

Trading / Investing Strategies

**Dividend Harvesting
Definitive Guide**

Dividend Harvesting and
What to watch out for!

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"The share market can seem mystical and almost like black magic; but with the right support and assistance, it just seems like magic."
Robert Brain

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About this presentation...

After studying both dividends, and share price performance, of many stocks around the ex-dividend date since mid-2019, this presentation pulls together a lot of the observations and knowledge that has been gleaned about dividends over the years.


These Speaker Notes are always available for my Share Market Toolbox members.



Introduction

Introduction
Dividend Capture
Dividend Harvesting
Dividend Stripping

Isn't it easy, and profitable?
Isn't it straight forward?
Are there any catches?



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Introduction

It doesn't matter what you call it – dividend capture, or harvesting or stripping, its all much the same thing.

- Are you interested in investing for dividends?
- Isn't it easy?
- Isn't it straight-forward?
- Are there any catches?
- What about the simple strategies for dividend harvesting?
- How do we find out the details about upcoming dividends – the dividend amount and the ex-dividend date?

Take care!!! Because it is NOT that easy.




Introduction

About this material

This set of presentation slides is based on a few years of research, and a real attempt to harvest dividends.

And it draws from previous presentations on dividend harvesting that were presented to the ATAA Melb (January 2020) and to a KL workshop in 2022.

The members of Brainy's Share Market Toolbox can download these slides plus the more detailed Speaker Notes from the Share Market Toolbox www.robertbrain.com/presentations/



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More about this presentation...

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Introduction

Introduction

Many investors engage in:
“blind” dividend harvesting

*The purchase of shares
in a public company
with the sole intention of
profiting from the dividend,
without due consideration
for any capital loss.*

BUT there are traps!



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Introduction

Many investors and traders have a go at dividend harvesting without due consideration for some of the traps and pitfalls. Their goal is to harvest the dividends without thinking much about the share price, often because they have heard that:

“...the share price tends to fall on the ex-div date by the amount of the dividend”.

What they don't realise is that this is absolute rubbish. It's a *furphy*.




Introduction

Dividend “principles”

- It is common for the share price to rally into the ex-div date, and then...
- To fall on the ex-div date by the amount of the dividend.

BUT!!
Is this information
true and reliable??



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Dividend principles

We often hear this information about dividends.

That a company's share price typically rallies for days (or several weeks) into the ex-dividend date, and then on the ex-dividend date it typically falls by the amount of the dividend.


HOWEVER, as we will see in this presentation, this was not a common observation in the August 2019 dividend season, nor in my observations since, in the years 2020-2023!



Introduction

Today's session

- All about dividends – dates, amounts, twice per year, where to find historic details, etc.;
- *Dividend harvesting* – What is it? and Why do people chase the dividends?
- Recap highlights from my 2019 research, and the real-life results of my (failed) attempts at ***dividend harvesting*** in early 2020;
- Searching for a strategy – exploring the share price performance around ex-div date;
- Highlight the dividend harvesting traps for the unwary;
- Don't forget the tax implications!



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Session Purpose

- Explain some of the key details about dividends – the four key dates, dividend amounts, etc.
- Exactly what is *dividend harvesting*?
- Share some observations about dividends and share price performance — they might be surprising! This includes a recap of my 2019 research on this topic.
- We will also look at the share price performance of a few stocks around their own ex-dividend date.
- There are traps for the unwary, and I will describe these.