

Dividend Harvesting: Building The Portfolio Brick By Brick On \$100 A Week, Week 6 Update

Apr. 15, 2021 12:01 PM ET | KMI, RQI, T... | 49 Comments | 30 Likes

Summary

- In week 6 I added two closed end funds (UTF, RQI), Kinder Morgan (KMI) and an additional share of AT&T (T).
- At the end of week 6 my portfolio is up 2.85% and my annual dividend income increased by \$5.99 (19.64%) as it grew from \$30.50 to \$36.49.
- I have 8 dividends being paid in April and dividends rolling in every month going forward.
- I am now generating monthly dividend income and I have projected based on 2020 & 2021 information that I have dividends being paid in 41 weeks of the year.



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It's been 6 weeks since I started this portfolio and created the Dividend Harvesting article series. Since its inception I have allocated \$600 in capital to fund this project. In its entirety the portfolio has grown to \$617.09 (+2.85%) without receiving a single dividend. Currently \$577.83 has been invested across 15 positions which include individual equities and Closed End Funds (CEFs). Excluding the cash balance my invested capital of \$577.83 has increased by \$17.10 (2.96%) to \$594.93. The positions within this portfolio excluding cash are generating \$36.49 in annual dividend income giving this portfolio a yield of 6.32%.

In week 6 I started 3 new positions as I added the Cohen & Steers Infrastructure Fund ([UTF](#)), Cohen & Steers Quality Income Realty Fund ([RQI](#)) and Kinder Morgan Inc. ([KMI](#)). I also added an additional share of AT&T ([T](#)) prior to their [ex-dividend date on 4/8/21](#) to increase my dividend payout which will be paid on 5/3/21. My dividend income increases with each week as additional investments are made. Starting this week my first dividends from this portfolio will be paid and reinvested. I am up to 8 dividends being paid in the month of April and this portfolio is about to start its dividend harnessing journey.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Company Name	Ticker	Industry	Initial Investment	Shares Purchased	Current Shares	Shares from Dividends	Current Price	Current Investment	Profit or Loss	% Gain or Loss	Annual Dividend Per Share	Total Annual Dividends	Dividend Yield
1	AT&T Int.	T	Communications Services	\$105.35	3.00	3.00	0.00	\$35.04	\$105.12	\$0.43	-0.47%	\$2.06	\$0.75	6.53%
2	Altria Group Inc.	MO	Consumer Staples	\$95.47	2.00	2.00	0.00	\$52.49	\$104.98	\$7.51	7.87%	\$3.44	\$0.88	8.68%
3	Omega Healthcare Investors	OH	REIT	\$37.44	1.00	1.00	0.00	\$17.59	\$17.59	\$0.15	0.40%	\$2.68	\$0.68	7.13%
4	Starwood Property Fund Inc.	STWD	REIT	\$23.35	1.00	1.00	0.00	\$24.84	\$24.84	\$1.49	6.39%	\$3.92	\$3.92	7.73%
5	Seaboard Company	SB	Energy	\$19.85	1.00	1.00	0.00	\$62.73	\$62.73	\$3.08	3.18%	\$2.35	\$2.35	4.08%
6	Indefinite Inc.	INDI	Oil, Gas & Consumable Fuels	\$38.72	1.00	1.00	0.00	\$28.88	\$28.88	\$0.83	2.19%	\$2.87	\$2.87	7.28%
7	The Coca-Cola Company	KO	Consumer Staples	\$11.30	1.00	1.00	0.00	\$13.18	\$13.18	\$1.88	3.68%	\$1.68	\$1.68	3.18%
8	STAG Industrial Inc.	STAG	REIT	\$33.63	1.00	1.00	0.00	\$34.95	\$34.95	\$1.38	3.81%	\$1.45	\$1.45	4.11%
9	AGNC Investment Corp.	AGNC	REIT	\$16.99	1.00	1.00	0.00	\$17.09	\$17.09	\$0.45	2.40%	\$3.44	\$3.44	8.47%
10	Vesta Healthcare Opportunities Fund	VHOF	Closed End Fund - Healthcare	\$12.81	3.00	3.00	0.00	\$12.09	\$12.09	\$0.38	3.28%	\$1.87	\$1.87	5.11%
11	Recess Utility Income Trust	UTIS	Closed End Fund - Infrastructure	\$33.43	3.00	3.00	0.00	\$33.85	\$33.85	\$0.41	0.72%	\$2.10	\$2.10	6.39%
12	PIMCO Corporate and Income Opportunity Fund	PIOP	Closed End Fund - Income Fund	\$18.23	3.00	3.00	0.00	\$18.67	\$18.67	\$0.44	2.41%	\$1.30	\$1.30	8.36%
13	Cohen & Steers Infrastructure Fund	CSIF	Closed End Fund - Infrastructure	\$29.20	3.00	3.00	0.00	\$29.11	\$29.11	\$0.09	-0.31%	\$1.86	\$1.86	6.39%
14	Recess Utility Income Fund	RECF	Closed End Fund - Utilities	\$14.14	3.00	3.00	0.00	\$14.40	\$14.40	\$0.24	1.69%	\$0.96	\$0.96	6.67%
15	Kimberly-Clark Corp.	KMI	Oil, Gas & Consumable Fuels	\$16.72	3.00	3.00	0.00	\$16.53	\$16.53	\$0.19	-1.14%	\$1.09	\$1.09	6.53%
16	Cash			\$17.18				\$17.18						
17				\$600.00				\$617.00					\$36.46	



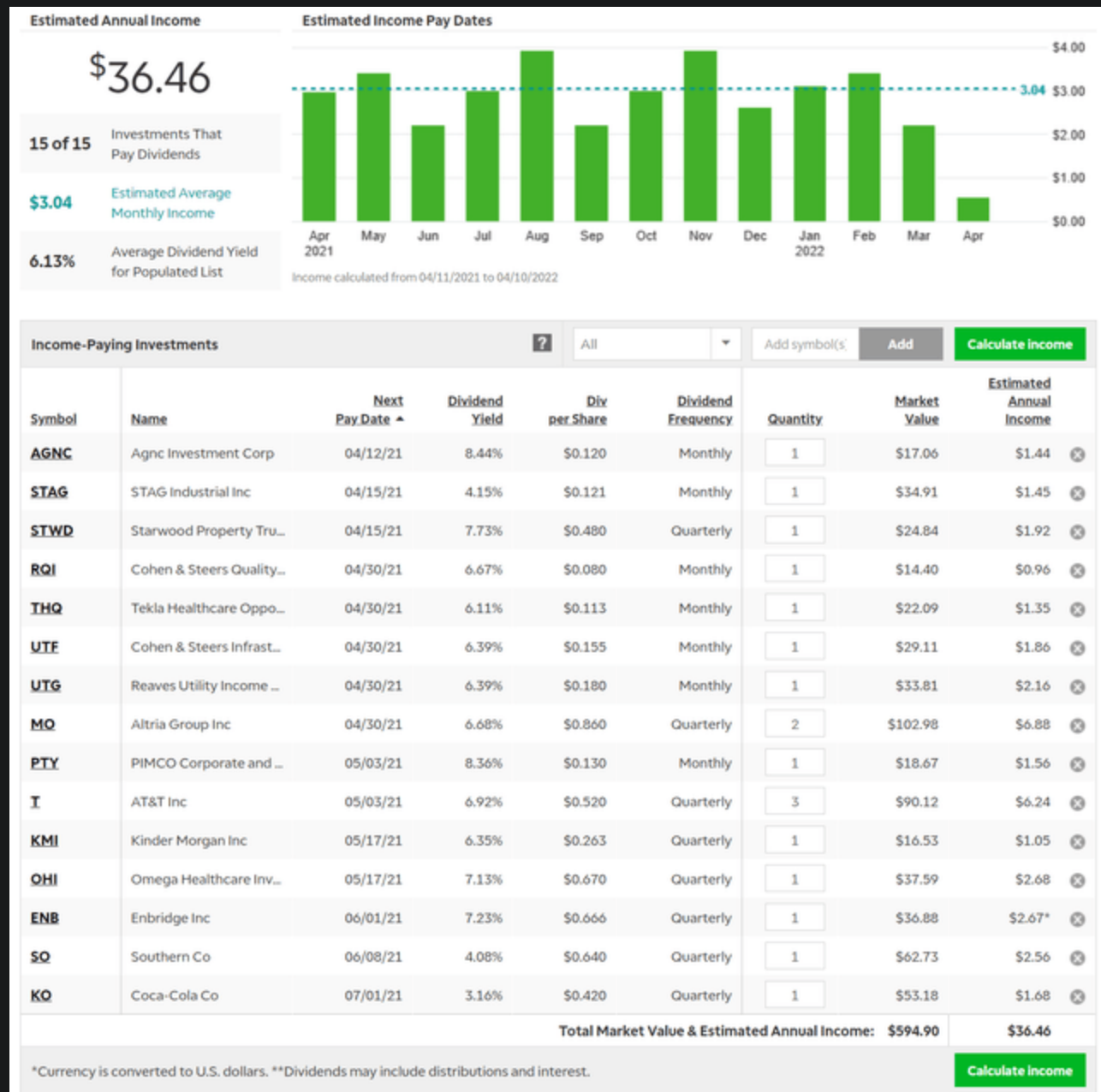
(Source: Steven Fiorillo)

A look inside the portfolio after 6 weeks and \$600 allocated

After 6 weeks I have started a position in 5 CEFs and 10 equities. The portfolio is becoming more diversified as 22.72% is allocated to CEFs which are focused on several sectors. The overall portfolio weight for consumer staples continues to decrease as additional investments are made. Even though my focus is not on short term gains or growth it is definitely a good feeling that the portfolio is in the green.

Starting the week of 4/12/21 dividends will start being paid and throughout the 2nd half of April I have 8 investments generating dividends. The income estimator option in my account is indicating that my annual estimated income is \$36.46. Some of you may notice that this is \$0.03 less than what my portfolio tracker indicates and what I had stated in the opening of the article. The discrepancy is that KMI had increased their dividend by \$0.03 and the income calculator hasn't updated that information yet. In week 6 my annual dividend income increased by \$5.99 (19.64%) as it grew from \$30.50 to \$36.49. My monthly estimated average income from dividends also increased by \$0.50 (19.69%) as it grew from \$2.54 to \$3.04.

As the ex-dividend dates for Altria Group (MO) and T approached I decided to allocate additional capital to these companies. MO & T now represent \$13.12 (35.96%) of my annual dividend income. I believe there is still value waiting to be unlocked in MO & T and I plan on adding additional shares in the future. MO and T will end up being two of the pillars in this portfolio but over time I would like to see the percentage of my annual dividends which they represent decrease. One of my goals is to create a well rounded portfolio which is diversified throughout many sectors and the percentages even out in regards to my dividend mix.



(Source: TD)

I have been tracking my projected weekly dividends for fun and its getting real interesting. This isn't a priority but I do have a long-term goal of generating a dividend each week. Based off 2020 & 2021 data I am projecting that I will generate dividends in 41 of the 52 weeks (78.85%) of the year. Eventually I think my goal will be reached organically as new positions are added. If I had to guess I think after 52 weeks I will have at least 50 weeks of dividends covered.

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

(Source: Steven Fiorillo) (Data Source: Seeking Alpha)

Why I added UTF, RQI, KMI and an additional share of T in week 6

With the new administration planning on spending trillions on infrastructure I wanted to increase my exposure to the sector. UTF is an interesting CEF as it focuses on almost every sector associated with infrastructure. Its [investments](#) include electric, pipelines, toll roads, utilities, railways, airports, industrial, etc. Within UTF's top 10 holdings are NextEra Energy ([NEE](#)), and Duke Energy ([DUK](#)) which are on my dividend harvesting watchlist. Enbridge (NYSE:[ENB](#)) is also one of UTF's top 10 holdings which is a current position in my dividend harvesting portfolio. UTF has an [annual yield](#) of 6.39% and pays on a monthly basis. As much as I love dividends & distributions their even better on a monthly basis. This is a sector I believe will do well under the Biden Administration and this CEF is a great fit for this portfolio.

29.11 0.26 (+0.90%) 4:00 PM 04/09/21

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Summary Holdings Key Data Ratings Dividends Momentum Peers Charting

Holdings Breakdown

Stocks

Utilities	41.46%	Real Estate	7.95%
Industrials	22.97%	Communication	0.82%
Energy	10.32%	Technology	0.57%

Bonds & Cash

Corporate	15.27%
Cash & Equivalents	0.95%
Government	-0.30%



Top 10 Holdings

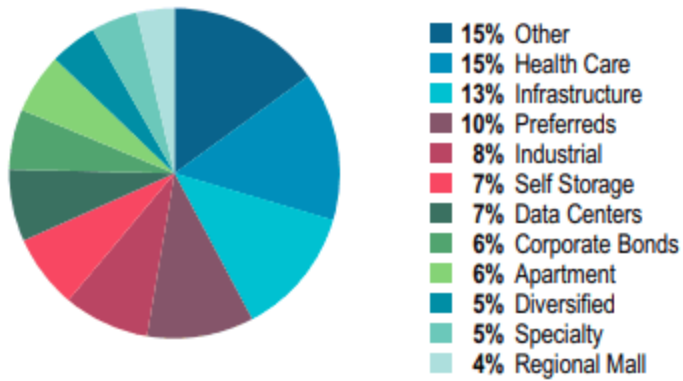
NextEra Energy Inc	7.21%
Transurban Group	4.22%
Norfolk Southern Corp	3.48%
American Tower Corp	2.95%
Enbridge Inc	2.85%
Crown Castle International Corp	2.72%
Duke Energy Corp	2.44%
Aena SME SA	2.22%
FirstEnergy Corp	2.17%
Alliant Energy Corp	2.02%
Total	32.28%
# of Holdings	248

*Holdings as of 2021-03-31

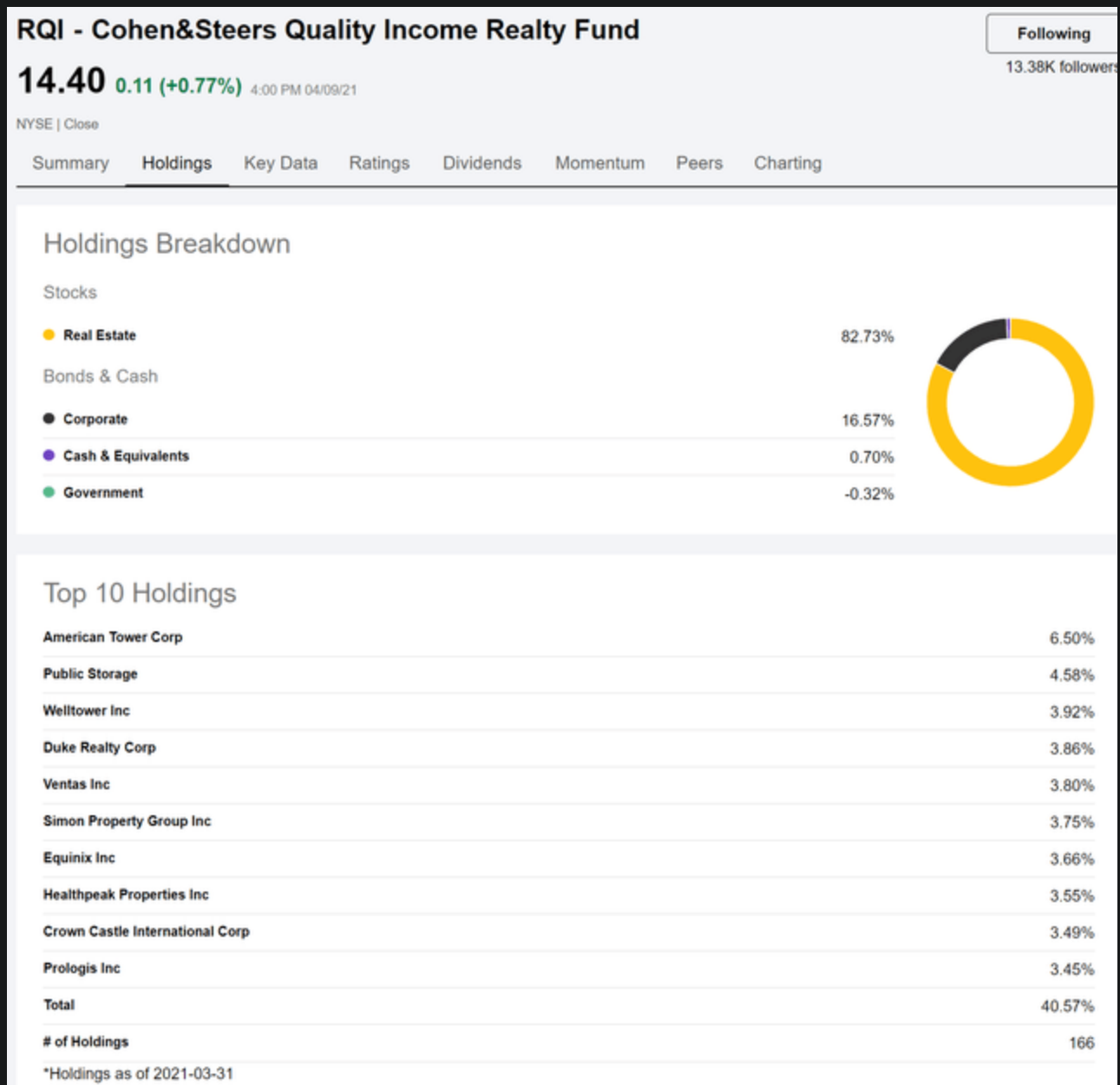
(Source: Seeking Alpha)

The next addition was another CEF from Cohen & Steers and it was RQI. Real Estate wasn't the best investment during the pandemic but its been recovering quite well. I believe there is still value to be unlocked in the sector and RQI is an interesting CEF which is diversified across the sector. RQI's Real Estate holding span across healthcare, industrial self-storage, data centers, apartments, regional mall, etc. Looking at [RQI's holdings](#) there are many companies I am interested in such as American Tower Corp. ([AMT](#)), Public Storage ([PSA](#)), Welltower ([WELL](#)), Simon Property Group (NYSE:[SPG](#)), Equinix ([EQIX](#)), etc. RQI has a yield of 6.67% that also pays on a monthly basis. I see long-term value in RQI and will probably pick up a few more shares along the way.

Sector Diversification



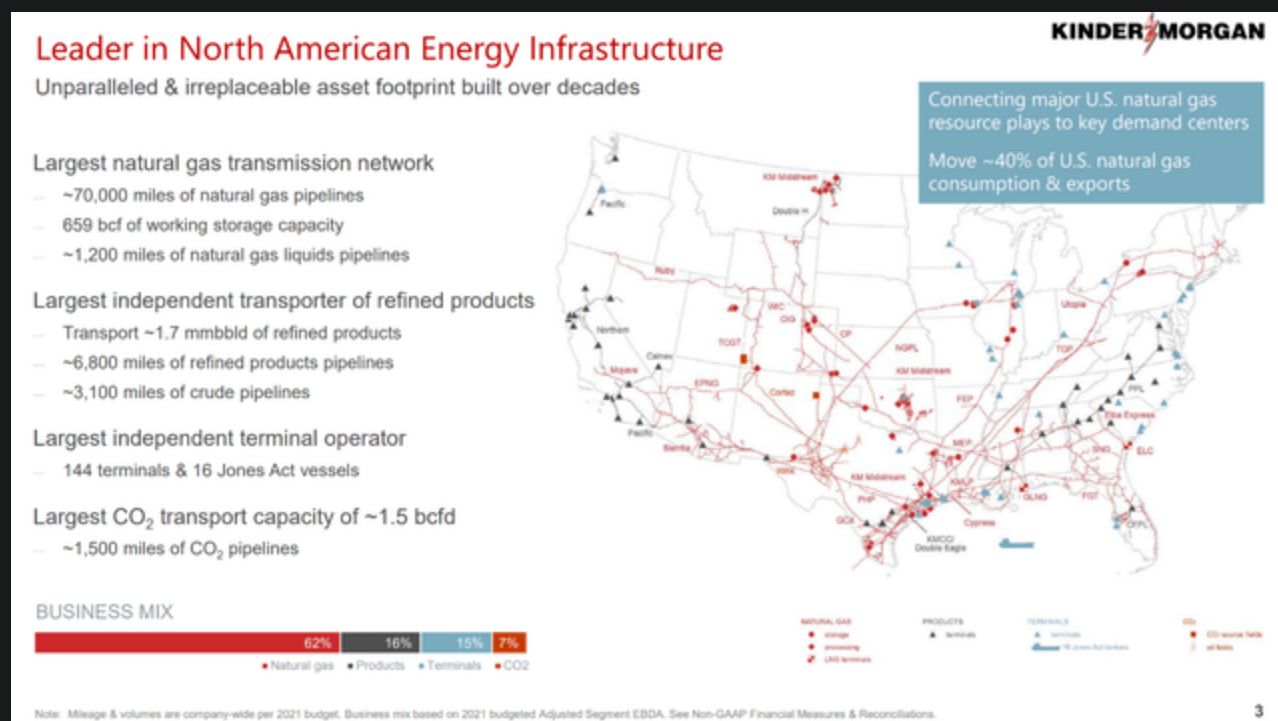
Source: [Cohen & Steers Quality Income Realty Fund](#) -



(Source: Seeking Alpha)

My last new addition in week 6 was KMI which I have been bullish on for some time. I illustrated my bullish thesis in a [previous article on KMI](#) at the end of January. KMI is a battleground stock because it operates in the oil & gas industry. My stance has been that oil and gas will play a significant role in the global energy mix for decades to come. The research and projections by the [EIA](#) and many experts show that the global energy demand will increase by 50% by 2050. The [BP Statistical Review of World Energy for 2020](#) indicated that the U.S was the #1 oil producing nation in 2019 with 746.7 million tonnes and the United States was also the largest producer of natural gas liquids producing 4.81 million barrels per day. Russia was the 2nd largest oil producing nation with 568.1 million tonnes and Saudi Arabia was the 2nd largest in natural gas liquids with 1.69 million barrels per day produced.

[KMI](#) is one of the largest energy infrastructure companies in North America as it operates 83,000 miles of pipeline, 144 terminals and transports roughly 40% of the gas consumed within the United States. I added them to this portfolio because I believe they are undervalued and offer a good dividend opportunity. KMI pays a dividend which yields 6.35% and has had 4 years of consecutive growth. KMI certainly isn't for everyone but if you believe oil and gas will still be here for decades to come its worth considering.



(Source: Kinder Morgan)

Lastly, I added an additional share of T bringing my total to 3 shares in this portfolio. I did this because I believe the stock is undervalued and I wanted to capitalize on the upcoming dividend. Prior to the ex-dividend and record date I held 3 shares in this account so I will have a \$1.56 dividend coming in the first week of May. T has been a holding of mine for years and as long as the price stays between \$28 - \$34 I will continue to add additional shares.

What investments I am looking to make in week 7

The only thing I can promise is that I will not be adding a CEF in week 7. Currently I am leaning toward some dividend ETFs and energy companies. With Exxon Mobil ([XOM](#)) retracing from its recent highs I may start a position in them. Sticking with energy I may add BP p.l.c. ([BP](#)) to the portfolio as well. I think energy is undervalued and still has room to run as the recovery isn't over. Energy companies also offer a large dividend so I am going to have to weigh my options. I also need some exposure to tech and there aren't many choices. International Business Machines ([IBM](#)), Cisco Systems ([CSCO](#)), Intel Corporation ([INTC](#)), and Hewlett Packard Enterprise ([HPE](#)) are on my short list for tech companies.

I am looking at some ETF's to add further diversification to the portfolio. The ALPS Alerian MLP ETF ([AML](#)P) is on my list because I love pipelines but can't own MLP's in this account. I don't want to complicate my taxes with a schedule K-1 so owning AMLP is the next best thing without adding extra paperwork for my accountant. I also like the sector spider funds such as the Utilities Select Sector SPDR ETF ([XLU](#)) and the Energy Select Sector SPDR ETF ([XLE](#)). The Schwab U.S Dividend Equity ETF ([SCHD](#)) has been a holding of mine for years and would fit well within this portfolio. Eventually the portfolio will have a large mix of CEFs, ETFs and equities but since I am only adding \$100 a week I am limited on how much I can add.

Conclusion

Thank you to everyone who continues to read this series and comment. Week 10 is coming up and I am planning on investing that weeks allocation based off reader suggestions so keep throwing ideas out there in the comment section. Hopefully everyone is enjoying this series and for new investors gaining additional perspectives on investment ideas. Over the next several weeks this portfolio will start generating dividend income and then the fun really begins. If anyone has any questions please feel free to ask them in the comments section or sending me a direct message.

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, BP, AMLP, UTF, RQI, KMI, MO. 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 long all of the companies mentioned in my portfolio in addition to BP & AMLP as they are current positions in additional accounts.

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.

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