

Dividend Harvesting: Building The Portfolio Brick By Brick On \$100 A Week, Week 15 Update

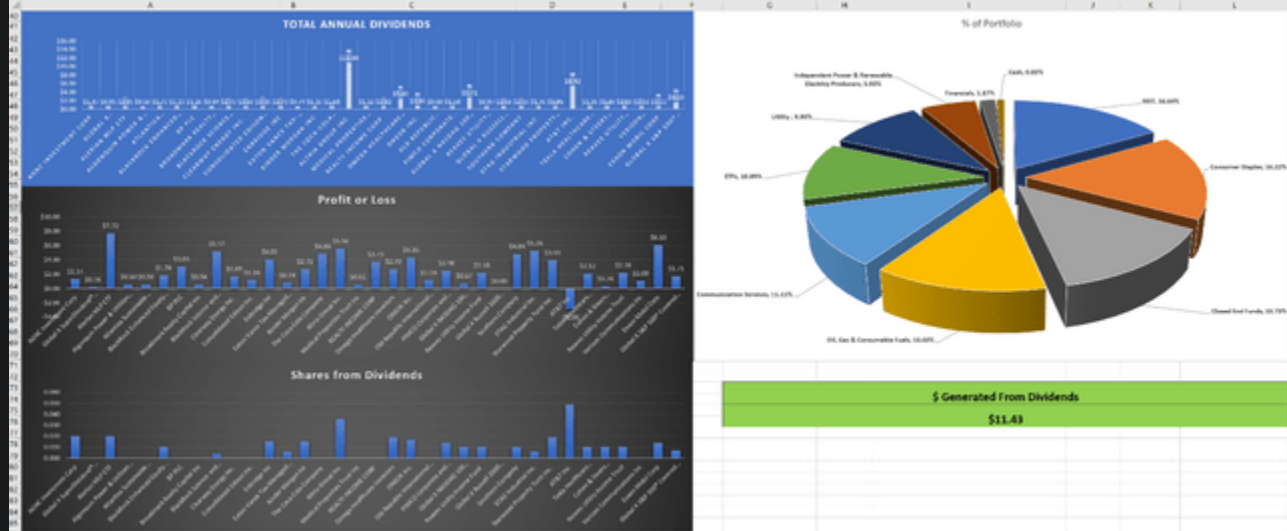
Jun. 16, 2021 8:45 AM ET | ALTY, AMLP, BMY... | 31 Comments | 35 Likes

Summary

- After 15 weeks and \$1,500, the Dividend Harvesting Portfolio is generating \$94.02 in estimated annual income and \$7.83 in monthly estimated income.
- I started a position in the Global X SuperDividend Alternatives ETF and the Global X Russell 2000 Covered Call ETF while adding to Altria Group.
- The Dividend Harvesting portfolio is now generating 268 dividends on an annual basis with 18 dividends being paid for the remainder of June.



[illegible]



(Source: Steven Fiorillo)

A look inside the Dividend Harvesting portfolio after \$1,500 of investments

After 15 weeks of investing \$100 per week, here is an overview of the Dividend Harvesting Portfolio's composition:

| Industry | Investment | Portfolio Total | % of Portfolio |
|---|------------|-----------------|----------------|
| REIT | \$263.55 | \$1,584.14 | 16.64% |
| Consumer Staples | \$256.99 | \$1,584.14 | 16.22% |
| Closed End Funds | \$217.46 | \$1,584.14 | 13.73% |
| Oil, Gas & Consumable Fuels | \$206.28 | \$1,584.14 | 13.02% |
| Communication Services | \$176.05 | \$1,584.14 | 11.11% |
| ETFs | \$172.51 | \$1,584.14 | 10.89% |
| Utility | \$157.73 | \$1,584.14 | 9.96% |
| Independent Power & Renewable Electricity Producers | \$94.01 | \$1,584.14 | 5.93% |
| Financials | \$26.39 | \$1,584.14 | 1.67% |
| Cash | \$13.17 | \$1,584.14 | 0.83% |

(Source: Steven Fiorillo)

Diversification is everyone's friend as it mitigates downside risk. Timing the markets is complex, and trying to stay ahead of sector rotations is tricky. Being diversified, in my opinion, is one of the best ways to mitigate portfolio volatility as it provides exposure to several sectors. Who would have thought that after an administration change and an emphasis placed on clean energy, traditional energy would have rebounded the way it did? My Alerian MLP ETF ([AML](#)P) investment has increased from \$31.33 to \$39.05 for a gain of \$7.72 or 24.63%. Kinder Morgan ([K](#)MI) has also increased by 16.19% since I added KMI to the Dividend Harvesting portfolio.

Another example is real estate. Real estate was one of the hardest-hit sectors during the pandemic, and many names in the sector still haven't recovered to their pre-pandemic levels. Starwood Property Trust ([STWD](#)) has increased by 16.83%, and STAG Industrial Inc. ([STAG](#)) has increased by 15.65%. Stocks don't always go up, and corrections will inevitably arise in the future. I believe that by diversifying my investments throughout individual equities in different sectors, utilizing funds to expand my diversification, and reinvesting my dividends, this portfolio will withstand future turbulence when corrections occur, and my downside risk will be mitigated to some degree.

Now to the interesting data from the Dividend Harvesting portfolio. Week 15 was one of the rare occasions when I didn't change my mind on the week's investments. I added 1 share of Altria Group ([MO](#)) as its ex-dividend date is on 6/14/21 and started a position in the Global X SuperDividend Alternatives ETF ([ALTY](#)), and the Global X Russell 2000 Covered Call ETF ([RYLD](#)). In week 15, my estimated annual dividend income increased by \$7.06 (8.12%) from \$86.96 to \$94.02. My estimated monthly dividend income increased by 8% (\$0.58) to \$7.83, and the annual dividends I expect to collect and reinvest jumped to 268.

The goal of this portfolio was to demonstrate how someone could build a dividend income portfolio over an extended period without a large amount of seed capital. I wanted the portfolio to be diversified, generate frequent dividends, and utilize the powers of compounding. I would say after 15 weeks, the Dividend Harvesting is well on its way to accomplishing these goals as since its inception with its first \$100, each of the following categories has increased substantially:

- Estimated Annual Dividend Income
 - \$7.44 to \$94.02, an increase of \$86.58 or 1,163.71%
- Estimated Monthly Dividend Income
 - \$0.62 to \$7.25, an increase of \$7.21 or 1,162.90%
- Annual Dividends Generated
 - 12 to 268, an increase of 256 dividends or 2,133.33%
- Weekly Dividends
 - 9 weeks to 44 weeks

(Source: TD)

I wanted to provide a brief update on my weekly dividend side project. I am still at 44 weeks of dividend income. Some weeks are being built up, with 10 dividends being paid in a single week.

(Source: Steven Fiorillo)

Week 15 additions to the Dividend Harvesting Portfolio

I started week 15 by adding 1 share of MO. On Monday, 6/14/21, MO goes ex-dividend, and its record date is 6/15/21. I wanted to capitalize on this by increasing my position in MO. From a dividend perspective, MO is an absolute powerhouse, and management is committed to its dividend. Today MO pays a dividend of \$3.44 per share which is a forward yield of 6.91%. I plan on picking up additional shares of MO in the future.

(Source: Seeking Alpha)

My first new position in week 15 was the Global X SuperDividend Alternatives ETF. I have generally invested in funds from State Street, Vanguard, Fidelity, and Schwab in my other accounts. I have to say the funds from Global X are exciting, and I am finding more and more that I like. The [Global X SuperDividend Alternatives ETF](#) or ALTY provides exposure to what they consider to be alternative income-generating categories which are listed as:

- Real Estate
- MLPs
- Infrastructure
- Institutional managers
- Fixed income and derivative strategies

ALTY has 45 holdings and pays a monthly dividend of \$0.85, a forward yield of 6.11%. ALTY has an interesting mix of holdings that add diversification and provide an opportunity for appreciation and dividend income.

(Source: Global X)

(Source: Global X)

The second new addition I made in week 15 was also from Global X as I started a position in the [Russell 2000 Covered Call ETF](#) or RYLD. I like to write covered calls against some of my dividend investments that trade sideways in my other accounts. This is the 3rd Global X ETF that I have added to the Dividend Harvesting portfolio that follows a covered call, buy-write strategy, but unlike the other 2, its focus is on stocks within the Russell 2000 index. RYLD pays a dividend of \$2.68 per share, which is a forward yield of 10.58%. In addition to its oversized yield, its dividend is paid every month. This is a fund I will be watching and looking to add to in the future.

(Source: Global X)

Week 16 thoughts and game plan

I can't believe 15 weeks have passed. I want to encourage picking an amount you can save weekly or monthly and build it into your expenses. Regardless of the dollar amount or if it goes into a savings account, S&P 500 ETF, or dividend-producing investments, the sooner you start, the better. Investing doesn't have to be intimidating, and you don't need a huge amount of capital to get started.

STWD is one of my favorite REITs, and I have been a shareholder since either the end of 2016 or the beginning of 2017. STWD hasn't provided any dividend increases since I started a position in them, but they pay \$1.92 per share for its dividend. STWD's yield has fluctuated over the years, but its large dividend has allowed me to pick up many additional shares through dividend reinvesting. STWD is run by one of my favorite CEO's, [Barry Sternlicht](#), and while it's at a 5-year high, I plan on cost averaging up in the Dividend Harvesting portfolio. If you are interested, here is a [great interview with Mr. Sternlicht](#). I want to grab another share or 2 of STWD before the end of June because I expect STWD to go ex-dividend around 6/30/21. STWD is another company I will be increasing my position in, and regardless if it's up or down, I will be adding. If you are interested in reading an informative write-up about STWD, @bradthomas published an excellent article at the end of May ([Starwood Property Trust: Back To Pre-Pandemic Levels But The 7.75% Yield Sure Is Enticing](#)).

I want to add so many other investments, but in this series, I am working on a fixed budget and need to be methodical. I think I am at the point where I want to use some of the weekly allocations to increase my stake in current positions while using the remaining capital to add new positions. Bristol Myers Squibb ([BMY](#)) and Cisco Systems ([CSCO](#)) are two companies I have wanted to add for some time and further my diversification into another sector. I am leaning toward adding one of these names, but that could change.

Conclusion

I want to say thank you to everyone who continues to read and comment on the Dividend Harvesting series. I am looking forward to engaging with everyone in the comments section and gaining perspectives and ideas for new investments. I can't believe we're going into week 16. Please continue to list suggestions in the comment section because week 20 is approaching, and I will only be adding companies the readers suggest. In week 15, the Dividend Harvesting Portfolio got one step closer to triple-digit annual dividend income, and it may occur in week 16!!!!!!!!!!

This article was written by



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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 STWD, AMLP, KMI, MO, RYLD, ALTY. 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 fit into their portfolio parameters.

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