

## About this material

This set of presentation slides in July 2020 is an update to the introduction to *dividend* harvesting that was presented to a meeting of the ATAA Melb group in January 2020.

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/



Dividend Capture
Dividend Harvesting
Dividend Stripping
Isn't it easy?
Isn't it straight forward?
Are there any catches?

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## Dividend Introduction Harvesting 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! © Copyright 2020, Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com

Dividend Harvesting

### Introduction

I studied dividends in 2H 2019, and I reported details and research conclusions in my January 2020 presentation to ATAA Melbourne:

- Not as simple as some people make out;
- Useful information is not that easy to get;
- On the ex-dividend date, share prices do NOT generally fall by the amount of the dividend;
- The deep-pocketed players play "games";
- A dividend harvesting strategy may not be as straightforward as we think.



## The 2019 research

In the January 2020 presentation:

- · Shared some observations about dividends and share price performance - they might be surprising!
- · Explained some of the key details about dividends;
- Showed some example share price charts and the impacts of the dividend;
- · Refuted the claims about simple dividend strategies;
- · Explained where to find relevant details about dividends (both upcoming and historical).

The slides and recording of that session are in the ATAA Contribution Library.



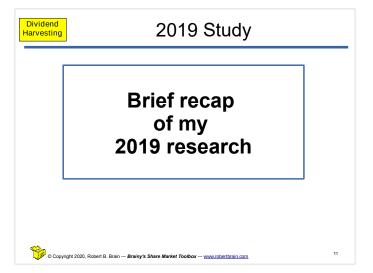
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## Today's session purpose In today's presentation: Briefly re-cap the highlights from the 2019 study; · Share the real-life results of my (failed) attempts at dividend harvesting in early 2020; · Highlight the traps for the unwary; Draw some conclusions about the strategy; · Prepare some tips for dividend harvesting next time. (and learn from my own mistakes!!) © Copyright 2020, Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com Dividend Harvesting About... Robert Brain Nimble Short term Investor consultant, educator and part-time\* share trader web-based sharemarket-support business Many years experience Engineering Degree as trainer, presenter, conference facilitator (Scouts) (structured thinking with an eye for charts and diagrams) Share Market - active 15+ years 30+ years - professional experience (slowly at first) (IT and management) ILATAA Chartist ie. technical analyst No AFS license! (ATAA member and national director) (Can't give advice) **BullCharts software** Provide support and tuition (convenor Australian BullCharts User Group and authorised rese to traders and investors Brainy's Share Market Toolbox with special pricing) Member Mensa Conflict of interest? \* - Not yet enough capital to live off the proceeds of trading (after trading as a hobby until a career change in 2008). © Copyright 2020, Robert B. Brain — Brainy's Share Market Toolbox — www.rsbert Important Notice — No Advice! This presentation does not include any advice. For proper advice, your personal financial situation needs to be considered. This presentation is pure education, only for your general awareness. There are no recommendations to take any action, or to invest any money in any way.

 Always consult a properly licensed advisor before making investment decisions.

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For the August 2019 dividend season (actually July to December 2019):

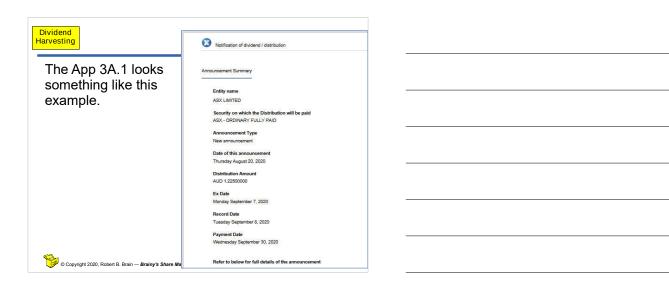
• A study of dividend details for 537 companies;

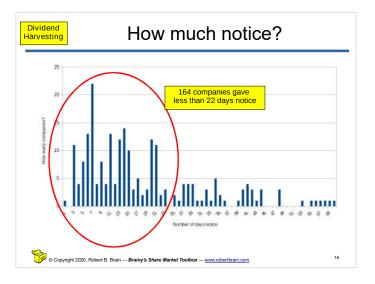
• 229 of these paid dividends;

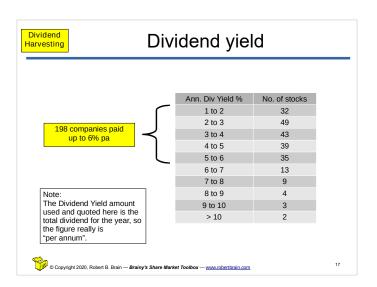
• Only for my "liquid" stocks (ie. medium to large cap stocks which are trading frequently on the market).

# Research statistics: • 537 stocks were studied • 229 of these paid dividends • First ex-dividend date: 9 July 2019 • Last ex-dividend date: 5 Dec 2019 • That is, dividend paying season ran for about 5 months!

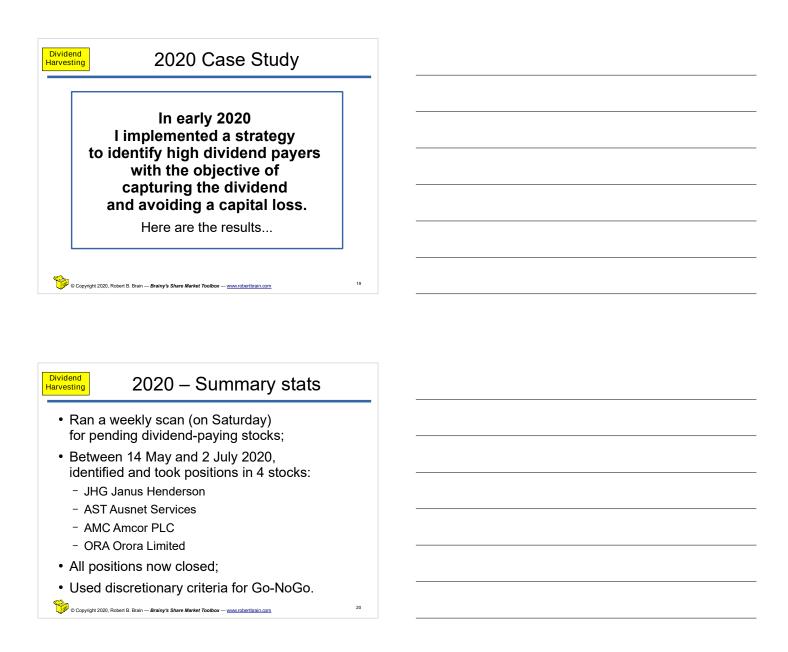
## When did they announce details? • Of 537 stocks • 12 of these stocks gave advance notice with a "special, custom announcement" (ie. many weeks prior) • 217 only gave the standard, required "ASX announcement" (a pro forma - Appendix 3A.1 document, as required by ASX listing Rule 3.21, not less than 4 business days before the intended Record Date).











### Dividend Harvesting

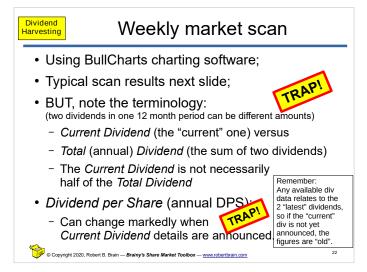
## Summary stats

- Using \$10,000 of available \$100,000 capital;
- 1 trade profitable (winner);
- 3 trades not profitable (losers);
- Total dividends received = \$2089.02
- Less \$342 Withholding Tax!!!
- Suffered one bad capital reconstruction;
- Capital loss = \$2,466.89



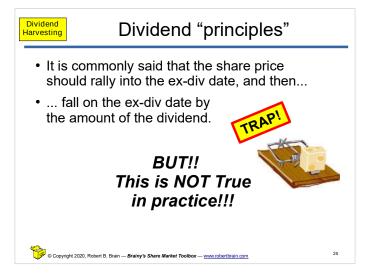
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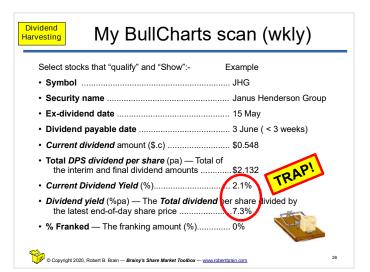
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Scan Date	Symbol	Name	Ex-div Date	Div Paid Date	Cur Div Amount	Annual DPS S.c	Curr Div PerCent	Annual Div Yield	% Franked
	Sele	cted summary data	only					TRA	PI
8 May	JHG	Janus Henderson Group	15 May	3 June	0.548	2.132	2.1	7.3	0
8 Ma	PMV	Premier investments Limited	30 July	30 Sept	0.34	0.71	22	4.6	100
8 May	ARB	ARB Corporation Limited.	8 Oct tra stock	23 Oct cs — not t	0.185 raded	0.395	12	2.6	100
15 May	AST	Ausnet Services Limited	20 May	25 June	0.051	0.102	2.7	5.4	50
2 May	AMC	Amcor PLC	27 May	17 June	0.177	0.692	12	4.8	0
18 Jun	ORA	Orora Limited	10 June	29 June	0.373	0.13	142	4.9	50

Scan Results data									
Scan Date	Symbol	Name	Ex-div Date	Div Paid Date	Cur Div Amount \$.c	Annual DPS \$.c	Curr Div PerCent %	Annual Div Yield %	% Franked
В Мау	JHG	Janus Henderson Group PLC	15 May	3 June	0.548	2.132	2.1	7.3	0
8 May	PMV	Premier Investments Limited	30 July	30 Sept	0.34	0.71	2.2	4.6	100
8 May	ARB	ARB Corporation Limited.	8 Oct	23 Oct	0.185	0.395	1.2	2.6	100
5 May	AST	Ausnet Services Limited	20 May	25 June	0.051	0.102	2.7	5.4	50
2 May	AMC	Amcor PLC	27 May	17 June	0.177	0.692	1.2	4.8	0
8 Jun	ORA	Orora Limited	10 June	29 June	0.373	0.13	14.2	4.9	50

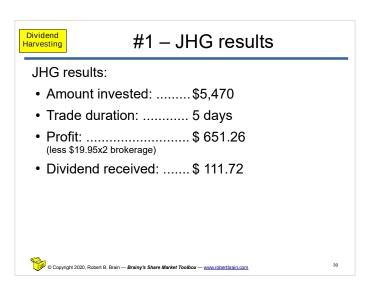




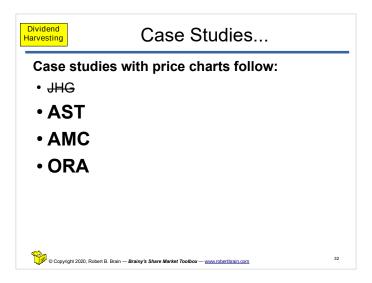
# Case Studies... Case studies with price charts follow: • JHG – Janus Henderson • AST – Ausnet Services • AMC – Amcor PLC • ORA – Orora Limited

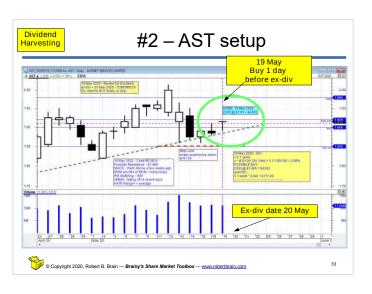








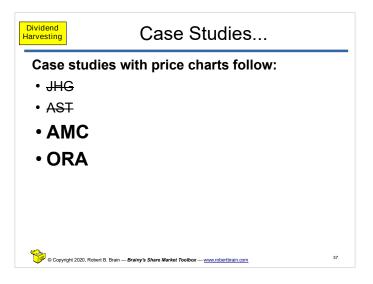


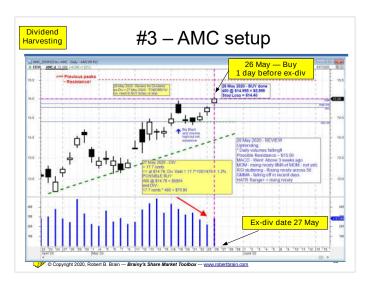














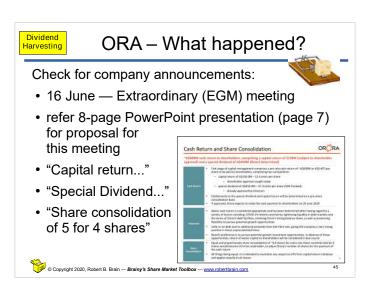


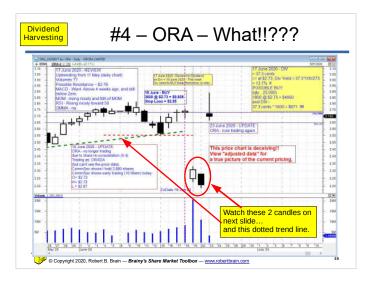


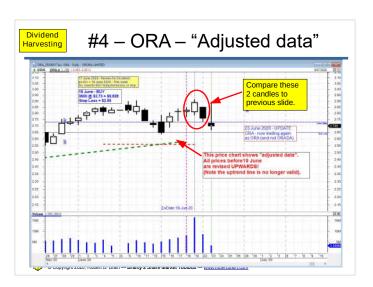
Dividend Harvesting	Case Studies	
Case studies	s with price charts follow:	
	with price offarts follow:	
• <del>JHG</del>		
• <del>AST</del>		
• AMC		
• ORA		
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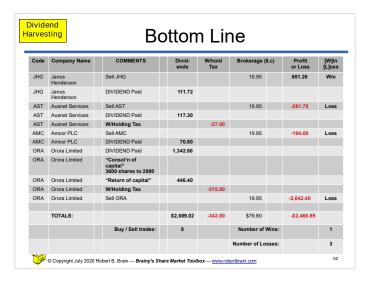


# What does this mean? ORA did a 5 for 4 share consolidation. My 3600 shares became 2880 with a "capital return" of \$446 ( = 62c/share). On ex-div date, ORA stopped trading as ORA, and went to "deferred settlement" basis with stock code ORADA. ORA resumed trading 2 days later, with adjusted historical share prices. "Fair value" was recalculated by analysts and reflected by Mister Market.



Dividend Harvesting #4 - ORA results
ORA results:
<ul> <li>Amount invested:\$ 9,828</li> </ul>
Trade duration: 10 days
• Capital loss: \$ 2,642.40 ! (less \$19.95x2 brokerage)
Dividend received: \$ 1,342.80
Capital returned:\$ 446.40      WITHHOLDING TAX: \$ 315 IUUU  TRAP!
• WITHHOLDING TAX: \$ 315 !!!!!!!
• TOTAL RETURN: \$ 2,104.20
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Code	Company Name	COMMENTS	Divid- ends	W/hold Tax	Brokerage (\$.c)	Profit or Loss	[W]in
JHG	Janus Henderson	Sell JHG			19.95	651.26	Win
JHG	Janus Henderson	DIVIDEND Paid	111.72				
AST	Ausnet Services	Sell AST			19.95	-281.75	Loss
AST	Ausnet Services	DIVIDEND Paid	117.30				
AST	Ausnet Services	W/Holding Tax		-27.00			
AMC	Amcor PLC	Sell AMC			19.95	-194.00	Loss
AMC	Amcor PLC	DIVIDEND Paid	70.80				
ORA	Orora Limited	DIVIDEND Paid	1,342.80				
ORA	Orora Limited	"Consol'n of capital" 3600 shares to 2880					
ORA.	Orora Limited	"Return of capital"	446.40				
ORA	Orora Limited	W/Holding Tax		-315.00			
ORA	Orora Limited	Sell ORA			19.95	-2,642.40	Loss
	TOTALS:		\$2,089.02	-342.00	\$79.80	-\$2,466.89	
		Buy / Sell trades:	8		Number of Wins:		- 11
					Number of Losses:		-3



## For dividend harvesting activity: Scan the market every week, and mid-week; Check out the actual dividend per share for the current period, versus the 12 month period; Double check the Dividend Yield calculation. Is it per annum or half year? Do you only want franked dividends? Check it! Avoid capital reconstructions at all costs; Do check on company announcement details in case of "hidden" news; When reviewing price charts, are you seeing "adjusted data", or not?

Thank you

Questions?

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## Downloadable materials **ProTrader Workshop participants** can download materials: · Handouts for the five sets of presentation slides "ASX Index Compositions" pdf · "Single Candlestick Shapes"... pdf • "Uptrend Candle Patterns"... pdf • "Downtrend Candle Patterns"... pdf https://www.robertbrain.com/files/KL/ Username: protrader (not case sensitive) Password: ProTrader2022 (this IS case sensitive!) © Copyright 2020 Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com Dividend Harvesting Don't forget my Toolbox Brainy's Share Market Toolbox www.robertbrain.com Loads of eBook (PDF) Articles Info: share market, charting, BullCharts Weekly Market Updates and Watch List monthly e-Newsletters Good software - BullCharts www.robertbrain.com/bullcharts/ My contact details: web site above, or phone: 0438 355 910 © Copyright 2020, Robert B. Brain — Brainy's Share Market Toolbox — www.robertbrain.com

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