

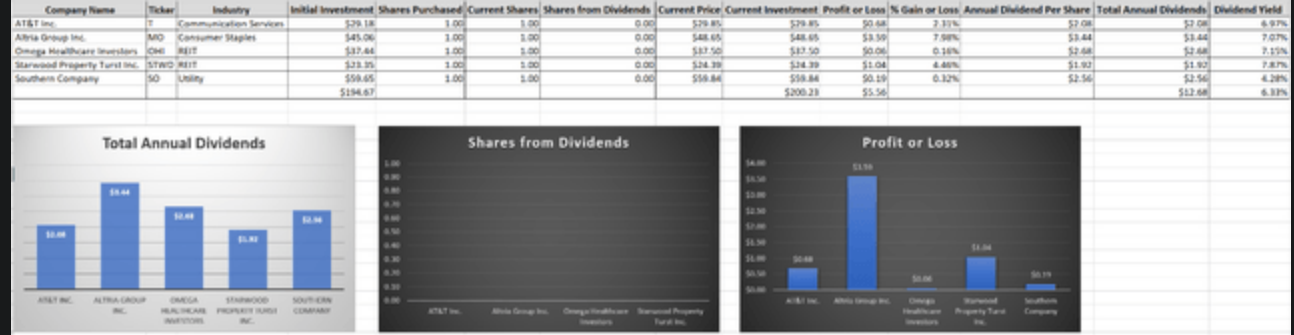
Dividend Harvesting: Building The Portfolio Brick By Brick On \$100 A Week, Week 2 Update

Mar. 16, 2021 9:00 AM ET | OHI, SO | 54 Comments | 34 Likes

Summary

- In week 2, I added OHI and SO to the Dividend Harvesting Portfolio.
- Currently, \$194.67 has been invested across MO, T, SWTD, SO, and OHI which is generating \$12.68 in dividends for a yield of \$6.51.
- Generating monthly dividend income has been accomplished organically through diversification.
- In April, this portfolio's first dividends will start being paid then reinvested to unlock the power of compounding.

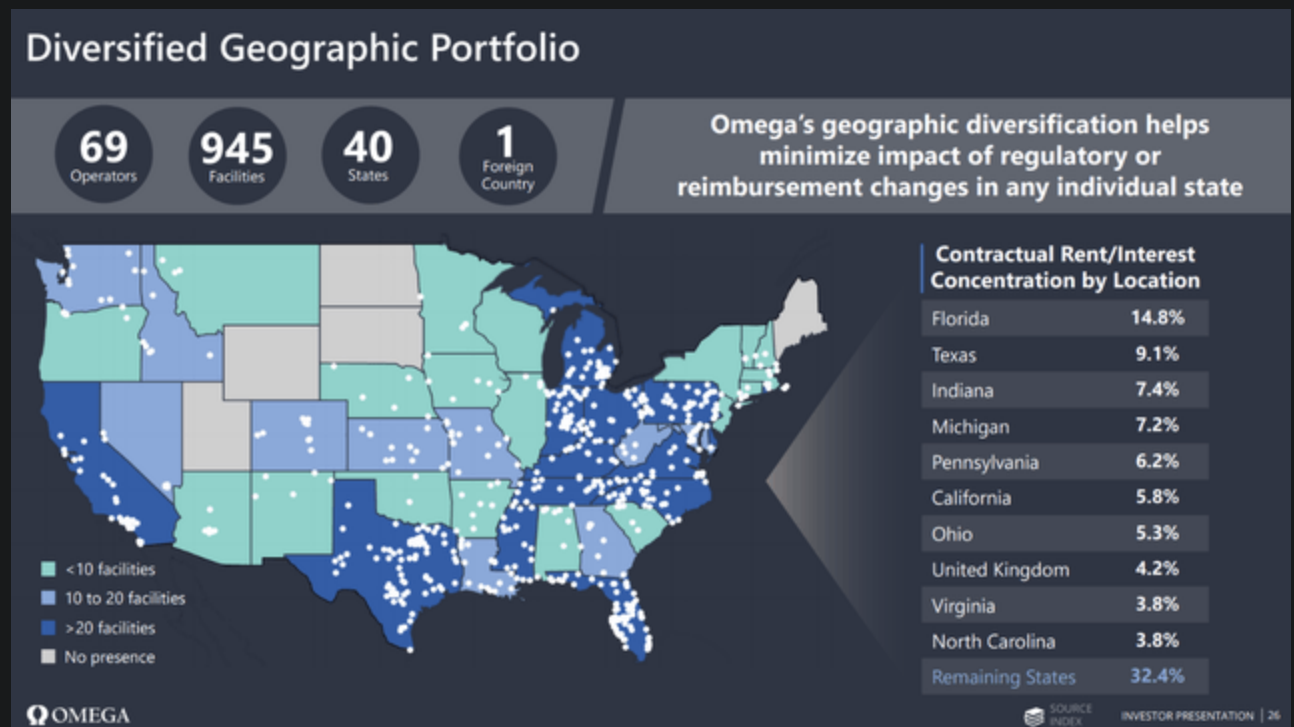
First I would like to thank everyone who read and commented on the original article in this series. If you didn't catch the first article the title says it all. This is a dividend strategy series where I am building a new portfolio by investing \$100 per week, publishing every trade and documenting my investment process. In week 2 I added Omega Healthcare Investors ([OHI](#)) and Southern Company ([SO](#)) to the dividend portfolio. The portfolio is shaping up and one of my goals was accomplished. With 5 investments I have generated monthly dividend income. This actually happened organically as I could have just picked one monthly dividend paying stock or stacked three stocks that paid their dividends in separate quarters. After 2 weeks I have funded the account with \$200, invested \$194.67 across 5 stocks, and my investments have a combined yield of 6.33%. The portfolio is growing, the watch list is growing and in week 3 I am going to diversify into more sectors.



(Source: Steven Fiorillo)

In Week 2 I added Omega Healthcare Investors and Southern Company

OHI earned a spot in the portfolio this week as I love the company and its dividend. I have owned OHI for years in another account and it's been a wonderful investment. OHI is a triple net equity REIT which operates in Skilled Nursing Facilities and Assisted Living Facilities in the U.S and U.K. OHI has [partnered](#) with 69 operators across the U.K and 40 states in the U.S and has 945 facilities within its portfolio. I love this space because Skilled Nursing Facilities and Assisted Living Facilities meet a need and solve a problem. Through Medicare Skilled Nursing Facilities have the highest rate of [patient discharges](#) than any other type of facility at 20.9%. [Triple Net Leases](#) are my favorite in the REIT space because it's an agreement where the property expenses including real estate taxes, building insurance, maintenance, etc. are paid by the tenant.



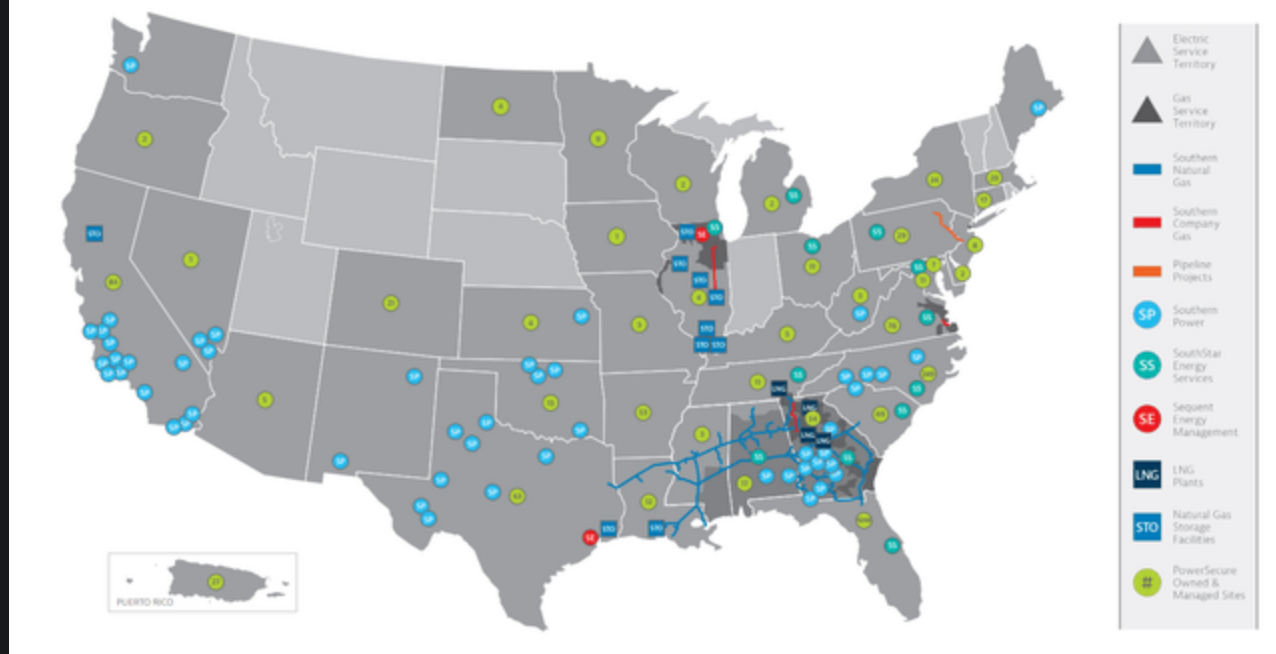
(Source: Omega Healthcare)

OHI is one of the few REITs that didn't cut its dividend due to COVID and in my opinion offers one of the best dividends in the space. Over the past 17 years OHI has sequentially increased its dividend through the financial crisis, the housing bubble and COVID. Today OHI offers investors a 7.15% yield as it pays \$2.68 per share. OHI has slowed its dividend growth but is still providing investors with small annual increases. OHI's payout ratio allows enough room to continue its dividend growth in the future and I am bullish on the prospects of future revenue growth. OHI has 945 facilities in its portfolio and the U.S has a large aging population. Over the next decade I believe OHI will have opportunities to expand its footprint as the need for care increases which will drive revenue growth and fuel OHI's dividend. OHI is a dividend powerhouse offering a stable yield which exceeds 7% in an industry with increasing demand. I will be adding to this position in the future.



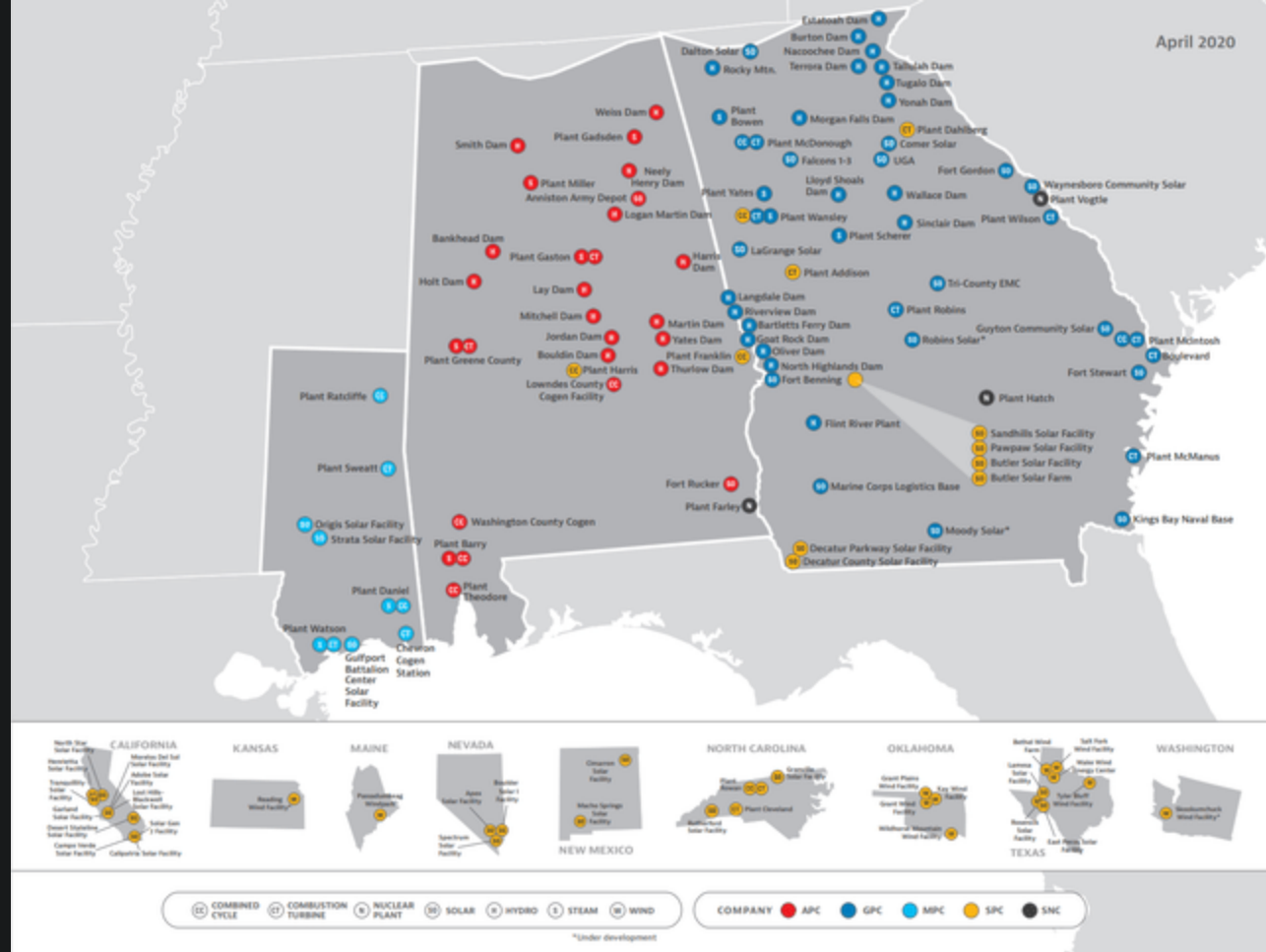
(Source: Omega Healthcare)

What dividend portfolio would be complete without dividends generated from utilities? In modern society everyone needs electricity, water, sewage and other basic services derived from utility companies. These are some of the most basic needs which even in recessions or economic downturns are just about impossible to live without. In 2020 the [U.S population](#) growth rate was 0.59% and for utility companies this is as good as gold. As the U.S population continues to expand the demand for utility services increases which generates additional revenue to utility companies.



(Source: Southern Company)

SO is a utility heavyweight with 9 million customers, 28,000 employees and 7 electric & natural gas utilities. Through their major subsidiaries SO has 1.5 million electric utility customers through Alabama Power, 2.6 million electric utility customers through Georgia Power, and 190,000 electric utility customers through Mississippi Power. SO operates more than 27,000 miles of transmission lines, 3,700 substations, and 300,000 acres of right of way. SO is one of the largest producers of electricity in the United States and the largest wholesale provider in the Southeast. Southern Company Generation is a business unit of SO which manages and operates 77 fossil and hydro plants which provides power for more than 4.68 million customers. In Southern Company Generation's totality it manages production, fleet operations, planning, engineering and fuel procurement at SO's 103 power plants.



(Source: Southern Company)

SO is also a dividend investors dream as it initiated its [dividend program in 1948](#) and has been paying a dividend for 73 years. From 1997 to the middle of 2002 SO's dividend growth stalled as it continuously paid a dividend of \$0.335 per quarter. SO resumed its annual dividend increases and since 2012 has provided investors with [19 consecutive years](#) of dividend growth. Since 2002 SO's quarterly dividend has increased by 91.05% as it has grown from \$0.335 to \$0.64. SO now has an annual dividend of \$2.56 with a 4.28% yield and 5-year growth rate of 3.36%. With a payout ratio of 77.12% and a growing population SO is on its way to becoming a Dividend Aristocrat in 6 years. SO offers a stable dividend with a long history of payouts and 19 years of consecutives increases. With a wide moat around their business it's hard to find many dividends that are in the same class as SO's. I plan on adding to this position in the future as its dividend should provide stable income for decades to come.

Dividend Summary

Div Yield (FWD)

4.28%

Annual Payout (FWD)

\$2.56

Payout Ratio

77.12%

5 Year Growth Rate

3.36%

Dividend Growth

19 Years

Dividend History

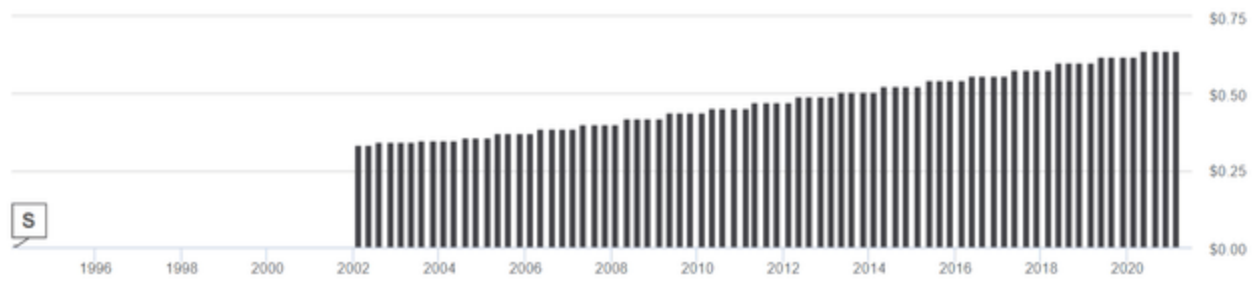
1Y

3Y

5Y

10Y

MAX



(Source: Seeking Alpha)

The \$100 a week portfolio's positions and how it is doing after the 2nd week

After the 2nd week, \$200 and 5 investments the \$100 portfolio is looking good. I invested \$194.67 across Altria Group, ([MO](#)), AT&T ([T](#)), Starwood Property Trust ([STWD](#)), SO and OHI leaving a cash balance of \$5.32 in the account. The account has increased to \$205.55 which is an increase of 2.78% in 2 weeks. MO is currently my top investment as it has increased by 7.97% and STWD is in 2nd as it has seen a 4.45% return. Overall there is nothing to complain about as all 5 positions are in the green. I expect these positions to fluctuate and being a long-term investor with this being a portfolio focused on dividend income seeing positions in the red won't bother me. It is nice to be 5 for 5 but that's bound to change at some point. The nice thing about dividends is in addition to generating income they make downturns less painful.

Search results for 3/1/2021 to 3/12/2021					
Date/Time	Description	Amount	Commission	Reg Fee	Details
03/02/2021 17:48:51	CLIENT REQUESTED ELECTRONIC FUNDING RECEIPT (FUNDS NOW)	100.00	0.00	0.00	1
03/04/2021 09:36:57	Bought 1 MO @ 45.0565	-45.06	0.00	0.00	1
03/04/2021 09:37:13	Bought 1 T @ 29.175	-29.18	0.00	0.00	1
03/04/2021 09:37:48	Bought 1 STWD @ 23.3486	-23.35	0.00	0.00	1
03/08/2021 05:20:20	CLIENT REQUESTED ELECTRONIC FUNDING RECEIPT (FUNDS NOW)	100.00	0.00	0.00	1
03/09/2021 12:52:54	Bought 1 SO @ 59.65	-59.65	0.00	0.00	1
03/11/2021 11:59:54	Bought 1 OHI @ 37.44	-37.44	0.00	0.00	1

\$205.55

↑ \$2.59 (1.28%)

\$5.32

\$0.00

(0.00%)

\$5.32

\$200.23

↑ \$2.59

(1.31%)

\$5.32

\$5.32

Asset type

All positions

Balances

Order status

Transaction history

Cost Basis

Cash & Cash Alternatives

Description	Mkt value*	Day gain (\$)*	Accrued interest (\$)¹
Cash	5.32	0.00	--

*Most data is streaming, but values marked with * update every 5 minutes. 7:58:20 pm ET 3/12/21

Update now

Current value: \$5.32

\$0.00 (0.00%)

Stocks

Microcharts

View: Stock (default)

Symbol ▲	Qty	Price	Chg.(\$)	Cost	Mkt value *	Maint req	Gain(\$)*	Gain(%)*
MO	1	48.65	0.85	45.06	48.65	0.00	3.59	7.97%
OHI	1	37.50	0.44	37.44	37.50	0.00	0.06	0.16%
SO	1	59.84	0.56	59.65	59.84	0.00	0.19	0.32%
STWD	1	24.39	0.43	23.35	24.39	0.00	1.04	4.45%
I	1	29.85	0.31	29.18	29.85	0.00	0.67	2.30%

*Most data is streaming, but values marked with * update every 5 minutes. 7:58:20 pm ET 3/12/21

Update now

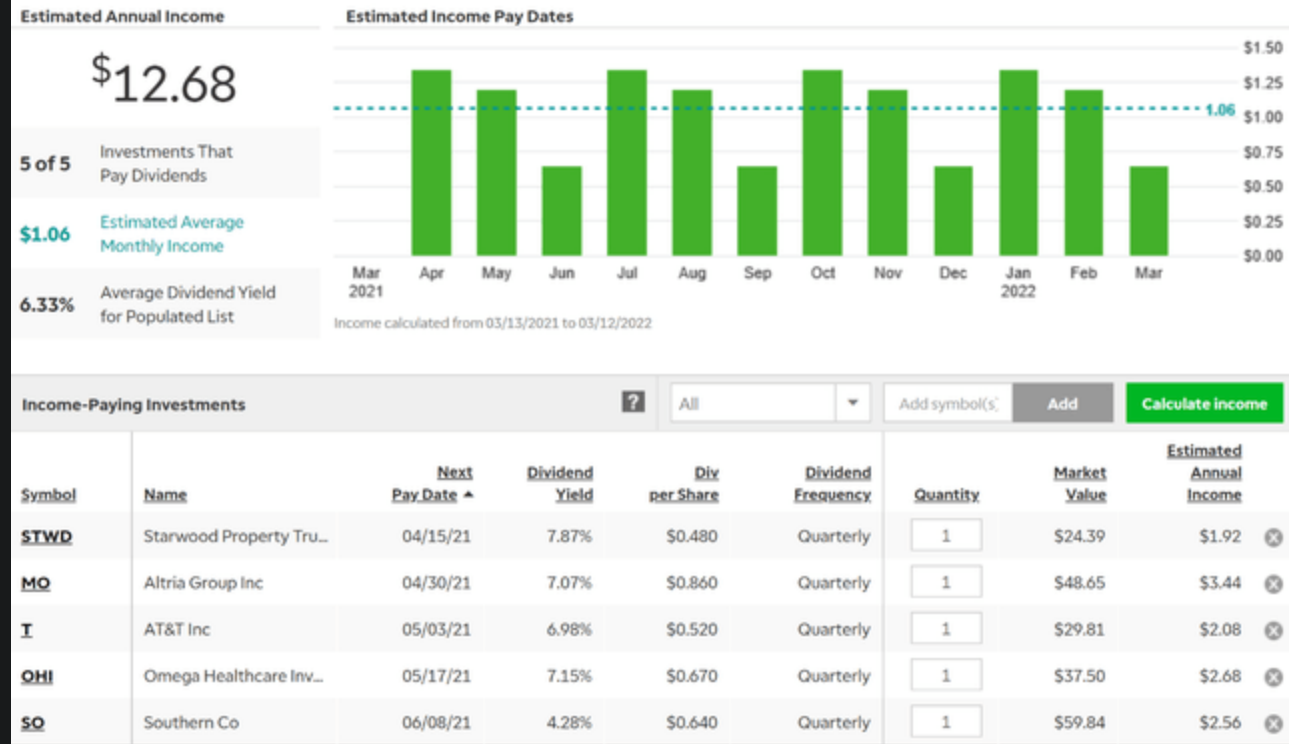
Current value: \$200.23

↑ \$2.59 (1.31%)

(Source: Steven Fiorillo)

Examining the dividend income from the \$100 a week portfolio

Dividends are the bread and butter of this portfolio so as the dividends roll in the analysis will become more in-depth. Currently I have invested \$194.67 of the capital allocated to this account which is now producing \$12.68 in annual dividend income. The combination of MO, T, SWTD, SO and OHI created an average yield of 6.51% from my investment. There is 123 years of consecutive dividend growth in this portfolio with MO increasing its dividend for 51 years, T for 36, SO for 19 and OHI for 17. The dividends will start rolling in next month as STWD goes [ex-dividend on 3/30/31](#) with a payout date of 4/15/21 and MO goes [ex-dividend on 3/24/21](#) with a payout date of 4/30/21. I am a month and a half away before the power of compounding begins and my dividend income increases organically. As the year progresses and more capital is deployed the dividend analysis is going to get very interesting and I am excited to illustrate the journey.



(Source: Steven Fiorillo)

After week two I accomplished one of my goals organically by creating passive monthly dividend income and the journey to weekly dividend income also saw improvements. By adding SO & OHI my monthly dividend income increased from 8 months to 12 months as March, June, September and December are now dividend producing months. I actually didn't plan this and now every stock I add to the portfolio will build upon these foundations. Based off of the close on 3/12/21 my forward yield is 6.33% as this portfolio is now generating \$12.68 in annual dividend income and my average monthly dividend income is \$1.06. As the quarters and years unfold it's going to be interesting to witness the power of compounding work its magic as all the dividends reinvest and many of the companies provide annual dividend increases in addition to deploying more capital and adding new investments.

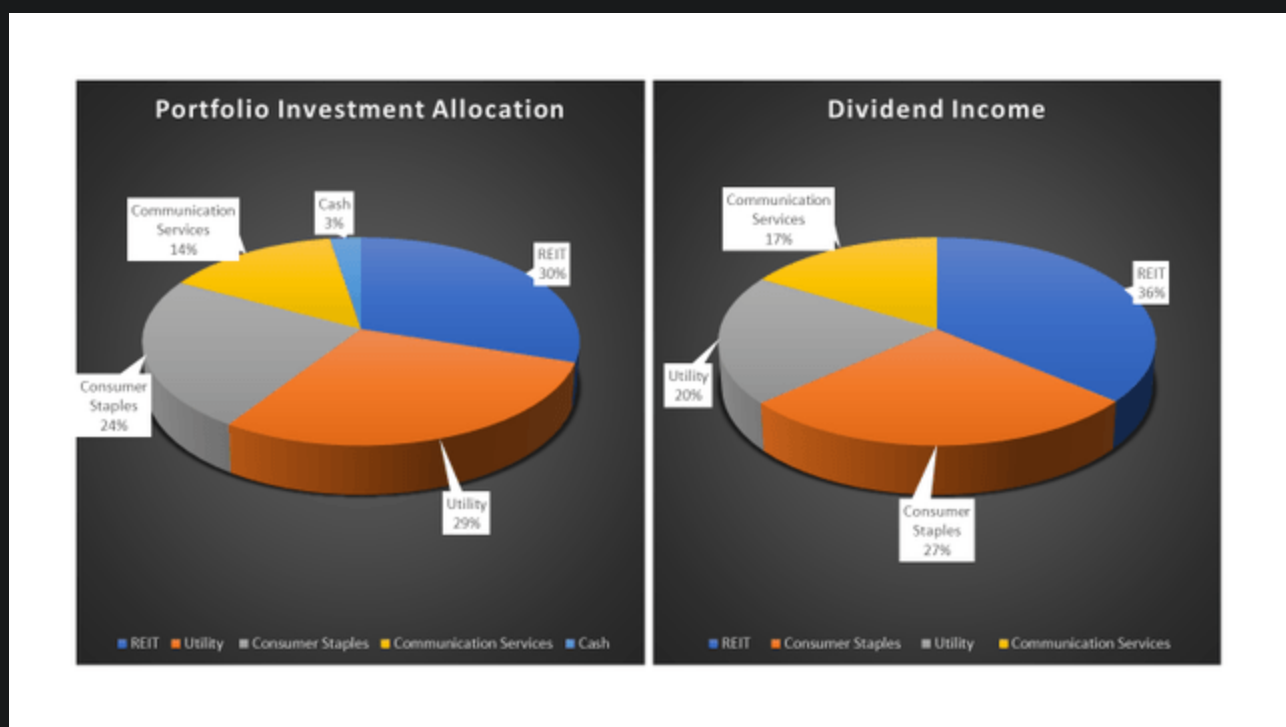
Building weekly dividend income gained a lot of traction in week 2 as SO and OHI have consistently paid their dividends in weeks that I have no dividend income coming in. In week 1 MO, T and STWD created 9 weeks of dividend income for me. The addition of SO and OHI added an additional 8 weeks in week 2. After 2 weeks the \$100 a week portfolio is generating passive dividend income in 17 weeks of the year so I am 32.69% of the way there. Just as the monthly income I am not planning this out and the weekly dividend income is increasing organically. By diversifying the investments and adding more companies my individual sector exposure is reduced while the probability of generating dividends in weeks with no dividend income increases. As I get closer to achieving this goal I may do some research and make an investment or two to complete this goal but it is certainly not a priority.

Weekly Projected Dividends For 2021

2021 Q1						
Month	January		February		March	
Week 1	3rd to 9th		7th to 13th		7th to 13th	
Week 2	10th to 16th	STWD / MO	14th to 20th	OHI	14th to 20th	
Week 3	17th to 23rd		21st to 27th		21st to 27th	
Week 4	24th to 30		28th to 6th	SO	28th - 3rd	
Week 5	31st to 6th	AT&T				
2021 Q2						
Month	April		May		June	
Week 1	4th to 10th		2nd to 8th		6th to 12th	SO
Week 2	11th to 17th	STWD	9th to 15th	OHI	13th to 19th	
Week 3	18th to 24th		16th to 22nd		20th to 26th	
Week 4	25th to 1st	AT&T / MO	23rd to 29th		27th to 3rd	
Week 5			30th to 5th			
2021 Q3						
Month	July		August		September	
Week 1	4th to 10th	MO	1st to 7th	AT&T	5th to 11th	SO
Week 2	11th to 17th	STWD	8th to 14th		12th to 18th	
Week 3	18th to 24th		15th 21st	OHI	19th to 25th	
Week 4	25th to 31st		22nd to 28th		26th to 2nd	
Week 5			29th 4th			
2021 Q4						
Month	October		November		December	
Week 1	3rd to 9th		7th to 13th		5th to 11th	SO
Week 2	10th to 16th	STWD / MO	14th to 20th	OHI	12th to 18th	
Week 3	17th to 23rd		21st to 27th		19th to 25th	
Week 4	24th to 30th		28th to 4th		26th to 31st	
Week 5	31st - 6th	AT&T				

(Source: Steven Fiorillo)

Diversification is a wonderful thing as it mitigates risk and gains exposure to different sectors. During downturns or dips in the market diversification can help keep a portfolio stable as some sectors may outperform while others underperform. Currently my portfolio investment allocation isn't concentrated in one segment of the market and over time I expect to increase exposure across additional sectors. Currently 30% of my investments are in REITs while 29% are in utilities, 24% consumer staples, 14% in communication services and 3% is in cash. Eventually I will gain exposure to financials, industrials, technology, energy, health care, basic materials, and other sectors. My dividend income is currently generated from 4 sectors which include 36% from REITs, 27% from consumer staples, 20% from utilities and 17% from communication services. Eventually this will become more diversified as more sectors are added to the investment mix.



(Source: Steven Fiorillo)

Week 3 investment plan

Below is my dividend harvesting watchlist which has expanded to 62 stocks and 5 ETF's. In yellow I have highlighted Enbridge ([ENB](#)), Pfizer ([PFE](#)), STAG Industrial ([STAG](#)) and The Coca-Cola Company ([KO](#)) as these are the next investments I am considering. [ENB](#) is a dividend monster as it has paid a dividend for over 66 years with a current payout of \$2.63 per share which yields 7.22%. ENB has 26 years of consecutive dividend growth with a 10% dividend CAGR from 1995-2021. [PFE](#) has a dividend yield of 4.46% a 46.65% payout ratio which is quite low and has increased its dividend for the past 11 years. [STAG](#) is a monthly dividend payer with a yield of 4.33% and operates a large amount of industrial and warehouse space. This is particularly interesting to me as ecommerce continues to grab market share. And the last company I have on deck is [KO](#) which has increased its dividend for 58 years, yields 3.34% and has a 5-year growth rate of 4.25%.

	A	B	C	D	E	F	G
1	Dividend Harvesting Watchlist					Legend	
2	Symbol	Last	Div yield	Div amount			Currently art of the portfolio
3	IEP	60.84	13.15%	8			Possible next investments
4	NLY	8.74	10.07%	0.88			Waiting for a pullback or it woul db e marked yelow
5	AML	32.42	8.91%	2.89			
6	AGNC	16.47	8.74%	1.44			
7	STWD	24.39	7.87%	1.92			
8	CSWC	22.01	7.63%	1.68			
9	RIO	81.27	7.49%	6.18			
10	ENB	36.41	7.32%	2.67			
11	OHI	37.5	7.15%	2.68			
12	GSK	35.54	7.07%	2.51			
13	MO	48.65	7.07%	3.44			
14	T	29.81	6.98%	2.08			
15	IRM	36.87	6.71%	2.47			
16	KMI	16.35	6.42%	1.05			
17	MAIN	38.39	6.41%	2.46			
18	WPC	69.26	6.04%	4.18			
19	XOM	61.97	5.62%	3.48			
20	PM	87.72	5.47%	4.8			
21	IBM	127.61	5.11%	6.52			
22	PRU	93.87	4.90%	4.6			
23	ABBV	108.22	4.81%	5.2			
24	VLO	82.42	4.76%	3.92			
25	BP	26.96	4.73%	1.26			
26	NNN	44.2	4.71%	2.08			
27	SLG	77.76	4.68%	3.64			
28	VICI	28.52	4.63%	1.32			
29	CVX	111.56	4.63%	5.16			
30	GILD	61.56	4.61%	2.84			
31	VZ	55.63	4.51%	2.51			
32	PFE	34.94	4.46%	1.56			
33	ED	70.94	4.37%	3.1			
34	DOW	64.34	4.35%	2.8			
35	STAG	33.49	4.33%	1.45			
36	SO	59.84	4.28%	2.56			
37	STOR	33.79	4.26%	1.44			
38	STOR	33.79	4.26%	1.44			
39	DUK	91.4	4.22%	3.86			
40	SPYD	39.86	4.09%	1.63			
41	PSX	88.66	4.06%	3.6			
42	HDV	95.15	3.75%	3.57			
43	MRK	74.6	3.49%	2.6			
44	D	73.54	3.43%	2.52			
45	KMB	133.47	3.42%	4.56			
46	KO	50.36	3.34%	1.68			
47	BMJ	60.64	3.23%	1.96			
48	MMM	184.92	3.20%	5.92			
49	AVGO	451.17	3.19%	14.4			
50	PEP	133.04	3.07%	4.09			
51	LMT	340.19	3.06%	10.4			
52	CSCO	48.82	3.03%	1.48			
53	VYM	101.1	2.87%	2.91			
54	SCHD	72.55	2.80%	2.03			
55	C	75.18	2.71%	2.04			
56	PAYX	95.25	2.60%	2.48			
57	JNJ	159.6	2.53%	4.04			
58	PG	128.14	2.47%	3.16			
59	CLX	188.99	2.35%	4.44			
60	INTC	62.9	2.21%	1.39			
61	ADP	182.77	2.04%	3.72			
62	NEE	75.67	2.04%	1.54			
63	BAC	37.94	1.90%	0.72			
64	DEO	167.73	1.84%	3.07			
65	CAT	229	1.80%	4.12			

66	MSFT	235.75	0.95%	2.24		
67	AAPL	121.03	0.68%	0.82		
68	V	224.36	0.57%	1.28		
69	MA	382.71	0.46%	1.76		

(Source: Steven Fiorillo)

Conclusion

Thank you to everyone who read the first article in this series and to those who commented. I have added ten stocks to my watchlist from the comments and have a list of companies I need to research as I wasn't familiar with them. I really appreciate all of the comments as a lot of good portfolio ideas and possible investments were discussed. Please continue to comment as we never stop learning.

After week 2 a solid foundation for continuous dividends and growth has been established. \$194.57 has been invested which will generated \$12.68 in annual dividends prior to compounding which is a forward yield of 6.51%. The portfolio consists of MO, T, STWD, SO, and OHI. In April dividends will start rolling in on a monthly basis. I will continue to publish content each week as investments are made.

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 T, MO, STWD, OHI, SO. 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: 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

34 Likes

54 Comments