

The Hass Report



Wealth Management
Dominion Securities

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

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Hass Wealth
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Real Time Lessons From the GameStop Saga

GameStop sells video games in malls. It was on the verge of going out of business and its stock fell to as low as \$3.50 in March 2020. An online pet-food retailer thought he could turn the business around and GameStop's price started to rise, reaching \$18.84 in December 2020.

Profiting when a company's stock value goes down is called Shorting. Shorting brick-and-mortar stores is a favorite theme with professional investors, also known as hedge funds. A couple of these hedge fund managers thought that GameStop was doomed and that its price would fall. They opened a massive short position.

Small investors, on a chatroom called Reddit, decided to buy the stock. That's when the snowball really started to roll downhill and put pressure on the professional traders. They had to begin unwinding their position, which caused the price to surge to \$483 at one point, a rise of 2,200% in 2021.

The number of followers of the now infamous Reddit chat forum WallStreetBets, who was the architect of the trade, has grown exponentially this year from very small numbers at the start of 2021 to a whopping 9.1 million followers as of Feb 15th.

Back to the story....With losses running at US\$6 billion, the hedge funds reloaded their stance but the army of small investors continued to push the price higher the next day and finally forced the hedge funds to surrender.

This is called a short squeeze. A sharp increase in price forces traders betting against a stock to buy it at a higher price to stop the bleeding. It creates a feedback loop and the price goes even higher.

The decades-old power play by these hedge fund managers, with their discreet clubs of organized trades, has been challenged by an online crowd of investors, a group open to everyone. A decentralized force pitted itself against a centralized

force and brought the latter to their knees. One hedge fund, with assets of \$12 billion at the start of 2021, filed for bankruptcy.

With good information freely available, the small investor is able to challenge and, in some cases, beat large institutional investors.

And one final twist; on January 28, one of the main trading platforms, Robinhood, (yes, an ironic name considering the actors in this play) used by many of the small investors, halted buying of GameStop

shares. In the proceeding couple of weeks the price of GameStop, which jumped to 30,000 feet so quickly, has come screaming down to earth and trades at \$52.40 as of February 12th.



What is this telling us?

1. Like it or not, people can communicate faster and more efficiently than at any point in history. Big tech companies have leveraged social media and other platforms to ensure people's eyes are glued to their devices 24-7. I still marvel at my great grandparents being separated in Europe after World War II. After almost a year of searching, they were finally reunited randomly at a train station (no texts or tweets, just an enormous amount of perseverance and patience).
2. Prices of stocks, commodities, art, or even tulips can move in very erratic fashions and often defy logic for short periods of time, despite what the experts might think and regardless of their actual value or demand.
3. The status quo has never been challenged faster than today. Many things are becoming a young person's game. Technology has been one of the great equalizers, allowing a young tech-savvy generation the ability to disrupt all sorts of industries.

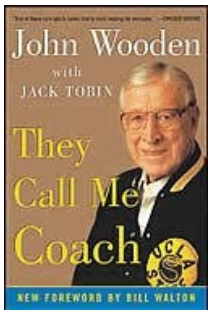
It's a new era, and it seems to be here to stay, for now.



A Book, an App and a Website

Book: They Call Me Coach

Written by John Wooden with Jack Tobin



They Call Me Coach is grass-roots Americana, a story bigger than basketball. It's one of those rare sports books that is must reading for everyone.

From the everyday basics to important life lessons, Wooden shares his worldly wisdom on and off the court to offer a personal history of an unforgettable time in college basketball, answering the most-asked questions about his life, his career, and the players who made his teams unbeatable.



App: Sorted

More focus. Less Stress. Sorted combines your tasks, calendar events and notes into a unified timeline so you can hyper-schedule your entire day in one place.

Website: www.protonmail.com  ProtonMail

If you want to protect your email from prying eyes, but don't need the kind of protection that keeps spies and whistleblowers alive, ProtonMail could be the secure email service for you. It utilizes PGP encryption standards, is based in Switzerland, and has a solid reputation in the privacy community.

Community



We are honored to announce we were the recipient of the Small Business Philanthropist Award from the Association of Fundraising Professionals Southern Alberta Chapter. We were chosen based on our support of the Chinook Regional Hospital Foundation and our long-term commitment to their fundraising events. For more details, The AFP Southern Alberta Chapter posted the following Facebook link to a video

<https://www.facebook.com/136104219824670/videos/3426563910724027>

Podcast



Episode 8 - Jeff Nielsen



While Jeff and his partner were working as nutritional consultants, they noticed a very specific need that their customers had, which wasn't being filled within the industry. After reading the book Blue Ocean Strategy, Jeff began to understand how the feed industry was locked into repeating the same process, rather than innovating, opening the opportunity to start a new business in "open waters."

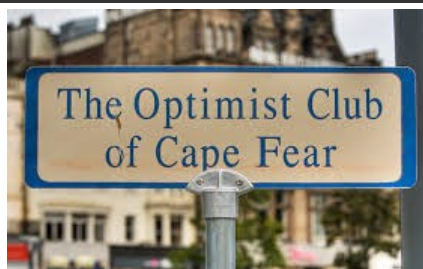


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