

Why you don't have to fear our high inflation rate

Transcript of Charlie Viola's chat with James Kirby on The Money Cafe

James Kirby: Hello, and welcome to the Australians Money Cafe. I'm James Kirby, wealth editor at the Australian. Now we have a budget coming up, folks, so get ready. It's only a few weeks away and you might realize that it's a different government this time with this, their first time budget. So I would suggest we all pay attention because I think we're going to see changes to tax and to super and to pensions. I think we're going to see a lot of ideas floated for the first time. Hopefully those tax ideas will be a bit more logical than the one we saw coming out of the Queensland Labor Government this week, which was an attempt by Queensland if you don't mind to tax everybody in other states. I don't know if you saw that one, but the land tax, they've come up with an idea in Brisbane that if you are in another state and you hold property in Brisbane. They will assess your land tax, not just on what you hold in Queensland, but what on you hold wherever.

So if you had a property in Sydney or Melbourne and you had an investment in Queensland, they would actually assess you for land tax on the entire amount. It's extraordinary. It's a tax grab, never seen anything quite like it. It's getting a fair bit of attention, but let's hope we won't see anything like that coming out of Canberra, as opposed to coming out of Brisbane in the weeks ahead. That's in October, of course, the first budget of the Albanese and Chalmers administration coming down the line. Meanwhile, in the real world, we are here trying to make sense of volatile markets, as they say. 6% inflation and a lot of difficulties, I think, ahead for us and on the show today to help us and guide us and hold our hand through these difficult times. I have none other than Charlie Viola of Picture Partners. How are you, Charlie?

Charlie Viola: Good, James, how are you, mate?

James Kirby: I'm very good. Nice to have you on the show again. And of course we have our hundred top hundred advisors list coming out in a week or two. And Charlie folks is not just a seasoned listee but I believe has actually held every single position, including the very top position on that list. So one of the best advisors around, and I'm delighted to have him on the show. Charlie, I want to go straight into one thing that's been sort of troubling me almost. The future fund, which I'm a great admirer of in their ability that they get those result's year after year.

They do it very well and they don't get what everybody else gets in big super, which is they don't get mandated flows pouring in the back door every week. Because of course they basically start with an amount of money, had to make the most of it. They didn't get that flow that other big super gets. And Peter Costello came out and he said, "Look, our target has always been 4% above inflation and they've done it year after year." And then he said, "We can't do it this year because to do it, we'd have to do 10 or 11% because inflation's running at six." This came up on the show last week, but I was thinking, "Well, what am I supposed to do with my SMSF? Should I have a target above inflation? And how on earth am I going to achieve... Have I to make 6% before I get to neutral basically?" Is that how it goes?

Charlie Viola: No, not really.

James Kirby: Not really?

Charlie Viola: If you think about it... Not really. If you think about it in this inflationary period and this period, generally in the last couple of years, it's probably been one of the most challenging that we've ever seen between COVID, war, inflation, supply side issues. So I think everybody's investment return targets and using the future fund one, which is as good as any the four or 5% above inflation needs to be looked at on a longer term, time horizon. Needs to be looked at a five year plus time horizon.

I think if you chart your self-managed super fund back over the last five or six years, you would've well and truly outperformed inflation plus 5%. And I think if you project into the future and some of these issues that we have at the moment around inflation around supply side issues. Around housing, affordability, all the stuff that's kind of going on. We will a hundred percent moderate. So it's a game of patience and it's certainly a game of holding good quality assets over a long period of time, allowing earnings growth to take hold over time. And you'll generate those reasonably good outcomes, but

James Kirby: Let play devil's advocate here for a minute. I'm not saying that inflation will go crazy. But let's take the consensus that it's peaking right now, but it's not going to go back to levels that are irrelevant or inconspicuous. Let's say it flows back down to 5% or 4% and stays there for a few years. Then we do have a problem, don't we?

Charlie Viola: Again, not really. I still think that target returns for good quality, well balanced portfolios that have got good quality balance of equities, international equities, infrastructure, real property, et cetera in them. Over time, we will be eight to 10 to 12%, which means that if inflation is four or 5%, then you're generating a rate above inflation of four or 5%. So again, every investor, especially Superfund investors and the Future Fund, is a really good example of that needs to take a really long time horizon or long term horizon from an investment perspective.

Remember James, that even if somebody's 60 and they're thinking about their super monies, their time horizon is 30 plus years. We're going to go through a number of different cycles and asset quality and low risk of impairment becomes absolutely the most important thing. I think there is a danger in these environments where you've got inflation at 4% and interest rates rising that people go to the bank and go, "Oh, look, I can get a 4% return deposit. And 4% feels like a really good return." It's not because the real rate, the real return there is actually [inaudible].

James Kirby: But it's guaranteed Charlie, and people haven't had a guaranteed 4% for how long, a decade?

Charlie Viola: Which is where we dig into the annuals of history James. And we actually have a look at the rolling returns on equity markets and on growth assets where any of these long term averages suggest that if you hold growth assets and especially equities over rolling five year period. Your chance of loss over that period is negligible, which means that really over the long term, and remember every Superfund investor is a long term investor. So whether you're 30 or 35 or you're 65, you're a long term investor. You should be having a heavier weighting to those growth assets. Because that's the only ability to actually generate earnings growth and revenue growth over a long period of time. So Peter's right, he's going to struggle to generate 10% return over the next 12 months while we have muted markets and we have all the various issues in investment markets generally. But over the next three to five years, I see no reason why they won't hit those targets.

James Kirby: So you're not, okay... These rate, it's very interesting you say that. I've had so many people say to me, "Whoa, there's term deposits out there and I can get 3% and it's government guaranteed. It's risk free." And people haven't had risk free options for so long. They are so delighted to see them back on the scene.

Charlie Viola: I view risk in a few different ways, James. Investment risk comes in two ways, risk of impairment and the risk of volatility. And we always like to think about the risk of impairment. But the risk in this context is that, yesterday we bought bread milk for a \$1,20 and tomorrow we buy it for a \$1,25. If we invest our \$1,20, it only produces a \$1,23. We've actually made a loss. So the reality is that there is great risk in generating a return below the increased cost of living, which is what that's doing. So unless you see a significant fall in consumption, unless people just decide that they're willing to spend less money because

costs of goods are greater. Then the real value of their money is actually going backwards. So it's not risk free at all. It's just risk transference.

James Kirby: Risk transference. Okay. All right. Now-

Charlie Viola: You can steal that. You can have that if you like.

James Kirby: Thank you very much, I will. So now tell us what you mean by impairment. Let's say I have a self manage Superfund. It had a great year last. It had a great year to July, I'm sure. Then of course this year's been much harder and this calendar year has been much more difficult. Tell me what you mean to an investor like me by impairment. What does it mean? Does it mean simply I lose money or what does it mean?

Charlie Viola: Yeah. So whenever you're managing money, especially big loads of money or your own money, there's really only two levers that we have to manage risk for people or that you've got to manage your own risk. One is diversity. So making sure you don't have all the eggs in the same basket and the other one, is asset quality. The first screen that every investor should have for any individual investment that they buy is asset quality. So what's the risk that asset be may become impaired for whatever reason. So over time it's really important that you apply the screen is, what's the chance of this asset going broke. What's the chance of it no longer being able to produce revenue for me. What's the chance of going from being worth a dollar to being worth 50 cents or going from being worth a dollar to turning to dust.

So we don't view risk through the lens of volatility. We know that CBA shares go up and down. We don't care whether they're \$95 or they \$105. As long as the company itself has an ability to continue to produce earnings. And it's got a good strong balance sheet and can continue to pay us a dividend. We don't view risk through that lens of volatility. We view it through the lens of impairment. Is there a chance that CBA or BHP or Woolworths or Westpac or ASX or whoever are going to become impaired over the next five or eight or 10 years, the likelihood is no.

James Kirby: Well, the Commonwealth bank stock is the premium stock. It is clearly in a league of its own compared to the others. What if I have NAB? And it's the same price for a decade with a little four or 5% dividend each year, though they missed it once or twice. Is that impaired?

Charlie Viola: No, no. Because in reality, a lot of those large cap stocks and people will hate me saying this. And it's a bit of a contrary view are somewhat, large cap domestic equities have been used as bond proxies for a really long period of time.

James Kirby: This is your Telstra and et cetera. Yes. Yes.

Charlie Viola: Yeah. Strong companies with good earnings that just have been able to pay those earnings out to investors over a long period of time. So whenever we are comfortable that the balance sheets are strong, they're well run. They've got good continuity of earnings and they've got good key competitive advantages. And they've got a marketplace with which they can work. I continue to think that it's fine to hold those assets for what it is that we use them for, which is filling up the bank account with cash.

James Kirby: So bond proxy is just in the unlikely event any of our listeners don't know what Charlie's referring to, is we don't really have a bond market, a retail bond market, like they do say in the US. How it has emerged or evolved in our market, correct me if I'm wrong, Charlie, but how it has evolved is that the banks and Telstra, a few other very, very reliable dividend pairs are bought by the Australian investor as a sort of bond, a proxy bond as they call it. And you get not just dividends across what you get franked dividends there. Sounds to me, Charlie, you like your oligopolies and your monopolies.

Charlie Viola: Yeah. So over the years, and again, we're big ones for diversity. As I've said a lot in the media over time, we're big ones for holding private assets and holding real assets for clients. But we like large cap defensive equity positions. We like them, we like to hold them through the cycle. We like the revenue that they pay us. And we like the ability to have good quality portfolios that are somewhat set and forget that continue to generate a four or five or 6% revenue stream over a period of time. And again, we know that this volatility, we know the price is going to move over time. But we have very little concern about the impairment risk. We're not too worried that we wake up tomorrow and that [inaudible] or West Bank or CBA or Transurban or whoever are going to disappear and stop paying us a dividend

James Kirby: You're not going to wake up and find the fell 50% overnight that you could with a mid cap or a small cap or whatever. Is that an element of that thinking?

Charlie Viola: And again, investors have to understand that you do have levels of non diversifiable risk. If you're invested in equity markets and equity markets fall and get sold off or what have you. Then the capital value of that asset will fall. But if you're holding it for the purpose of it filling up your bank account with cash, and if you are holding it as a means of producing revenue and retirement income stream for yourself. Then close your eyes to the value, forget about it and just spend the dividends when they come through.

James Kirby: Watch the franked dividends rolling because they're going to roll in regardless the dividend is the dividend. That's the point you're making there. The bag of cash remains as promised from those food chip stocks. Yeah, okay. What do you think of Warren Buffet's line, "Diversification is what you do when you don't know what you're doing." It's a smart line, a debatable line, but what do you think of it?

Charlie Viola: Look, Warren's probably smarter than me, but to be fair, I think the last two years has probably been a reasonable lead indicator that having some negative correlation to equity markets has been a sensible thing to do. Certainly when we put client portfolios together, we want to be generating the revenue that they're producing. And we want to be producing their returns in different ways. We've been a big one in our business for holding real assets, for holding private debt, for holding private credit within client portfolios. Because we know that through the cycle, we can generate slightly different returns than what investment markets will. I think when you take the Warren Buffet view, that markets are there forever and good quality companies will be good quality companies.

That's fine. I also think though that concentration risk will lead to greater levels of volatility over a period of time. So there's two pieces to this, one is total return over time. If you had done nothing but hold Australian equities since 2010, you'd be really happy because markets have basically done nothing, but go up for 10 years. You now sitting here today, you're going, "Oh, why haven't I held some property?" Or "Why haven't I held some infrastructure?" Or "Why haven't I held a different type of asset class?" We want to smooth returns for people over time. We do want to generate those returns in different ways.

James Kirby: And that's you bring in these alternative, not alternative, but non listed assets and direct property and debt on secured mortgages, that sort of thing. Is that the sort of thing you're talking about?

Charlie Viola: Yeah. Yeah. So that private debt market, in truth, the private debt market has been one where certainly over the last number of years, you've had returns that are asymmetric to the risk that you're taking. Whether that's the case going forward. That's for every analyst and advisor to be advising their individual clients about what their risk profiles and their prejudices are. But having some negative correlation to markets makes absolute sense in good quality portfolios.

James Kirby: It's interesting private equity. I noticed Kim Kardashian has joined the private equity world this morning. I don't know if you saw the front page of The Wall Street Journal. If you don't mind, Kim Kardashian enters the private equity market, we should all be on our all be on our toes. No doubt she'd wheel in millions. Billions, perhaps for that taking. That's a fusion of both Charlie's advice and the Kim Kardashian glamor factor folks. Okay, Charlie, one quick question before we go to the break. The consensus is that Australian property, the residential property will fall 15 to 20% peak to trough. It's not dropping, three or 4% is all we're seeing so far. What do you think?

Charlie Viola: So I'm not a doomsday sayer, James. I leave that to the guys like Grantham and what have you. The kind of mega headline-

James Kirby: The headline makers. Yes, I notice Grantham is saying that for many years.

Charlie Viola: Yeah. Yeah. I often have a joke and it's a little course, but if I sit at the bar long enough, I'll be drunk sooner or later. So sooner or later he'll be right. But there is certainly the potential for it. If you go by the call logic data. Sydney's down, seven or 8% since peaking at the end of January. There is probably some pains to come for households in where you've got fixed rates that are coming off into variable rates, which means that the individual household cost to their mortgage or the cash that they have to put in their mortgage goes up. And in reality, property is reliant on the flows of new credit. And with banks tightening in terms of who they're lending money to, the threshold or the assessment rate which has now gone up fairly significantly means that flow of credit will slow.

Which means that less people borrow money. You've probably got less houses changing hands. And if people do desperately need to sell, because suddenly you've got that 10 or 12% people where a bit of mortgage stress is starting to bite. You may well see property values in a homogenous way fall. The difficulty with property though is, it's unlike equity markets. It's not homogenous. You'll probably find that the Eastern suburbs of Sydney or the Northern suburbs of Sydney or Toorak in Melbourne or whatever. Values probably won't come off that much because the affordability issues aren't there. Whereas maybe the Southwest suburbs of Sydney, the prices will drop a little further kind of thing.

James Kirby: All property is local.

Charlie Viola: Yeah, yeah. That's exactly it. So I do think there are some real stresses that may well come if we continue to see rates rise. And I still think that... Who knows what central banks and central bankers think is the right sort of interest rate level to put their foot on the throat of the inflationary concern. So rates may continue to rise for a little while. And if three years ago, the banks were using 3% assessment rates and people could only just afford the mortgage. If those rates now go to five or six or 7% and suddenly people can't afford bread and milk. Then you are going to have some for selling, which may well impact property prices. So there might still be a bit of pain around if honest.

James Kirby: Okay, all right. Very well. Thank you for that. And very clear explanation of it. And it is a point that I suppose, terribly relevant. The cliff as they call it, when all this whole cohort, this gigantic cohort of people who fixed smartly and perfectly sensibly a year or two ago, come off and find that they were fixed at 2% and suddenly they're paying five.

Charlie Viola: So the other piece around that is remember their amortization rate on their loans is now much higher. So they had a 30 year loan. They've not paid any of the capital off for a four or five year period. And now suddenly they've got a loan over 25 years where they've got to amortize it much more quickly. So all the interest expense is a little bit more. The actual physical amount that they now need to pay down is much more. So the cost out of their living expenses is far greater. And that's the real risk that exists.

James Kirby: Right, it's a double hit. The interest is higher. And then there's the principle to pay as well, which they probably hadn't been doing. That's very interesting. Okay. We will take a break. We'll be back in a moment, folks.

Hello, everybody. Welcome back to the Australians Money Cafe. I'm James Kirby, the wealth editor at the Australian. And I'm talking to Charlie Viola, of course, from Picture Partners. He is a partner in Picture Partners. He's also one of the top rated financial advisors in the land. And also I'd like to add a very articulate advisor and is able to, I think, put fairly complex issues in a simple way, which is very useful to you and I. Let's start with some questions.

Now I have a question from, I hope I pronounce this right. It's Duy, D-U-Y. He recently became a dad, wants to give his daughter, baby girl, a head start financially. And he's planning to set aside certain amount a week to invest until she turns 20. Dedam, dadam, a lot of people like to think like this. So he says, he thinks these are his options. "Open, buy an ETF periodically or salary sacrifice the same amount directly into my super. And when I retire, I'll cash out and gift it to her." When you're retired, Duy, that could be 40 years away I'm guessing or 35 or whatever. What do you think, Charlie?

Charlie Viola: Yeah. The Super OD idea has merit because it's a little bit more tax effective and what have you. But in truth, the regulatory risk, the timing risk, the lack of flexibility just means that it's probably not something that's rational or sensible. So I'd be doing the ETF. The other thing by putting it in your super and then cashing it out. You're going to soak up some of your limit in terms of what you can use in super over time. Because you've earmarked it for your daughter. So the only thing to be a little bit mindful of, if the amounts are really small, just build up a bit of cash and then do it every month or two. So that you're not getting killed in transaction costs.

James Kirby: Or even every quarter or something, if it's really small amounts, because you could be paying bulking fees. Do think about that, Duy, and I think looking at the dollars amount you gave us there. It would make sense to do it not too often, maybe quarterly, maybe even over every six months. Because you're going to watch those fees that you pay when you buy your ETFs on a regular basis. Dollar cost averaging, they used to call that and they still call that. And it does make sense that is the constant periodic

episodic buying or of an investment where the markets are up or down. Okay. Aaron asks, "Can I ask your general opinion on the online investment group Stockspot?" Aaron, first of all, it's never advice here on the show. It's just general information for everybody. On Stockspots, we've actually had the head of Stockspot on the show, Chris Brycki, and my general opinion is that they seem to be a useful player in the market.

They're really just do ETFs. Concentrated on ETFs and they basically package them up for you. I'm not saying they're good or bad, but it doesn't seem like a particularly experimental business to me, it seems reasonable. Okay. A quick question from Laurie. Laurie asked, "How can I get the information you had in the 'around the world episode' in print?" Charlie, we had a recent episode where we looked at issues for listeners around the world. We have quite a few listeners overseas and we had people who were leaving Australia or vice, people were coming back to Australia. And there was all sorts of interesting issues there. So thanks Laurie. Unfortunately, you can't get that in print. It was a podcast. So all you can do is go back to the podcast and listen to it repeatedly until you know it off by heart.

All right, now back to the questions. Dean, this is an economic question, Charlie. "If interest rates increase with the intent of reducing inflation, then economic demand should cool and unemployment should increase. But I suggest as we see increasing rates, and we just saw them this week, that we will see increasing wage growth and inflation locked in above 3% for years." What he wants to know is whether he's worrying about the immigration then and whether it could change those dynamics. It's a great question. And they increased immigration, of course, during the week up to 195,000, I think it is now, that was a bit of a lift to the question, of course is whether they can get immigrants these days. They used to be able to just turn the tap on and people would just pour in, wouldn't they? I don't know what really changes things. So what do you think Charlie, about that basic outlook about whether rates just that the increase of interest rates will paradoxically prop up inflation? Like I was saying at the start of the show, three or 4% for years.

Charlie Viola: Yeah. I think it may. I think we've been in such a low inflationary environment for so long. We've forgotten what the world's actually meant to look like in terms of what inflation's actually meant to be. And the increased cost of goods and cost of services should be over a period of time. Because remembering that increased cost of goods and services over time is actually what drives wage growth. Is actually what drives economic growth over a longer period of time. So I'm not sure two or 3% inflation annually is something that we should be particularly scared about. In terms of the immigration thing, I'm not sure I have a particular opinion on that. I think that we as a country have always really benefited from immigration. We've always had skill shortages in Australia where we bought those skills in over time. Myself, obviously my grandparents were immigrants to this country.

James Kirby: So am I. But I just wonder Charlie, this was always, this economic lever that Australia had, that they could turn the tap on and off. And has there ever been a time where they turned the tap on and it didn't flow because for a variety of reasons, because this judge labor show, which is all around the world.

Charlie Viola: You got to remember James, it's the tap and the dam. So you turn it on and it's a trickle and then it gains momentum. We are still living in a COVID based world. There is still a fear of travel, a fear of change. So I actually think that those things will actually regain momentum over time. I also think one of the things that drove immigration over time was the fantastic foreign student studies that we have in this country. And there's no doubt that, that's slowed down to a real trickle. We've talking to a number of universities recently about their foreign students and the lack of numbers as that starts to increase it or flow through into the work into workforce as well. So it's all just going to take time to get back to perhaps normalized levels.

James Kirby: Okay. Thank you for that. And thank you for the question Dean. That is a great subject that I'd love to see some more work on. About immigration and the current immigration program and to the extent that it may not work as it used to. There was an entertaining story basically that the minister for health in WA was in Ireland recruiting nurses. But the minister for health was in Ireland was in WA recruiting nurses at the same time recently. Partly that's true. Okay. Now, Luke, "Can you tell me what my employers superannuation obligation is with regards to the super guarantee? I work a zero hour casual contract and only pick up shifts that are at emergency rates. These are more than the usual hourly rates. If I was rostered for shifts in advance, I've been told that these hours I am doing at emergency rates are not counted for the

super guarantee because they're not regular hours. And so I don't get my super, is that right?" I don't know, Luke. I hope we can crack it here.

Charlie Viola: Yeah. I do know the answer to this one. Thankfully James. Luke is right or what he's being told is right. So SG or Superannuation Guarantee is paid on what's called OTE or ordinary time earnings. So over time, specialized rates are not ordinary time earnings. So his employer is not required to pay SG on those overtime or expense allowance and reimbursements and whatever else. So for Luke, he's a little bit on his Patent Malone there where he's going to need to make his own super contributions out of the monies that he gets paid. As Luke has no-

James Kirby: You mean volunteer? He'd have to volunteer, be voluntary contribution if he wants to.

Charlie Viola: Yeah, that's right. Luke's made the point that he's on emergency rates, which means that he's maybe getting one and a half or two X normal hourly rates because he turns up between midnight and 3:00 AM or whatever it might be. He's going to need to make allowances out of his own income to make those super contributions. Because at this point with the way the rules are written, there is no SG requirement for his employee to make those contributions.

James Kirby: All right. Well that is the answer, Luke, but thanks for asking. Good for you. Keep an eye on all that. Keep an eye on all that. I'm amazed how little people understand about their rights and entitlements and super and always worth checking. Good for you. Okay. We'll be back with one last question in a moment.

Hello, everybody. Welcome back to the Australian's Money Cafe. I'm James Kirby, wealth editor at the Australian and I'm with Charlie Viola from Picture Partners. And we have one last question, which is from Omar. And now he says, "It's often mentioned that copper is a metal that is forecast on the demand with electrical cars. If you had a bag of money and you wanted to choose three electrical, at least copper stocks, which would you pick and why?" Okay, well now Omar neither Charlie or I are going to tell you what stocks to buy. But copper, you might, it is actually, Charlie, isn't it Dr. Copper they say. It is actually beyond even its use in electric cars. It's seen as this sort of guiding light of the economy. If copper's going up, everything's going well and it's going down... It's more than just another metal, isn't it?

Charlie Viola: Yeah. It's a really high usage metal and this is not advice and everybody needs to get their own advice. But you only need to look at a company like BHP. I think, BHP, about 20% of the Groups EBITDA comes from copper over the last-

James Kirby: Their attempt to take over of OZ Minerals is actually to some extent about copper.

Charlie Viola: Yeah. Yeah, exactly. And I think Rio, it's 10 or 15% of their EBITDA numbers. These are massive iron or resource companies. So copper is a really important part of the commodity sector. I think there's something embedded in there in terms of electronic vehicles. I think in truth, the EV space, which is obviously a growing one, there's probably lots of ways to get exposure to that growing, semiconductor, exposure and disruption and what have you. So I think if our listener here is asking about EVs as opposed to copper, there's probably lots of ways of actually obtaining those exposures.

James Kirby: Yeah. That's an interesting point that Omar, if you're interested in electric cars, perhaps you might look at them. And copper, yes, I think basically that what's going on is that electric cars use, I think it's four times more copper than traditional cars. And so there is this sense that copper is going to be a big beneficiary of the switch to Evs. Who knows, it may well be. I don't doubt it, but there's many other factors in copper it's used in many, many other ways. In fact, it's actually the core metal for all manufacturing. That's why they call it Dr. Copper. So be careful. I think we can certainly say it to you, be careful as Charlie is saying, if you're looking for a way into EVs, maybe the way into EVs is Evs. And there's lots of them around and there's also ETFs on that as well. So you might take a look at that. Okay. Very interesting. Can ask you a personal question. Do you have an electric car Charlie?

Charlie Viola: No. I'm as most people know, I'm an absolute rev head.

James Kirby: Yes. I heard that's right. And so what don't you like them? [inaudible].

Charlie Viola: Well, I'm going to end up being on the wrong side of hate on this one, James. But no, I've got a large engine. I've got a large engine V8, which I enjoy and it guzzles lots of fuel and all of that sort of stuff. And I've got some race cars, which I'm sure are not the most environmentally friendly.

James Kirby: Well, what do you think of the notion of an EV race car of an electric Lamborghini? If someone said this one outside the door, what would you say?

Charlie Viola: It makes no sense to me. It makes no sense. Cars for me are all about the visceral experience. It's all about the smell and the sound and the noise and the rattling. I have actually had the opportunity to drive an electronic vehicle around a racetrack. And while it was very fast, it just lacks all of the human input. That one needs to make it exciting. So there are all wonderful reasons for EVs, but I must confess. They're not for me. And that's got nothing to do with the investment piece.

James Kirby: No, absolutely. No, well that's very, very interesting. Yes, no, I knew what I was doing there. I knew you were a petrolhead, so it was a rhetorical question as they call them. Okay, terrific. Thank you, Charlie, that was great. Thank you very much for your time today. Everybody remember let's keep the questions rolling. I'm going to have a look at some broader economic questions in the weeks ahead. I've also got some very interesting people lined up on all sorts of issues. But if you've got questions on the broader economy, we had that one there today. I suppose the copper question was about that and also the question about immigration. We will be in a good spot to answer them in the weeks ahead. All right. Remember the email moneycafe@theaustralian.com.au. Charlie Viola of Picture Partners. Thank you very much. Talk to you again.

Charlie Viola: Thank you James much. Appreciate it, mate.

James Kirby: And thanks to everyone for listening. Talk to you soon.