

The Hass Report

A Newsletter for the friends and clients of Shawn Hass & Dustin Leniuk



Wealth Management
Dominion Securities

Summer 2024

How I Think About Debt

Japan has 140 businesses that are at least 500 years old. A few claim to have been operating continuously for more than 1,000 years.

It's astounding to think what these businesses have endured – dozens of wars, emperors, catastrophic earthquakes, tsunamis, depressions, on and on, endlessly. And yet they keep selling, generation after generation.

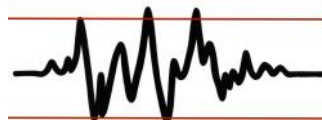
These ultra-durable businesses are called “shinise,” and studies of them show they tend to share a common characteristic: they hold tons of cash, and no debt. That's part of how they endure centuries of constant calamities.

I love the quote from author Kent Nerburn that, “Debt defines your future, and when your future is defined, hope begins to die.”

Not only does hope begin to die, but the number of outcomes you can endure does, too.

Let's say this represents volatility over your life. Not just market volatility, but world and life volatility: recessions, wars, divorces, illness, moves, floods, changes of heart, etc.

With no debt, the number of volatile events you can withstand throughout life might fall within a range that looks like this:



A few extreme events might do you in, but you're pretty durable.

With more debt, the range of what you can endure shrinks:



And with tons of debt, it tightens even more:

I think this is the most practical way to think about debt: As debt increases, you narrow the range of outcomes you can endure in life.

That's so simple. But it's different from how debt is typically viewed, which is a tool to pull forward demand and leverage assets, where the only downside is the cost of capital (the interest rate).

Two things are important when you view debt as a narrowing of enduring outcomes.

One is you start to ponder how common volatility is.

I hope to be around for another 50 years. What are the odds that during those 50 years I will experience one or more of the following: Wars, recessions, terrorist attacks, pandemics, bad political decisions, family emergencies, unforeseen health crises, career transitions, wayward children, and other mishaps?

One-hundred percent. The odds are 100%.

When you think of it like that, you take debt's narrowing of survivable outcomes seriously.

The other is you think about the kinds of volatile events that could do you in.

Financial volatility is an obvious one – you find yourself unable to make your debt payments. But there's also psychological volatility, where for whatever reason you can't mentally endure your job any longer. There's family volatility, which can be anything from divorce to caring for a relative. There's child volatility, which could fill a book. Health volatility, political volatility, on and on. The world's a wild place.

I'm not an anti-debt zealot. There's a time and place, and used responsibly it's a wonderful tool.

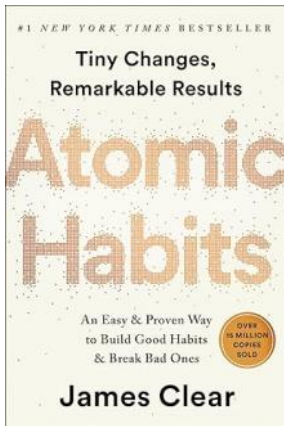
But once you view debt as narrowing what you can endure in a volatile world, you start to see it as a constraint on the asset that matters most: having options and flexibility.

An article by Morgan Housel, author of The Psychology of Money

Shawn Hass, B.Mgt, FMA, CIM, FEA Senior Portfolio Manager
Dustin Leniuk, B.Mgt., CFP, CIM Associate Portfolio Manager & Financial Planner
Naomi Dueck Client Experience Associate
Ashley Crabb Administrative Assistant

HASS WEALTH
RBC Dominion Securities Inc.
204-1st Avenue South,
Toll Free 844-709-8972
Office 403-317-4312

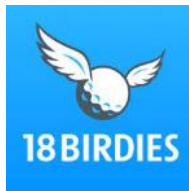
A Book, an App and a Website



Book: Atomic Habits

Written by James Clear—Clear is known for his ability to distill complex topics into simple behaviors that can be easily applied to daily life and work. Here, he draws on the most proven ideas from biology, psychology, and neuroscience to create an easy-to-understand guide for making good habits

inevitable and bad habits impossible.



App: 18 Birdies

Big thanks to Shawn's son Jonah for finding this one, the best shot tracker out there! The app combines advanced GPS technology with breakthrough game improvement tools to fine-tune your game. It is very easy to use and pairs well with a apple watch. Paid features allow you to upload a video of your swing to an AI Swing Analyzer and receive feedback.

Website: debtclock.ca

If you need an excuse to get your blood pressure up check in on this site that tracks Canada's mounting Federal debt. It even breaks it down into your share and also the growth per day.



Community

Earlier this spring Naomi and some other staff from our RBC Dominion Securities office in Lethbridge volunteered to help at Rita's Run which raises funds for mental health. The event was a 5 & 10K run or walk with all the proceeds donated to the Southern Alberta Self-Help Association.

Rita's Run began in 2019 in honour of Kinetic Indoor Cycle & Fitness owner Sandra Asuchak's sister Rita, who took her own life in 2002. "She suffered from depression and bipolar disorder. It's a way to commemorate her memory and legacy." This year's run raised \$27,500! Great job to all the runners and organizers.



Podcast

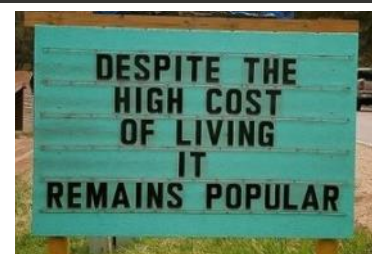
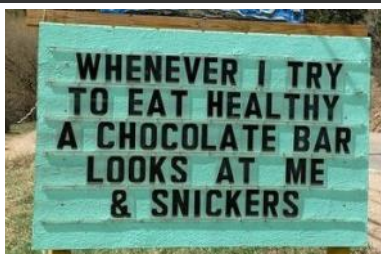
As the founder of Arc Resources Ltd. Mac shares the lessons he learned from his past including how witnessing a failed venture of his fathers shaped his approach to decision making. This father son duo share candid details on how they have been so successful at working together over the years. Rob, who co-founded Viewpoint Investment Partners with Mac shares some of their firm's unique decision making techniques.

<https://www.hasswealth.com>



Wealth Management
Dominion Securities

Signs around town...



Securities or investment strategies mentioned in this newsletter may not be suitable for all investors or portfolios. The information contained in this newsletter is not intended as a recommendation directed to a particular investor or class of investors and is not intended as a recommendation in view of the particular circumstances of a specific investor, class of investors or a specific portfolio. You should not take any action with respect to any securities or investment strategy mentioned in this newsletter without first consulting your own investment advisor in order to ascertain whether the securities or investment strategy mentioned are suitable in your particular circumstances. This information is not a substitute for obtaining professional advice from your Investment Advisor. The commentary, opinions and conclusions, if any, included in this newsletter represent the personal and subjective view of the investment advisor Shawn Hass who is not employed as an analyst and do not purport to represent the views of RBC Dominion Securities Inc. The information contained herein has been obtained from sources believed to be reliable at the time obtained but neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers can guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers is to be under any responsibility or liability whatsoever in respect thereof.

RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member-Canadian Investor Protection Fund. RBC Dominion Securities Inc. is a member company of RBC Wealth Management, a business segment of Royal Bank of Canada. ® / TM Trademark(s) of Royal Bank of Canada. Used under licence. © RBC Dominion Securities Inc. 2024. All rights reserved.