highest level since October 2009.

Dick Smith alive online

PETRINA BERRY
RETAIL

THE online retail giant founded by Melbourne entrepreneur Ruslan Kogan will keep the Dick Smith name alive in the e-commerce world.

Kogan.com has bought the electronics retailer's intellectual property rights for an undisclosed amount and will take control of Dick Smith's Australian and New Zealand online business from June 1.

Dick Smith's 363 Australian and New Zealand bricks and mortar stores are being shut down after the company went into receivership in January with debts of \$400 million.

The troubled retailer's receivers have so far failed to find a buyer for the stores.

Mr Kogan, who founded Kogan.com 10 years ago in his parents' garage, says he was thrilled to be able to keep the well-known Aussie brand alive in the online retail world.

"I remember as a kid always visiting Dick Smith to look for parts to upgrade my



Ruslan Kogan will keep alive the Dick Smith name.

computer," he said yesterday.

Mr Kogan, who started his retail business by undercutting the likes of Dick Smith, said he would use the platform to make technology more affordable for consumers.

He said he would also streamline the supply chain, ensure more competition among suppliers and introduce

logistics efficiencies. The 33-year-old multi-millionaire admitted it would take some time to rebuild consumer trust.

All Dick Smith customers will receive the option of having their personal details removed from the retailer's files before Mr Kogan takes over the company's online business.

AAP



THE SHORT CUT with ANDREW MACKEN

Movie plot method is selling it short

CHARACTERISING anything as a "big short" these days is a great way to turn heads.

Due to Academy Award-winning movie *The Big Short*, everyone seems to be looking for the next "big short". Short selling should be viewed more through the lens of insurance and less through that of large-scale speculative betting.

Most short selling today is designed to protect some other portfolio of assets.

Hedging, insurance, downside protection — these are more appropriate ways to view the practice.

You insure your house against fire. You don't want your house to burn, yet you sleep better knowing that, if it did, you would be protected financially.

In the world of *The Big Short*, one would insure a house for many, many times its value. No longer are you simply protecting against fire, you are making a high-conviction bet your house will burn to the ground.

Few market participants use short selling this way.

Which brings us to the big Aussie short: property.

Many tout Aussie property as the next "big short". Australia's major banks — as holders of the majority of our mortgages — have been offered up as a proxy that short sellers can use to make their bets.

There are problems with this thesis. The major banks are, by and large, high-quality businesses. Competition is limited, returns earned on shareholders' equity is high and banks enjoy an implicit guarantee from the government.

Furthermore, they pay a relatively high dividend yield, for which any short seller is on the hook.

Short selling can be a useful tool for investors.

Characterising it as large, speculative bets on asset price declines, while great for selling movie tickets, is less reflective of reality.

ANDREW MACKEN IS A MONTGOMERY GLOBAL INVESTMENT MANAGEMENT PORTFOLIO MANAGER



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