

Dividend Harvesting: Building The Portfolio Brick By Brick On \$100 A Week, Week 5 Update, CEFs Galore

Apr. 07, 2021 9:15 AM ET | PTY, T, THQ... | 75 Comments | 38 Likes

Summary

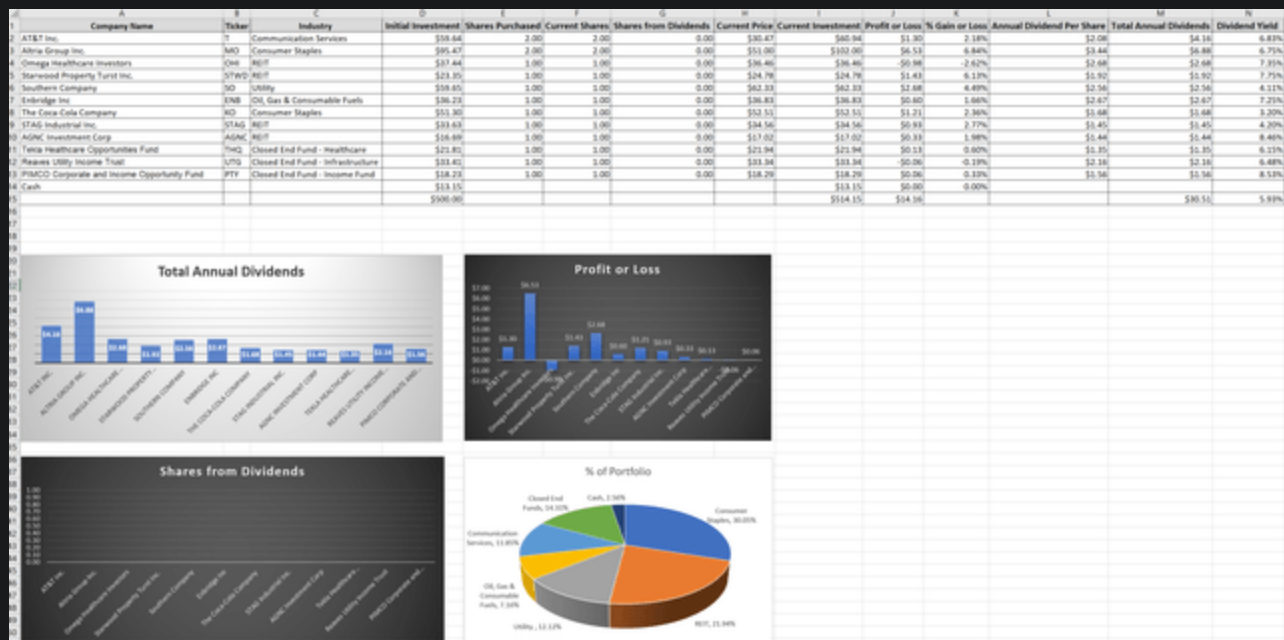
- In week 5, I added 3 Closed-End Funds PTY, THQ and UTG while adding another share of AT&T.
- After my week 5 investments, my annual dividend income grew to \$30.51 prior to compounding which is an overall yield of 6.27% from my 12 investments (excluding cash).
- I now have 6 companies that are paying dividends in April and my dividend/distribution reinvesting journey is about to begin.
- I have organically created a portfolio with monthly dividend income and income being paid in 40 weeks out of the year.



Photo by Cn0ra/iStock via Getty Images

I want to say thank you to everyone who has been reading this article series and to everyone who has been commenting. I have many of you to thank for piquing my curiosity about Closed-End Funds (CEF). After going down a long research rabbit hole about CEFs, I can't believe I have never owned any. I am invested in many ETFs and Mutual Funds but I never looked into CEFs and I wish I had. There have been so many great suggestions in the comments that my watchlist has grown quite a bit. I decided that every 10 weeks I am going to allocate that week's capital to positions recommended in the comments section so please keep throwing out suggestions for me to research. You never stop learning and due to the readers, I changed course in week 5 from what I had mapped out in my mind.

In week 5, the only thing I stuck with was adding an additional share of AT&T (T) as the ex-dividend date is rapidly approaching. I have been a shareholder of T for years and written many [articles on T](#). At these levels, I see value in shares of T, and even though management says they are suspending dividend increases I am happy collecting my 7% yield while I wait for shares to appreciate. Other than T, my week 5 game plan shifted but didn't change completely. I had indicated in the [week 4 article](#) that I wanted to start acquiring good dividend ETFs. Well, that certainly changed after the amount of comments encouraging me to research CEFs. Instead of adding some of the ETFs I had on my watch list, I picked up 3 CEFs. I am going to still pick up the ETFs but the CEFs were new to me and I wanted to jump on the train. I added 1 share of PIMCO Corporate & Income Opportunity Fund (PTY), 1 share of Reaves Utility Income Fund (UTG), and 1 share of Tekla Healthcare Opportunities Fund (THQ) in addition to the 1 additional share of T.



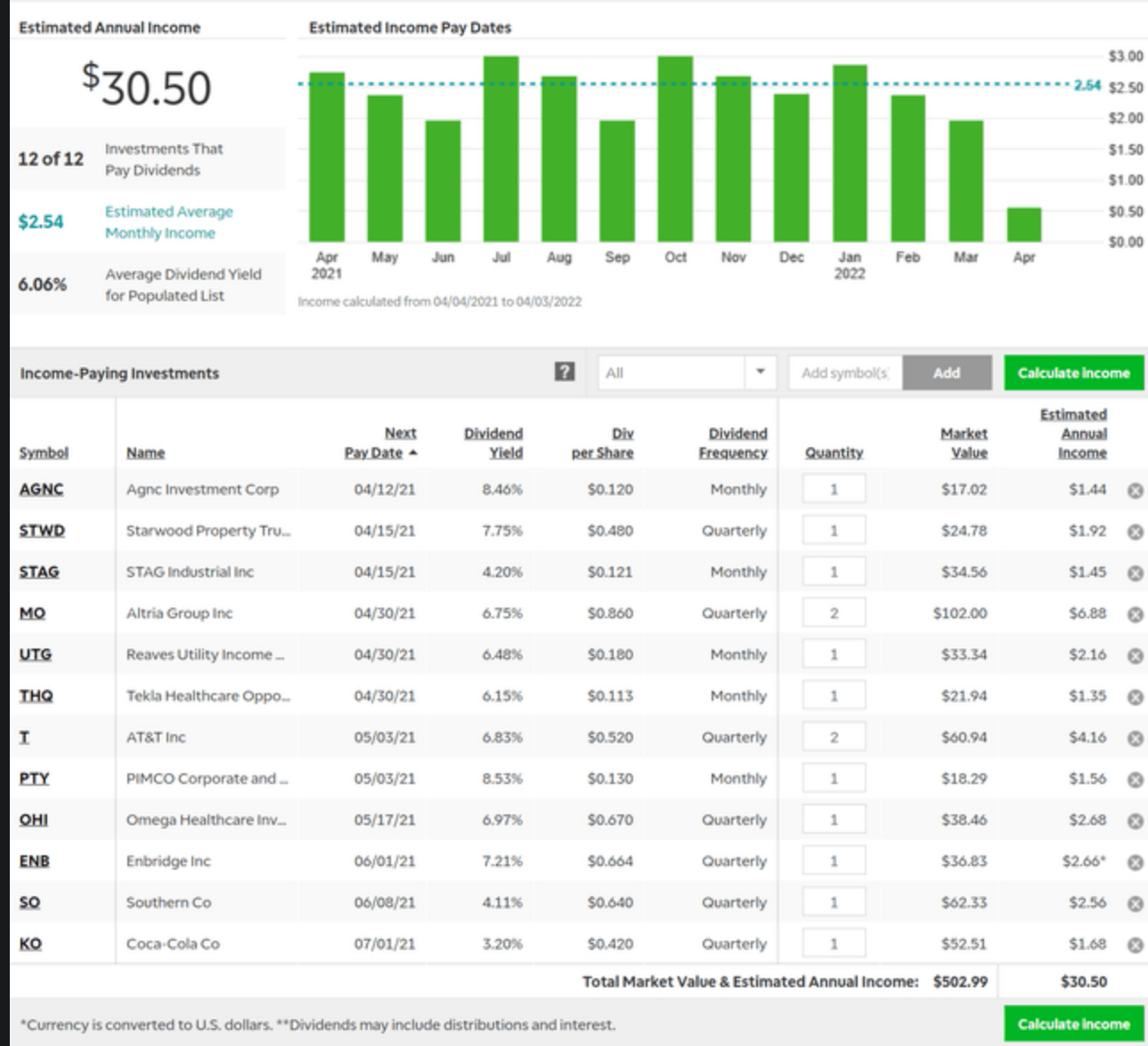
(Source: Steven Fiorillo)

A look inside the portfolio after 5 weeks and \$500

This is really exciting as I just realized I have 6 dividends coming throughout the month of April. I knew Starwood Property Trust (STWD) and Altria Group (MO) went ex-dividend in March and would be paying their dividends in April. What I didn't realize is that Stag Industrial, Inc. (STAG) and AGNC Investment Corp. (AGNC) went ex-dividend for their April dividends after I had purchased a share of each. Also, my newly acquired UTG and THQ go ex-dividend in the middle of April and pay their dividends at the end of April. The dividend train is about to leave the station and it's going to be a continuous flow of dividend income month after month for a very long time!

After 5 weeks I have allocated \$500 to this portfolio and invested \$486.85 across 12 different positions. My current investments excluding the cash balance are throwing off \$30.51 in annual dividends prior to compounding which is an overall dividend yield of 6.27% ($\$30.51 / \486.85). My invested capital of \$486.85 has increased by \$14.15 to \$501.00 and has appreciated by 2.91% ($\$14.15 / \486.85). After my week 5 allocations, Consumer Staples decreased from 35.14% of my portfolio to 30.05% and REITs decreased from 26.60% to 21.94%. As I continue to add more investments these allocations should continue to decrease and my portfolio will be more well-rounded. It's going to be interesting to see what the portfolio composition looks like after 6-months.

In week 5, my estimated annual income increased by \$7.15 (30.62%) as it grew from \$23.35 to \$30.50. My estimated average monthly income increased by \$0.59 (30.26%) and is now \$2.54 per month instead of \$1.95. These increases happen organically as more capital is invested. Eventually, the first milestones of \$120 annual income from dividends and \$10 per month will be reached. As the dividends roll in this will increase at a quicker pace and 6 dividends are being paid in April to start my dividend reinvesting journey.



(Source: Steven Fiorillo)

As I continue to add investments into this portfolio my weekly dividend payments continue to increase. At the end of week 4, based on previous dividend payment dates, I had 30 weeks of dividend income solidified in this portfolio. After adding PTY, THQ and UTG I picked up 10 weeks of dividend coverage as I have dividends being paid in 40 weeks of the year. It's been 5 weeks and 76.92% of the weeks now have dividend payments. I am not trying to reach 52 weeks by a certain date, but at this rate, I am going to have dividends coming in every week sooner than later.

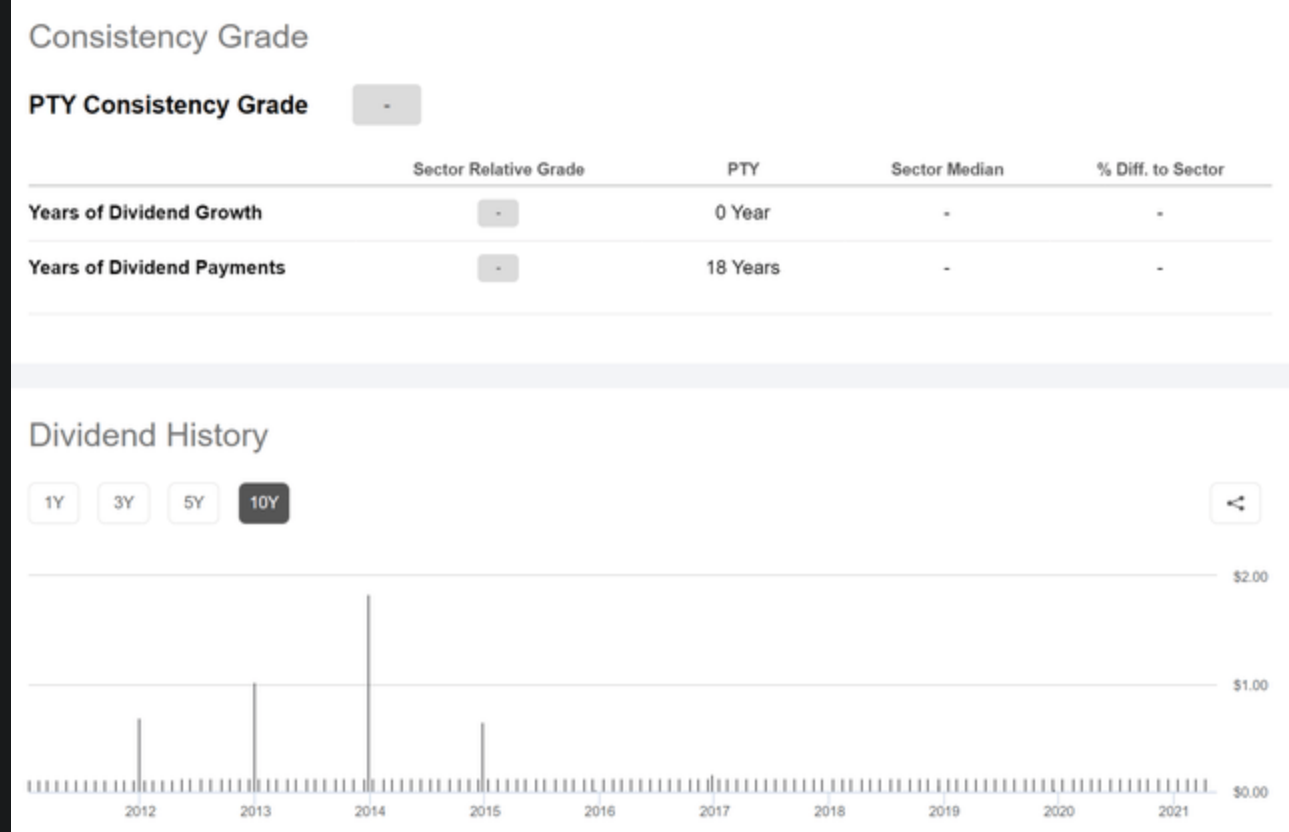
Weekly Projected Dividends For 2021						
2021 Q1						
Month	January		February		March	
Week 1	3rd to 9th	PTY	7th to 13th	AGNC / OHI	7th to 13th	AGNC
Week 2	10th to 16th	STWD / MO / AGNC / STAG / UTG	14th to 20th	STAG / SO	14th to 20th	STAG
Week 3	17th to 23rd		21st to 27th	THQ	21st to 27th	
Week 4	24th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

(Source: Steven Fiorillo)

Why I added PTY, THQ, UTG, and an additional share of T in week 5

Due to the amount of comments about CEFs, I spent hours researching them and decided these would be a great compliment to the equities in this portfolio. If you're unfamiliar with CEFs you can read all about them [here](#). @Rida Morwa has written many articles explaining and recommending CEFs and really puts out some great material. After reading through a number of his articles I added a bunch of CEFs to my watchlist and added PTY, THQ, and UTG to my portfolio.

PTY caught my eye as it's a bond fund paying a \$1.56 distribution per share which is an 8.53% yield. PTY also offers investors a monthly distribution which is amazing for compounding. PTY's distribution has been consistent over the past decade through the financial crisis and COVID-19 while paying a distribution for the past 18 years. PTY has 1024 holdings and is managed by a very credible firm. Based on their price chart and distribution history I decided to start a position in PTY.



(Source: Seeking Alpha)

UTG was a very interesting ETF as it's a utility income fund. [Utilities](#) make up 65.45% of the fund with the rest being allocated across communications (29.28%), real estate (17.72% and industrials (5.39%). I think now is a great time to invest in utilities and industrials as President Biden is going to pass a vast infrastructure bill. When I looked into the [holdings](#) I found many companies I like and feel will do very well in the future such as NextEra Energy ([NEE](#)), Verizon Communications ([VZ](#)), The Southern Company ([SO](#)), Equinix ([EQIX](#)), etc.


Reaves Utility Income Fund - Full Holdings as of 12/31/2020

[BACK TO FUND](#)

Description	Ticker	% of Total Portfolio
NextEra Energy, Inc.	NEE	4.37%
Altice USA, Inc.	ATUS	4.13%
BCE, Inc.	BCE	3.87%
Verizon Communications, Inc.	VZ	3.82%
WEC Energy Group, Inc.	WEC	3.61%
CMS Energy Corp.	CMS	3.52%
TELUS Corp.	T CN	3.50%
Comcast Corp.	CMCSA	3.40%
Enel SpA	ENEL IM	3.39%
Eversource Energy	ES	3.29%
Xcel Energy, Inc.	XEL	3.25%
Charter Communications, Inc.	CHTR	3.14%
The Southern Co.	SO	3.14%
Orsted AS - 144A	ORSTEDDC	3.11%
Equinix, Inc.	EQIX	3.05%
Public Service Enterprise Group, Inc.	PEG	3.05%
American Water Works Co., Inc.	AWK	2.88%
Edison International	EIX	2.64%
DTE Energy Co.	DTE	2.64%
CoreSite Realty Corp.	COR	2.50%
Canadian Pacific Railway, Ltd.	CP	2.46%
Fortis, Inc.	FTS	2.44%
Ameren Corp.	AEE	2.20%
Alliant Energy Corp.	LNT	2.09%
Prologis, Inc.	PLD	2.08%
FirstEnergy Corp.	FE	2.01%
Crown Castle International Corp.	CCI	1.95%
Sempra Energy	SRE	1.90%
Realty Income Corp.	O	1.90%
NiSource, Inc.	NI	1.87%
Union Pacific Corp.	UNP	1.78%
T-Mobile US, Inc.	TMUS	1.61%
PG&E Corp.	PCG	1.44%
SBA Communications Corp.	SBAC	1.38%
Federated Treasury Obligations Money Market Fund	TODX	1.34%
Fortis, Inc.	FTS CN	1.09%
Americold Realty Trust	COLD	1.07%
Cogeco Communications, Inc.	CCA CN	1.05%
American Tower Corp.	AMT	0.91%
Southwest Gas Corp.	SWX	0.85%
Norfolk Southern Corp.	NSC	0.27%
Bastion Energy LLC (Anglo Dutch)	BASTION	0.01%
All Sectors		100.00%

(Source: Reaves Utility Income Fund)

UTG pays a \$2.16 distribution which is a current yield of 6.48%. Just like PTY, UTG pays its distribution monthly which I happen to love due to my aspirations of compounding the distribution reinvestments. UTG has never cut its [distribution](#) and since 2011 has increased its monthly distribution from \$0.115 to \$0.18 (56.52%). UTG has a consistent distribution with several increases along the way. Between the distribution and the holdings, I felt adding UTG would help increase my exposure to different investments and diversify my portfolio a bit more.

2020 Distributions					2020 
Ex-Date	Record Date	Payable Date	Amount	Distribution Type	Section 19a Notices
12/30/2020	12/31/2020	01/15/2021	\$0.1800	Ordinary Income	Section 19a
12/17/2020	12/18/2020	12/31/2020	\$0.1800	Ordinary Income	Section 19a
11/16/2020	11/17/2020	11/30/2020	\$0.1800	Ordinary Income	Section 19a
10/19/2020	10/20/2020	10/30/2020	\$0.1800	Ordinary Income	Section 19a
09/17/2020	09/18/2020	09/30/2020	\$0.1800	Ordinary Income	Section 19a
08/20/2020	08/21/2020	08/31/2020	\$0.1800	Ordinary Income	Section 19a
07/23/2020	07/24/2020	07/31/2020	\$0.1800	Ordinary Income	Section 19a
06/18/2020	06/19/2020	06/30/2020	\$0.1800	Ordinary Income	Section 19a
05/18/2020	05/19/2020	05/29/2020	\$0.1800	Ordinary Income	Section 19a
04/17/2020	04/20/2020	04/30/2020	\$0.1800	Ordinary Income	Section 19a
03/19/2020	03/20/2020	03/31/2020	\$0.1800	Ordinary Income	Section 19a
02/13/2020	02/14/2020	02/28/2020	\$0.1800	Ordinary Income	Section 19a

(Source: Reaves Utility Income Fund)

I really wanted to add AbbVie Inc. ([ABBV](#)) to my portfolio but the price just keeps going up. It's still a good buy in my opinion but I am going to wait for a pullback. Rida Morwa wrote a great [article](#) on the Tekla Healthcare Opportunities Fund and after looking into it I had to add this CEF to my portfolio. THQ has 172 holdings and in the top 10 are Johnson & Johnson ([JNJ](#)), ABBV, Abbott Laboratories ([ABT](#)), Bristol-Myers Squibb ([BMY](#)), Eli Lilly and Co. ([LLY](#)), etc. This fund adds exposure to many of the healthcare companies on my watchlist.

THQ - Tekla Healthcare Opportunities Fund

Following

21.94 0.21 (+0.97%) 4:00 PM 04/01/21

4.05K followers

NYSE | Post-Market: \$21.93 -0.01 (-0.05%) 7:50 PM

Summary Holdings Key Data Ratings Dividends Momentum Peers Charting

Holdings Breakdown

Stocks

Health Care	95.66%
Real Estate	6.30%
Bonds & Cash	
Corporate	19.28%
Cash & Equivalents	3.81%



Top 10 Holdings

Johnson & Johnson	6.44%
UnitedHealth Group Inc	6.12%
Thermo Fisher Scientific Inc	4.47%
AbbVie Inc	4.26%
Medtronic PLC	4.19%
Abbott Laboratories	3.90%
Danaher Corp	3.70%
Bristol-Myers Squibb Company	3.66%
Merck & Co Inc	3.25%
Eli Lilly and Co	2.65%
Total	42.63%
# of Holdings	172

(Source: Seeking Alpha)

While THQ has many holdings that I planned on acquiring individually their distribution pays \$1.35 which is a 6.15% yield. Their distribution frequency is also monthly which I am a fan of. While looking at THQ's historical distributions they have paid a steady distribution of \$0.1125 per month since 2014 and never cut their distribution. THQ added more diversification to my portfolio with quality holdings and a large monthly distribution.

HISTORICAL DISTRIBUTIONS

Declaration Date	Ex-Distribution Date	Record Date	Payable Date	Total Distribution
3/9/2021	3/18/2021	3/19/2021	3/31/2021	\$0.1125
2/9/2021	2/18/2021	2/19/2021	2/26/2021	\$0.1125
1/11/2021	1/20/2021	1/21/2021	1/29/2021	\$0.1125
12/8/2020	12/17/2020	12/18/2020	12/31/2020	\$0.1125
11/9/2020	11/19/2020	11/20/2020	11/30/2020	\$0.1125
10/9/2020	10/19/2020	10/20/2020	10/30/2020	\$0.1125
9/8/2020	9/17/2020	9/18/2020	9/30/2020	\$0.1125
8/10/2020	8/19/2020	8/20/2020	8/31/2020	\$0.1125
7/9/2020	7/17/2020	7/20/2020	7/31/2020	\$0.1125
6/8/2020	6/18/2020	6/19/2020	6/30/2020	\$0.1125
5/8/2020	5/19/2020	5/20/2020	5/29/2020	\$0.1125
4/9/2020	4/17/2020	4/20/2020	4/30/2020	\$0.1125
3/9/2020	3/19/2020	3/20/2020	3/31/2020	\$0.1125
2/10/2020	2/19/2020	2/20/2020	2/28/2020	\$0.1125
1/7/2020	1/16/2020	1/17/2020	1/31/2020	\$0.1125
12/10/2019	12/19/2019	12/20/2019	12/31/2019	\$0.1125
11/8/2019	11/19/2019	11/20/2019	11/29/2019	\$0.1125
10/8/2019	10/17/2019	10/18/2019	10/31/2019	\$0.1125
9/10/2019	9/19/2019	9/20/2019	9/30/2019	\$0.1125
8/9/2019	8/19/2019	8/20/2019	8/30/2019	\$0.1125
7/9/2019	7/18/2019	7/19/2019	7/31/2019	\$0.1125
6/10/2019	6/19/2019	6/20/2019	6/28/2019	\$0.1125
5/10/2019	5/17/2019	5/20/2019	5/31/2019	\$0.1125
4/8/2019	4/17/2019	4/18/2019	4/30/2019	\$0.1125
3/8/2019	3/19/2019	3/20/2019	3/29/2019	\$0.1125
2/8/2019	2/19/2019	2/20/2019	2/28/2019	\$0.1125
1/8/2019	1/17/2019	1/18/2019	1/31/2019	\$0.1125
12/10/2018	12/19/2018	12/20/2018	12/31/2018	\$0.1125
11/9/2018	11/19/2018	11/20/2018	11/30/2018	\$0.1125
10/9/2018	10/18/2018	10/19/2018	10/31/2018	\$0.1125

(Source: Tekla Capital Management)

Lastly, for week 5, I added a share of T as it goes ex-dividend on 4/8/21 and pays the dividend on 5/3/21. If you have read my other work I have held and been a fan of T for years. While I believe they are undervalued the fluctuating 7% yield is keeping me happy while I wait for shares to appreciate. T has a long history of dividend increases which suddenly came to a halt so management could focus on retiring debt but they are still committed to the dividend. I am still expecting a very small increase at the end of the year so they don't lose their dividend aristocrat status. T is a cornerstone in many income investors' portfolios. I defiantly plan on adding more at the sub \$33 level.

What I am looking to do in week 6

I have some ideas for week 6 but as we all saw plans can change. Some of the top contenders are the Cohen & Steers Quality Income Realty Fund ([RQI](#)) as it has great holdings and pays a distribution of 6.82%, Cohen & Steers Infrastructure Fund ([UTF](#)) as it has a lot of holdings I really like and it pays a 6.58% yield, Old Republic International Corporation ([ORI](#)) which amegalo recommended and several readers agreed and adding another share of T before it goes ex-dividend. I am still planning on adding ETFs and more individual companies but week 6 could be another CEF week.

Conclusion

Thank you to everyone who continues to read this series and comment. I am really looking forward to the month of April as I have 6 positions paying dividends. If I can keep the average yield at 5% for my positions after 4 years this account will be throwing off \$1,000 in income on an annual basis and that's prior to the compounding dividends. Hopefully, these articles are giving people investment ideas and putting some excitement back into dividend investing. As I mentioned previously, every 10 weeks I am going to allocate the capital to reader-suggested investments, so please keep the ideas flowing in the comments.

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 PTY, THQ, UTG, STWD, MO, AGNC, STAG, T, ENB, KO, SO, OHI. 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: 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.

38 Likes

75 Comments