Dividend Bonus Strategy

Dividend is the part of the profit which is shared to the shareholders.

Retail earning is the part of the profit which is kept for the business further.

Dividend is decided in the board meeting at the time of quarter results announcements.

This strategy will work only for 5-6% profit.

Select only the company which has: dividend yield >=3%

Dividend Yideld = Dividend amount per share / Current Share price \* 100

Important terms:

**Announcement / Declaration Date**

The date at which board of directors announces that the company will pay a dividend.

The ex-dividend date, record date and pay date are included In the announcement.

**Ex-date/Ex-divident date**

The date after which stock buying will not be considered for the dividend.

**Record Date**

The previous date of ex-date is record date (i.e., the stock will be considered for dividend only till record date)

How strategy works:

1. Stocks dividend must be > = 3%
2. Buy the stocks next day of dividend announcements or at the time when stock is their lowest.
3. Sells the share before record date (by booking profit of 6%) (i.e., at the record date stock will increase to the max.)

Calculation of Dividend%

Dividend is always confusing that there is dividend percentage is higher but still we get low dividend.

Whenever dividend is declared by the company in percentage that percentage is calculated on the face value of the share.

**Example:**

Lets company declare the dividend → 20%

The face value of the share → 10.

Current Market Value of the share → 200.

Now the calculation of the dividend is as follows:

Dividend = % of dividend \* Face value of the shareholders

Dividend = 20% of 10

Dividend = (20\*10)/100

Dividend = 2

While investing at that time dividend yield percentage will be important.

Dividend Yield = (Dividend \* 100)/ Market Price of shareholders

Dividend Yield = (2\*100)/200

Dividend Yield = 1 %

It means we will get dividend at 1% on our investment.

Limitation

This strategy works only for fundamental stocks.