



EX DIV  
DATE

# Dividends

What are they and  
how you get them



# What Is a Dividend?

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A dividend is the **distribution of a company's earnings** to its shareholders. Dividends are often distributed quarterly and may be paid out as cash or in the form of reinvestment in additional stock.

The dividend yield is the dividend per share and is expressed as dividend/price as a percentage of a company's share price.

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**Good.**



# Why Do Companies Pay Dividends?

Dividend payments reflect positively on a company and help **maintain investors' trust.**

A high-value dividend can indicate that the company is doing well and has generated good profits.

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# Dividend-Paying Companies

Larger, established companies with predictable profits are often the **best dividend payers**, they normally fall in these industry sectors:

- Basic materials
- Oil and gas
- Banks and financial
- Healthcare and pharmaceuticals
- Utilities

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# Important Dividend Dates

- **Announcement date:** The date when dividends are announced by company.
- **Ex-dividend date:** The date on which the dividend eligibility expires.
- **Record date:** is the cut-off date, to be eligible to receive a dividend or distribution.
- **Payment date:** The payment date of the dividend.

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BHP GROUP FPO - 1D - ASX

Volume 1.055M

# How Do Dividends Affect a Stock's Share Price?

Dividend payments impact share price and the price may rise on the announcement approximately by the amount of the dividend declared and then decline by a similar amount at the opening session of the ex-dividend date.

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# Franking Credits

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A franking credit, is a **tax credit paid by the corporation**, it's a type of tax credit paid to the shareholders along with their dividend payments.

In Australia, to qualify for franking, the investor **must hold the stock for 45 days** in addition to the purchase and sale date to qualify for a franking credit.

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