

Dividend Harvesting: Building The Portfolio Brick By Brick On \$100 A Week, Week 10 Update

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Summary

- After 10 weeks and \$1,000, the Dividend Harvesting Portfolio is generating \$61.70 in estimated annual income and \$5.14 in monthly estimated income.
- I added Old Republic International Corp., Atlantica Sustainable Infrastructure PLC, Eaton Vance Tax-Managed Global Diversified Equity Income Fund, and Global X NASDAQ 100 Covered Call ETF.
- The Dividend Portfolio is gearing up for the snowball effect as eight positions paid dividends in April, two in May and another eleven to go for the remainder of the month.



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Ten weeks have passed since the inaugural article of the [Dividend Harvesting Portfolio](#). I have now invested \$1,000 in the Dividend Harvesting portfolio, and to be honest, the time has flown by. The biggest hurdle to cross is starting, as maintaining is the easy part. For those of you who have felt that a large amount of seed capital is needed to make the stock market work for you, please look at the progress this portfolio has made but keep in mind investing is a risk, and market volatility is always a risk. Over ten weeks, I have invested \$1,000, and the Dividend Harvesting portfolio is now worth \$1,054.52. In ten weeks, my initial seed capital has increased by \$54.52 (5.45%). I have invested in 26 positions which all generate a dividend. My total annual dividends are now up to \$62.04 before future additions or compounding.

Week ten was special because I invested in companies or funds that the readers recommended. There were so many great suggestions, and I wish I could have added them all. In week ten, I started a position in Old Republic International Corp. ([ORI](#)), Atlantica Sustainable Infrastructure PLC ([AY](#)), Eaton Vance Tax-Managed Global Diversified Equity Income Fund ([EXG](#)), and Global X NASDAQ 100 Covered Call ETF ([QYLD](#)). Please keep the suggestions coming because, in week twenty, I will be adding more investments from the reader's suggestions.

When I talk about "Dividend Harvesting," my premise is buying what I consider to be quality dividend-producing stocks, reinvesting the dividends, and investing with a long time horizon. Look at a dividend portfolio as a garden. Your capital is the equivalent of seeds and water. The more companies and shares you own, the more dividends will be generated. Each week I have been investing \$100, and each week my positions and dividend income grows. The harvesting part comes into play from the compounding effects of reinvesting the dividends. Each time a dividend is reinvested, the future dividend payout gets increased. Currently, I have twenty-six positions in this portfolio, and the dividends are starting to generate. In April, I collected eight dividends, and in May, I have already collected two dividends. I believe I have an additional eleven dividends scheduled to pay out over the rest of May. This portfolio just hit the Dividend Harvesting mode because it generates monthly dividends and income that are being reinvested. This is creating a slow snowball effect, and each month the snowball will continue rolling and growing.

One of the other questions I received is, why am I not concerned with market volatility? The markets fluctuate and won't continuously go up. If you look at any of the major indices over the long haul, the markets have increased, but there have always been corrections and times of increased volatility. I am investing with a multi-decade time horizon, and market fluctuations are something that I have to deal with. I am investing in what I believe to be quality companies that will stand the test of time. By doing the homework, I believe I can stay ahead of the curve, and if I need to make adjustments along the way, I will be able to. This portfolio is in addition to other investments and is a side project to generate additional income in retirement. Even during a flash crash or downward trends, each of these investments will generate dividends and reinvesting at lower prices.

At a 5% average yield, every \$10,000 invested will generate \$500 in annual dividends. \$500 in dividends may not seem like a lot, but think about this, every two years, you will invest \$10,400. Over a decade, by investing \$100 a week, you will have invested \$52,000 before any dividends being reinvested. That \$52,000 will be generating \$2,600 in annual dividends before dividend increases, reinvesting dividends, and compounding. If you have a twenty-year time horizon, \$108,000 would be invested generating \$5,200 in annual dividends. Having an extended time frame for dividend investing is critical, and I want to illustrate that anyone can make their money work for them in this manner. You just need to make a plan, do the homework, stay on top of your investments, and most importantly, overcome the preconceived notion of needing a large amount of seed capital to make your money work for you.

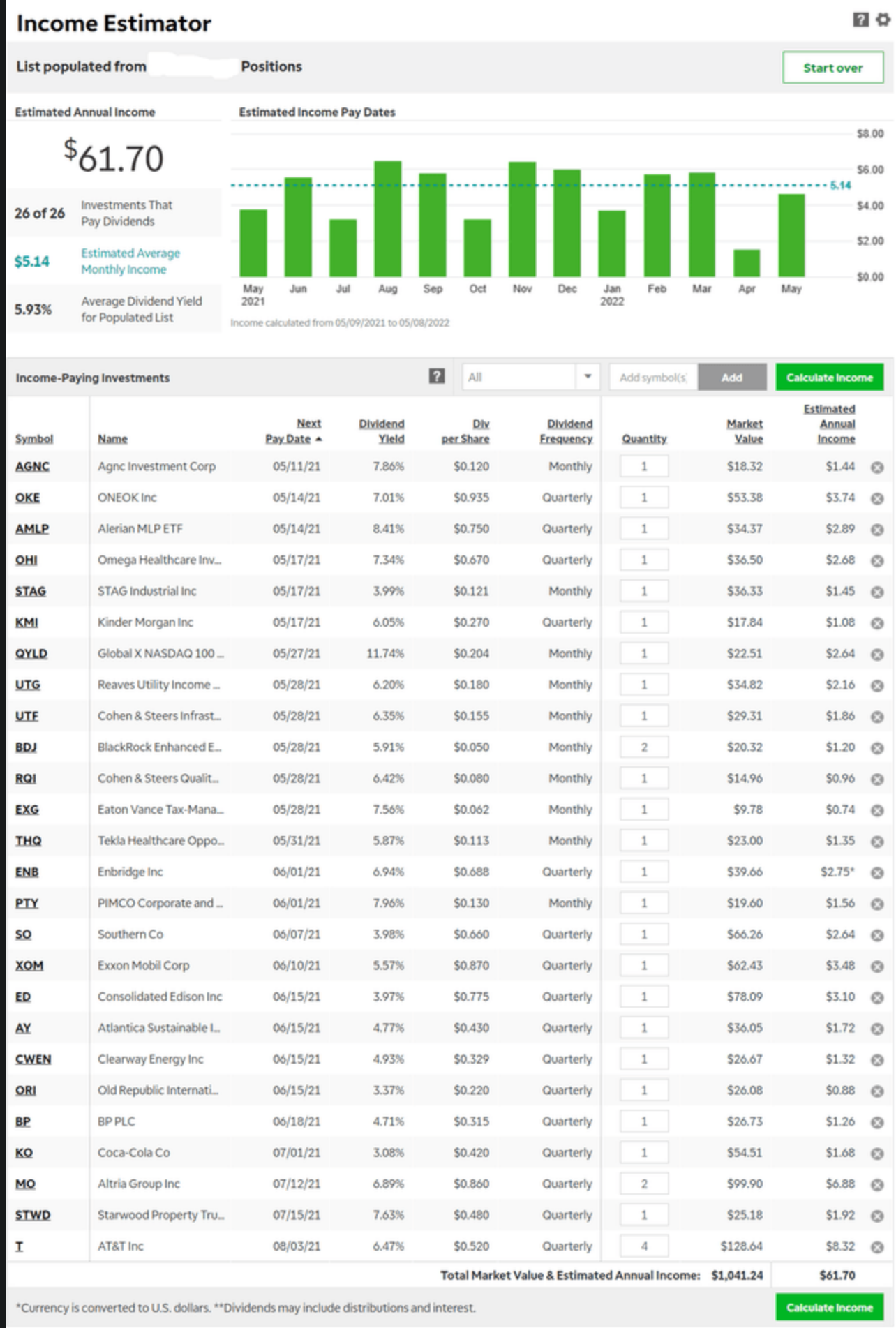
A look inside the Dividend Harvesting portfolio after \$1,000 of investments

After 10 weeks and investing \$100 per week here is an overview of the Dividend Harvesting portfolio's composition:

- Oil, Gas & Consumable \$200.04 (18.97%)
- Consumer Staples \$156.21 (14.81%)
- Closed-End Funds \$152.44 (14.46%)
- Utilities \$144.35 (13.69%)
- Communication Services \$130.22 (12.35%)
- REITs \$117.05 (11.10%)
- Independent Power & Renewable Electricity Producers \$62.72 (5.95%)
- ETFs \$56.88 (5.39%)
- Financials \$26.08 (2.47%)
- Cash \$8.54 (0.81%)

Last week every position was in the green, and this week three positions have become a negative investment. Three out of twenty-six is a ratio I will take every day, but this is why diversification is critical to any portfolio. Every sector is rarely in sync, and diversification helps mitigate the downside. Currently, my \$1,000 in investments is worth \$1,054.52, a gain of 5.45% (\$54.52). You never know which investment will lead the pack, and in the beginning, it was Altria Group ([MO](#)), then Starwood Property Trust ([STWD](#)), and now Southern Company ([SO](#)) which has increased by 11.08%, and AGNC Investment Corp. ([AGNC](#)) in second with a gain of 10.53%. I expect this to change over time, but I am not too concerned with volatility or corrections because of this portfolio's diversification. I am bullish on every position, and if retracement happens, I will add additional shares when I see opportunities.

In week ten, I added ORI, AY, QYLD, and EXG, which increased my estimated annual income from \$55.66 to \$61.70 (\$6.04, 10.85%). My monthly average dividend income increased from \$4.64 to \$5.14 (\$0.50, 10.78%). The harvesting is starting to occur as I have collected \$4.74 in dividend income since 4/1/21. I have eleven additional dividends flowing into the account throughout the rest of May. As I continue to add to my current positions and start new positions, my dividend generation rate and frequency will continue to increase.



Income-Paying Investments

?

All

Add symbol(s)

Add

Calculate Income

Total Market Value & Estimated Annual Income:

\$1,041.24

\$61.70

*Currency is converted to U.S. dollars. **Dividends may include distributions and interest.

Calculate Income

(Source: TD)

In week ten, I gained some movement on my weekly dividend tracking side project. I am now up to forty-four estimated weeks of dividend income. For a couple we weeks, this metric was stuck, and I just filled some gaps organically. I have eight more weeks to make it fifty-two weeks of dividend income. Without targeting these gaps, I think I can get to fifty weeks of dividend income before Thanksgiving. Here is an interesting piece of information, this Dividend Harvesting portfolio after week ten is set to generate one hundred fifty-six individual dividends throughout the year. They are currently small, but they will continue to grow as they get reinvested, and I allocate more capital to these positions.

Weekly Projected Dividends For 2021									
2021 Q1									
Month	January				February			March	
Week 1	3rd to 9th	PTY / QYLD			7th to 13th	AGNC / OHI / OKE		7th to 13th	AGNC / XOM
Week 2	10th to 16th	STWD / MO / AGNC / STAG / UTG			14th to 20th	STAG / SO / AMLP		14th to 20th	STAG / CWEN / ED / ORI
Week 3	17th to 23rd				21st to 27th	THQ / BDJ / EXG		21st to 27th	BP / AY
Week 4	24th to 30	THQ / BDJ / QYLD / EXG			28th to 6th	PTY / UTG / QYLD		28th - 3rd	KO / ENB / PTY / UTG / THQ / BDJ / QYLD / EXG
Week 5	31st to 6th	T / PTY							
2021 Q2									
Month	April				May			June	
Week 1	4th to 10th	AGNC			2nd to 8th	PTY / T		6th to 12th	AGNC / XOM
Week 2	11th to 17th	STWD / STAG			9th to 15th	AGNC / STAG / AMLP / OKE		13th to 19th	STAG / CWEN / BP / ED / ORI / AY
Week 3	18th to 24th				16th to 22nd	SO		20th to 26th	
Week 4	25th to 1st	MO / UTG / THQ / OHI / BDJ / QYLD / EXG			23rd to 29th	QYLD / EXG		27th to 3rd	KO / ENB / PTY / UTG / THQ / BDJ / QYLD / EXG
Week 5					30th to 5th	PTY / UTG / THQ / BDJ			
2021 Q3									
Month	July				August			September	
Week 1	4th to 10th	MO / AGNC			1st to 7th	T / PTY		5th to 11th	AGNC / XOM
Week 2	11th to 17th	STWD / STAG			8th to 14th	AGNC / OKE		12th to 18th	STAG / CWEN / ED / ORI / AY
Week 3	18th to 24th				15th 21st	STAG / SO / AMLP		19th to 25th	BP
Week 4	25th to 31st	UTG / THQ / OHI / BDJ / QYLD / EXG			22nd to 28th			26th to 2nd	KO / ENB / PTY / UTG / THQ / BDJ / QYLD / EXG
Week 5					29th 4th	PTY / UTG / THQ / BDJ / QYLD / EXG			
2021 Q4									
Month	October				November			December	
Week 1	3rd to 9th	AGNC			7th to 13th	AGNC / OKE		5th to 11th	AGNC / XOM
Week 2	10th to 16th	STWD / MO / STAG			14th to 20th	STAG / SO / AMLP		12th to 18th	KO / ENB / STAG / CWEN / BP / ED / ORI / AY
Week 3	17th to 23rd				21st to 27th			19th to 25th	
Week 4	24th to 30th	QYLD / EXG			28th to 4th	PTY / UTG / THQ / BDJ / QYLD / EXG		26th to 31st	UTG / THQ / BDJ / EXG
Week 5	31st - 6th	T / PTY / UTG / THQ / OHI / BDJ							

(Source: Steven Fiorillo)

The reader's suggestions and my selections

There were many great suggestions for my week ten investments, and the watchlist grew a great deal. I can't thank everyone enough for the participation in the comment section. All that I ask is to please keep the ideas coming. I will be allocating the week 20 investment to reader suggestions, and if something catches my eye, I will add it even sooner.

EXG is the Eaton Vance Tax-Managed Global Diversified Equity Income Fund which is a Closed-End Fund. I liked what I had [read about EXG](#), and its holding excited me. EXG is another monthly dividend payer with a 7.56% yield.

Tax-Managed Global Diversified Equity Income Fund

EXG

Symbol

\$10.18 ▲\$0.10

NAV as of May 7, 2021

\$9.78 ▲\$0.07

MKT as of May 7, 2021

-3.93%Premium/Discount
as of May 7, 2021

CEF Connect - EXG



Investment Tax Calculator

OVERVIEW

PERFORMANCE

PORTFOLIO

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LITERATURE

Fund Holdings (%)^{5,6}

as of Mar 31, 2021

Holding	% of Net Assets
Alphabet Inc - CL C	4.23%
Microsoft Corp	3.90%
Amazon.com Inc	3.58%
Apple Inc	2.26%
ASML Holding NV	1.94%
Facebook Inc	1.91%
Walt Disney Co	1.69%
Bank of New York Mellon Corp	1.65%
Boston Scientific Corp	1.62%
Mondelez International Inc	1.62%

[View All](#)

(Source: Eaton Vance)

QYLD, which is the [Global X NASDAQ 100 Covered Call ETF](#), could be one of the most exciting things that has been recommended to me in a long time. This fund has a morning star rating of five stars, there are over \$2.6 billion of assets under management, and the distribution yield exceeds 12%. I write covered calls on some of my dividend stocks in other accounts to generate additional income, so to have a fund that does this without me having to put the effort in is very intriguing to me. This is a fund that I can see myself adding to over the coming months, and there are some other funds from Global X that I now have my eyes on.

GLOBAL X

by Mirae Asset

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QYLD

Nasdaq 100 Covered Call ETF

[FUND MAP](#)
[RELATED ETFs](#)

FUND SUMMARY

The Global X Nasdaq 100 Covered Call ETF (QYLD) follows a "covered call" or "buy-write" strategy, in which the Fund buys the stocks in the Nasdaq 100 Index and "writes" or "sells" corresponding call options on the same index.

★★★★★

Morningstar Rating™

Overall rating out of 113 Options-based funds, based on risk-adjusted returns as of 03/31/2021

FUND OBJECTIVE

The Global X Nasdaq 100 Covered Call ETF (QYLD) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the CBOE Nasdaq-100 BuyWrite V2 Index.

WHY QYLD?

FUND DETAILS

As of 05/06/21

Key Facts

Ticker	QYLD
Inception Date	12/11/13
CUSIP	37954Y483
ISIN	US37954Y4834
Bloomberg Index Ticker	BXNT
Primary Exchange	Nasdaq
Number of Holdings	103

Stats & Fees

Net Assets	\$2,668,438,539
Net Asset Value (NAV)	\$22.33
Shares Outstanding	119,500,000
Total Expense Ratio	0.60%

Distributions

30-Day SEC Yield	0.14%
12-Month Trailing Yield	12.50%
Distribution Yield	12.04%
Distribution Frequency	Monthly

[Distribution Calendar](#)

(Source: Global X)

The next recommendation I picked up was AY because it was another renewable infrastructure play that offered a solid dividend and an interesting asset base. Although I like oil and gas companies, I am also investing in green energy as the data shows they will be the quickest growing segment of the global energy mix over the next twenty years. AY offers a [dividend](#) of 4.77%.

The last position I started from the reader suggestions was ORI, and I am shocked I had never heard of them. ORI is a dividend aristocrat that slipped under my radar. They have twenty-nine years of consecutive dividend growth and only pay out 37.05% of their EPS. This leaves a lot of room for continuous dividend increases in the future. ORI yields 3.37%, and its dividend has stood the test of time.

Dividend Summary				
Div Yield (FWD)	Annual Payout (FWD)	Payout Ratio	5 Year Growth Rate	Dividend Growth
3.37%	\$0.88	37.05%	2.74%	29 Years

Week 11 thoughts

I will be doing a lot of research on some [Global X funds](#). The Global X Russell 2000 Covered Call ETF ([RYLD](#)), Global X S&P 500 Covered Call ETF ([XYLD](#)), Global X MLP & Energy Infrastructure ETF ([MLPX](#)), and the Global X U.S. Preferred ETF ([PFFD](#)) all caught my eye. There are also some individual equities such as Bristol-Myers Squibb ([BMJ](#)), AbbVie ([ABBV](#)), Realty Income ([O](#)). Cisco Systems ([CSCO](#)), and Duke Energy ([DUK](#)) that I want to add. I am not sure what I will do and need to do some reading with what's left of the weekend and come up with a plan. Week eleven may be a combination of funds and stocks. I also really want to add to some of my current positions, such as Omega Healthcare ([OHI](#)), AT&T ([T](#)), Southern Company ([SO](#)), and Starwood Property Trust.

Conclusion

Thank you to everyone who continues to read this series. I appreciate all the feedback and enjoy reading & interacting with everyone in the comment section. I feel the Dividend Harvesting portfolio is progressing quite nicely, and I can't wait for the snowball effect to pick up momentum. Hopefully, this series is sparking some ideas and making dividend investing fun. I plan on continuing this series and can't wait to see what the metrics look like in the future.

This article was written by



Steven Fiorillo

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I am focused on growth and dividend income. My personal strategy revolves around setting myself up for an e...
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Disclosure: I am/we are long MO, T, STWD, OHI, SO, QYLD, EXG, ORI, AY. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

Additional disclosure: I am bullish on every position in the Dividend Harvesting portfolio

Disclaimer: I am not an investment advisor or professional. This article is my own personal opinion and is not meant to be a recommendation of the purchase or sale of stock. Investors should conduct their own research before investing to see if the companies discussed in this article fits into their portfolio parameters.

44 Likes

60 Comments