

Dividend Harvesting: Building The Portfolio Brick By Brick On \$100 A Week, Week 9 Update

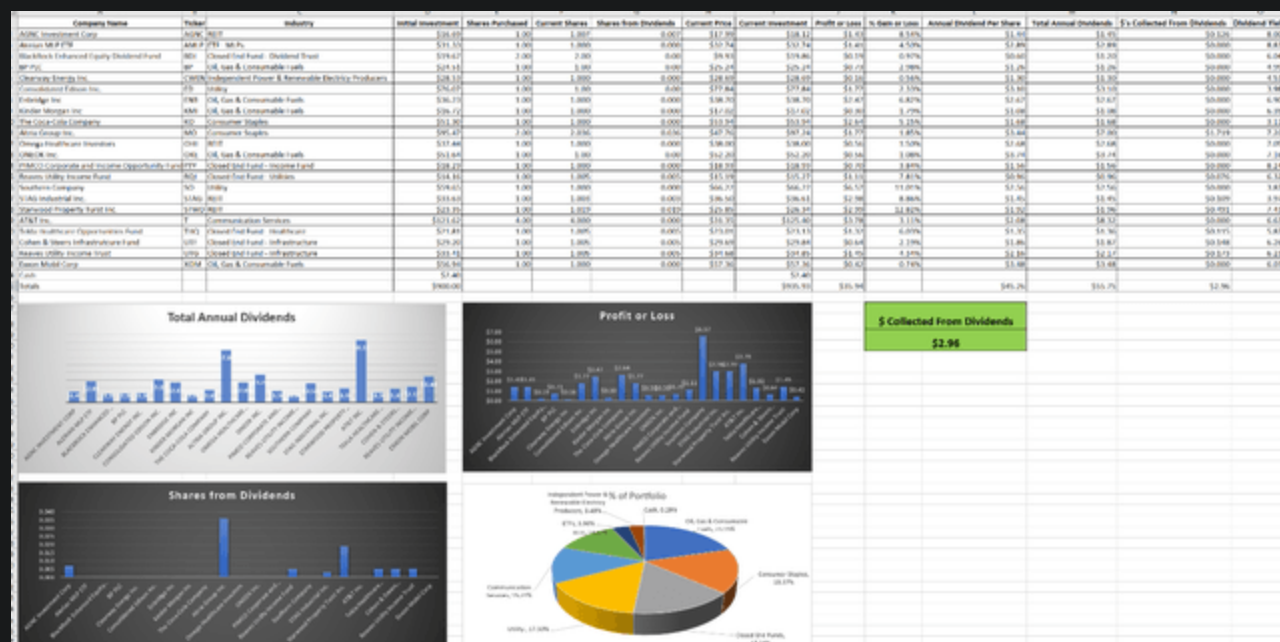
May 04, 2021 9:00 AM ET | AY, ED, EXG... | 60 Comments | 38 Likes

Summary

- After 9 weeks and \$900, the Dividend Harvesting Portfolio is generating \$55.66 in estimated annual income and \$4.64 in monthly estimated income.
- In week 9, I added Consolidated Edison and an additional share of AT&T to the Dividend Harvesting Portfolio.
- In the month of April, 8 of my positions paid dividends and there are 13 dividends currently slated to pay in the month of May.



After investing \$100 a week over the previous nine weeks, I have developed a portfolio consisting of twenty-two positions. Throughout April, eight of these positions generated dividends, and in May, I am expecting thirteen dividends to flow into this account. For new readers reading this series for the first time, the investment thesis illustrated how someone could build a dividend income portfolio without having a large amount of seed money. In week nine, I added one share of Consolidated Edison (ED), and I purchased one additional share of AT&T (T). On 4/24/21, I wrote a dedicated article on T ([AT&T: After A Solid Q1, More People Should Believe In This 7% Dividend Machine](#)), which explains in detail why I continue to allocate capital to T. I am pleased with how this portfolio is turning out, and I have learned some new things along the way. Thanks to several of the readers' comments, I went down a rabbit hole with Closed-End Funds (CEFs) as I had never invested in one before. I plan on continuing this article series and portfolio for years to come as I want to make dividend investing exciting again.



(Source: Steven Fiorillo)

A look inside the portfolio after nine weeks and allocating \$900

After nine weeks of investing, the portfolio weighting has changed as the portfolio is evening out:

- Oil, Gas & Consumable 23.15%
- Consumer Staples 18.37%
- Utility 17.50%
- Closed-End Funds 17.24%
- Communication Services 15.24%
- REITs 14.47%
- ETFs 3.98%
- Independent Power & Renewable Electricity Producers 3.49%
- Cash 0.29%

I always say do your homework but don't stress out with the day-to-day pricing of your investments, as it can drive you crazy. Last week my recent additions of Exxon Mobil ([XOM](#)) and ONEOK ([OKE](#)) were both in the red by more than 2%, and this week they're both in the green. Starwood Property Trust ([STWD](#)) continues to be my largest percentage gainer with an increase of 12.82%, while Southern Company ([SO](#)) is in 2nd as it has appreciated by 11.01%. One of the beautiful things about diversification is that while some sectors experience a rough patch, others can pick up the slack and mitigate losses. At one point, Altria Group ([MO](#)) was my biggest winner; then, in the blink of an eye, it was a negative investment, and now it's up 1.85%. Since I have a diversified portfolio, those swings were insignificant, and my overall portfolio was able to absorb the swings without taking too much damage.

In week nine, I started a position in ED and added one share of T to my dividend harvesting portfolio. My estimated annual dividend income increased by \$5.22 (10.35%) from \$50.44 to \$55.66. My average monthly income from dividends also increased by \$0.44 (10.48%) from \$4.20 to \$4.64. In April, eight of my positions generated dividends, and if you click on the tracking sheet above that I created, I added a green section that is tallying up how much money the dividends are worth in real-time. So far, the dividends from April are worth \$2.96, and I have thirteen dividends scheduled to pay in May. The number of expected dividends for May could increase due to future additions to the portfolio. You don't need a tremendous amount of money to generate dividends and make your money work for you, and that's the point of this portfolio. The most important thing is to start investing with what you're able to afford. There are too many assumptions about stocks, and many people feel intimidated by investing. Hopefully, the Dividend Harvesting series shows everyone that anyone can invest for their future and make their money work for them.

Income Estimator

List populated from

Positions

Start over

Estimated Annual Income

Estimated Income Pay Dates

\$55.66

22 of 22

Investments That Pay Dividends

\$4.64

Estimated Average Monthly Income

5.98%

Average Dividend Yield for Populated List



Income calculated from 05/03/2021 to 05/02/2022

Income-Paying Investments

?

All

Add symbol(s)

Add

Calculate Income

Symbol	Name	Next Pay Date	Dividend Yield	Div per Share	Dividend Frequency	Quantity	Market Value	Estimated Annual Income ▲
I	AT&T Inc	05/03/21	6.62%	\$0.520	Quarterly	4	\$125.64	\$8.32
MO	Altria Group Inc	07/12/21	7.20%	\$0.860	Quarterly	2	\$95.50	\$6.88
OKE	ONEOK Inc	05/14/21	7.15%	\$0.935	Quarterly	1	\$52.34	\$3.74
XOM	Exxon Mobil Corp	06/10/21	6.08%	\$0.870	Quarterly	1	\$57.24	\$3.48
ED	Consolidated Edison Inc	06/15/21	4.00%	\$0.775	Quarterly	1	\$77.41	\$3.10
AMLP	Alerian MLP ETF	05/14/21	8.83%	\$0.750	Quarterly	1	\$32.74	\$2.89
ENB	Enbridge Inc	06/01/21	7.05%	\$0.679	Quarterly	1	\$38.57	\$2.72*
OHI	Omega Healthcare Inv...	05/17/21	7.05%	\$0.670	Quarterly	1	\$38.00	\$2.68
SO	Southern Co	06/07/21	3.99%	\$0.660	Quarterly	1	\$66.17	\$2.64
UTG	Reaves Utility Income ...	05/28/21	6.23%	\$0.180	Monthly	1	\$34.68	\$2.16
STWD	Starwood Property Tru...	07/15/21	7.44%	\$0.480	Quarterly	1	\$25.82	\$1.92
UTF	Cohen & Steers Infrast...	05/28/21	6.26%	\$0.155	Monthly	1	\$29.70	\$1.86
KO	Coca-Cola Co	07/01/21	3.11%	\$0.420	Quarterly	1	\$53.98	\$1.68
PTY	PIMCO Corporate and ...	05/03/21	8.22%	\$0.130	Monthly	1	\$18.98	\$1.56
STAG	STAG Industrial Inc	05/17/21	3.97%	\$0.121	Monthly	1	\$36.51	\$1.45
AGNC	Agnc Investment Corp	05/11/21	8.03%	\$0.120	Monthly	1	\$17.93	\$1.44
THQ	Tekla Healthcare Oppo...	05/31/21	5.87%	\$0.113	Monthly	1	\$23.01	\$1.35
CWEN	Clearway Energy Inc	06/15/21	4.52%	\$0.324	Quarterly	1	\$28.69	\$1.30
BP	BP PLC	06/18/21	5.01%	\$0.315	Quarterly	1	\$25.16	\$1.26
BDJ	BlackRock Enhanced E...	05/31/21	6.04%	\$0.050	Monthly	2	\$19.86	\$1.20
KMI	Kinder Morgan Inc	05/17/21	6.33%	\$0.270	Quarterly	1	\$17.05	\$1.08
RQI	Cohen & Steers Quality...	05/28/21	6.32%	\$0.080	Monthly	1	\$15.20	\$0.96

Total Market Value & Estimated Annual Income: \$930.18 \$55.66

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

Calculate Income

(Source: TD)

In week nine, I added ED and didn't pick up any additional weeks in my weekly dividend income side project. ED pays its dividend in the middle of March, June, September, and December, so income was added to the middle of the month. I believe sometime throughout 2021, this portfolio will generate a dividend in at least 50 weeks of the year. My investment decisions are not influenced by filling the gaps as this will happen organically through diversification, and this is just something I am tracking on the side.

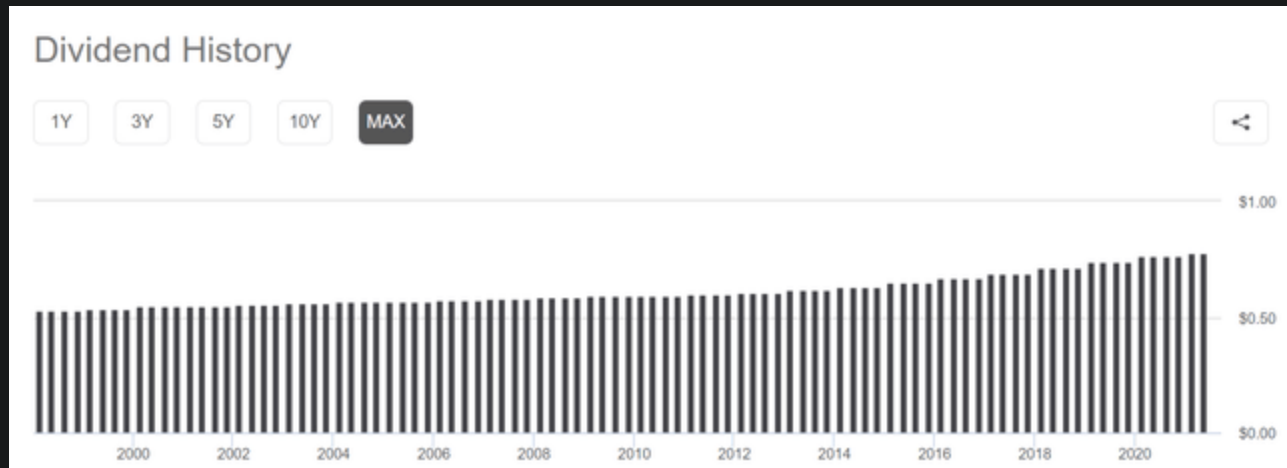
Weekly Projected Dividends For 2021						
2021 Q1						
Month	January		February		March	
Week 1	3rd to 9th	PTY	7th to 13th	AGNC / OHI / OKE	7th to 13th	AGNC / XOM
Week 2	10th to 16th	STWD / MO / AGNC / STAG / UTG	14th to 20th	STAG / SO / AMLP	14th to 20th	STAG / CWEN / ED
Week 3	17th to 23rd		21st to 27th	THQ / BDJ	21st to 27th	BP
Week 4	24th to 30	THQ / BDJ	28th to 6th	PTY / UTG	28th - 3rd	KO / ENB / PTY / UTG / THQ / BDJ
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 / XOM
Week 2	11th to 17th	STWD / STAG	9th to 15th	AGNC / STAG / AMLP / OKE	13th to 19th	STAG / CWEN / BP / ED
Week 3	18th to 24th		16th to 22nd	SO	20th to 26th	
Week 4	25th to 1st	AT&T / MO / UTG / THQ / OHI / BDJ	23rd to 29th		27th to 3rd	KO / ENB / PTY / UTG THQ / BDJ
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	AT&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
Week 3	18th to 24th		15th 21st	STAG / SO / AMLP	19th to 25th	BP
Week 4	25th to 31st	UTG / THQ / OHI / BDJ	22nd to 28th		26th to 2nd	KO / ENB / PTY / UTG / THQ / BDJ
Week 5			29th 4th	PTY / UTG / THQ / BDJ		
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
Week 3	17th to 23rd		21st to 27th		19th to 25th	
Week 4	24th to 30th		28th to 4th	PTY / UTG / THQ / BDJ	26th to 31st	UTG / THQ / BDJ
Week 5	31st - 6th	AT&T / PTY / UTG / THQ / OHI / BDJ				

(Source: Steven Fiorillo)

Why I started a position in ED and added a share of T in week 9

There are several utility companies I would like to own within the Dividend Harvesting portfolio. My top 3 picks in the industry are SO, ED, and Duke Energy ([DUK](#)). Eventually, I will start a position in DUK also. ED provides electricity to roughly 3.3 million customers and gas to around 1.1 million customers in New York City and Westchester County. Utility companies are essential to any dividend portfolio, in my opinion, because they are essential to our way of life. The barriers to entry are immense, and utility companies pay significant dividends.

ED issued a statement increasing its quarterly dividend by \$0.04 to \$0.775. This marked ED's 47th consecutive annual dividend increase. ED is three years away from becoming a dividend king, one of the most prestigious clubs for a dividend company. ED's \$3.10 annual dividend is a forward yield of 4%. ED has a 72.86% payout ratio leaving the door wide open for future dividend increases and a 5-year consecutive growth rate of 3.22%. ED offers a hefty dividend that is reliable and has a long track record of increasing sequentially YOY. ED fits nicely in my portfolio as it will provide long-term dividend growth and large payments.



(Source: Seeking Alpha)

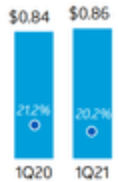
I added one share of T, bringing my total position to 4 shares in the Dividend Harvesting portfolio. T is now generating \$8.32 of dividend income before compounding from the four shares. As much as I want this portfolio to stay well-rounded and not be overweight in any position, I believe T is on sale at its current levels. T has been one of my strongest conviction stocks, and I think the market continues to misprice them. As long as T is under \$34, I will continue to add periodically. It's hard to overlook that in [Q1 of 2021](#), T generated \$43.9 billion in revenue and \$7.94 billion in net income. T continues to be a dividend investor's friend as its yield is close to 7%, while the projection for 2021's payout ratio is in the high 50% range. While management has discontinued its dividend increases, T's dividend is large enough where I am fine forgoing the annual increases to reduce debt.

1Q21 Financial Summary

\$ in billions, except EPS

Adjusted EPS

● Adj. OI Margin



Revenues



Cash from Ops

■ Free Cash Flow
■ CAPEX



Reported EPS

Adjustments:

	1Q20	1Q21
Reported EPS	\$0.63	\$1.04
Adjustments:		
Actuarial gain on benefit plans	-	(\$0.30)
Amortization of intangibles	\$0.23	\$0.12
Gain on spectrum transaction	(\$0.10)	-
Other adjustments, net	\$0.08	-

Adjusted EPS **\$0.84** **\$0.86**

Adjusted EPS of \$0.86

On track with full-year guidance of stable adjusted EPS¹¹

Revenues of \$43.9 billion

Communications segment revenues up 5.2%, led by Mobility

Confident in ~2% wireless service revenue growth projection for 2021

WarnerMedia growth driven by higher subscription and advertising revenues

Strong cash flows and liquidity position

Cash from operations of \$9.9B, up \$1B

Capex of \$4.0B; gross capital investment¹² of \$5.7B

\$5.9B free cash flow¹³; dividend payout ratio¹³ of ~63%

(Source: AT&T)

Week 10 is Reader Investment week

Week 10 is upon us, and I will be allocating this week's \$100 to investments recommended by the readers. There have been many exciting investment ideas suggested in the comment section, and I would appreciate it if everyone would keep commenting on stocks or funds I should consider. Through the community this series is creating, I have narrowed the recommendations down to four. As of now, I will be investing in Atlantica Sustainable Infrastructure plc ([AY](#)), Eaton Vance Tax-Managed Global Diversified Equity Income Fund ([EXG](#)), Old Republic International Corporation ([ORI](#)), and Global X NASDAQ 100 Covered Call ETF ([QYLD](#)). This is subject to change based on the comments from this article, but those four positions will be added this week. Every ten weeks, I will invest my weekly allocation into positions recommended by the Seeking Alpha community who has been following my Dividend Harvesting series. There have been many great suggestions that have made it to my Dividend Harvesting watchlist, and this week some of them will make their debut in the Dividend Harvesting portfolio.

Conclusion

The stock market doesn't need to be complicated or intimidating. By doing the research, anyone can enhance their financial position through investing. There is nothing wrong with hiring a financial advisor or putting your money into a good fund. My goal through this series is to make dividend investing simple, fun, and exciting again. Investing in individual positions isn't for everyone but for those who want more control over our financial future, I believe dividends play a critical role throughout the journey. Hopefully, everyone is getting some strategic ideas about generating passive income that continues to compound and grow. You don't need \$1 million to start investing, but the sooner you start, the better off you will be. Thank you to everyone who continues to read this series, and I am looking forward to interacting with everyone in the comment section.

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 ED, T, SO, STWD, MO, XOM, OKE. 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 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.

38 Likes

60 Comments