

Dividend Harvesting: Building The Portfolio Brick By Brick On \$100 A Week, Week 7 Update

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Summary

- After 7 weeks and \$700, the Dividend Harvesting Portfolio is generating \$44.13 in estimated annual income and \$3.68 in monthly estimated income.
- In week 7, I added the Alerian MLP ETF (AMLP), Clearway Energy (CWEN) and Exxon Mobil (XOM) to the Dividend Harvesting Portfolio.
- Dividends started flowing into the Dividend Harvesting account as 3 positions paid dividends this week and 5 positions are set to generate dividends at the end of April.



It's been 7 weeks since creating the [Dividend Harvesting Series](#) and the dividends have started accumulating as 3 of my positions paid their dividends this week. For those of you who are new to this series, I wanted to document building a dividend portfolio from the ground up on a fixed budget. Many people are under the illusion that you need to invest large sums of money to make the stock market work in your favor. This is a misconception that I wish could be eradicated. Rome wasn't built in a day and most people spend decades investing so they can make a better life for themselves while setting themselves up for retirement.

I have 2 goals for this article series which include generating in excess of \$10,000 in annual dividends and providing investment ideas to everyone who is reading this series. The time value of money and the powers of compounding are two extraordinary tools which are often overlooked. Prior to any dividend reinvesting and compounding if you were to invest \$100 a week over 33 years your investment capital would be \$171,600 $((\$100 * 52) * 33)$ and if your average dividend yield was 6% your invested capital would generate \$10,296 $(\$171,600 * 0.06)$ in dividends on an annual basis. With a little luck, determination, and perseverance \$10,000 in dividends on an annual basis can be achieved quicker by doing the homework, reinvesting the dividends and making good decisions with just \$100 a week.

Over the past 7 weeks, I have allocated \$700 in capital to this project and invested in 18 positions consisting of 12 individual equities, 5 Closed End Funds (CEFs) and 1 Exchange Traded Fund (ETF). This account is now worth \$726.41 which is a profit of \$26.41 (3.77%). This was an exciting week for me as I collected \$0.72 in dividends as AGNC Investment Corp. ([AGNC](#)) paid \$0.12, STAG Industrial Inc. ([STAG](#)) paid \$0.12, and Starwood Property Trust ([STWD](#)) paid \$0.48 starting this portfolio's journey of dividend harvesting and reinvesting. In week 7 I made 3 new purchases consisting of Alerian MLP ETF ([AML](#)P), Clearway Energy Inc. ([CWEN](#)) and Exxon Mobil Corp. ([XOM](#)).

Total Annual Dividends

Profit or Loss

\$ Collected From Dividends

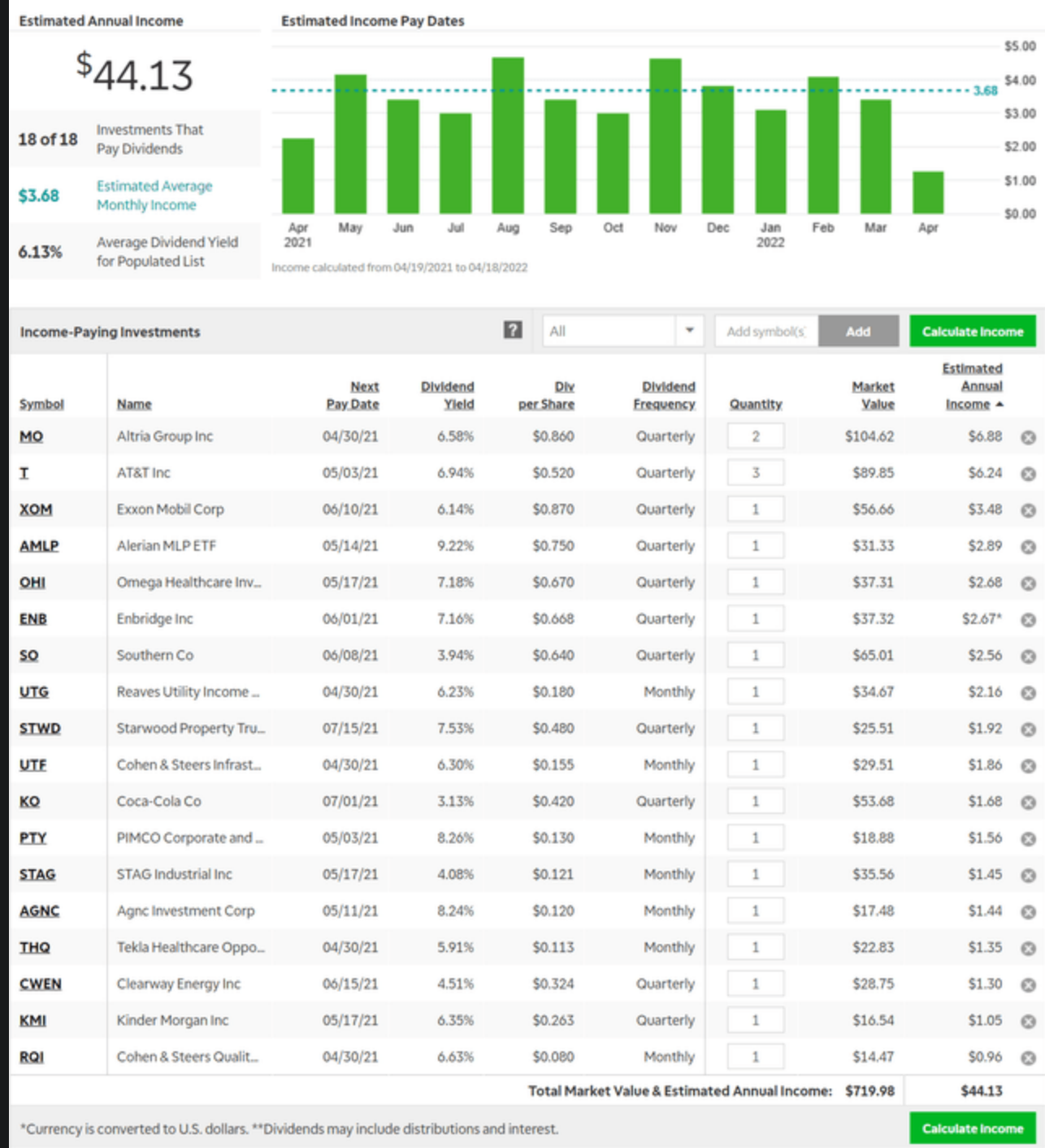
Shares from Dividends

A look inside the portfolio after 7 weeks and \$700 allocated

- Consumer Staples = 21.79%
- CEFs = 16.57%
- REITs = 16.13%
- Oil, Gas & Consumables = 15.20%
- Communication Services = 12.37%
- Utilities = 8.93%
- ETFs = 4.31%
- Independent Power & Renewable Electricity Producers = 3.95%
- Cash = 0.74%

Overall the Dividend Harvesting portfolio has a net profit of \$26.41 (3.77%) as 14 of its positions are in the green. STWD is my biggest winner as I purchased 1 share at \$23.35 and I now have 1.019 shares worth \$26.27 for a profit of \$2.92 (12.51%). Altria Group ([MO](#)) is my second largest winner as I purchased 2 shares for \$95.47 and they are now worth \$104.68 for a profit of \$9.21 (9.65%). My biggest loser is Kinder Morgan ([KMI](#)) which I added last week as my 1 share has decreased from \$16.72 to \$16.50 for a decrease of -\$0.22 (-1.32%). One of my long-term goals is to construct a very diversified portfolio to protect against downturns. In the beginning, it's hard to get away from being overweight in specific sectors as your allocations are split across minimal positions. I don't have a specific number of positions I am aiming for but I would like to accumulate at least 30-40 individual equities with 5-10 CEFs and 5-10 ETFs in the Dividend Harvesting Portfolio. Over time this project is going to experience bull markets, corrections, low growth environments and even bear markets. I want to be diversified across quality companies and funds which pay healthy dividends to mitigate risk during the bad times and flourish during the good times.

In week 7 I added AMLP, CWEN and XOM which increased my estimated annual dividend income by \$7.67 (21.04%) from \$36.46 to \$44.13. I have 5 positions generating \$1.39 in dividends at the end of April which will bring my income collected from dividends up to \$2.11 from the \$0.72 I collected this week. I have enrolled all of my positions into Dividend Reinvestment Plan (DRIP) within my account which allows my incoming dividend payments to automatically purchase more shares of the issuing security. Some people take the income as cash and use it to buy specific positions but I am looking to utilize the power of compounding by having every position automatically enrolled in DRIP.



(Source: TD)

One of the fun side projects I am tracking is my weekly dividends. The additions of AMLP, CWEN and XOM didn't fill any gaps in my weekly income and I still have 41 weeks out of the year covered. This is something I am tracking but letting happen organically. I am not buying positions to fill the gaps and eventually, I would like to have 50 weeks of dividend income being generated. This isn't one of my portfolio goals but it's interesting to me and eventually, I would like to generate a dividend a week. Down the road, I might have enough positions where this side project turns into tracking daily dividends.

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 / XOM
Week 2	10th to 16th	STWD / MO / AGNC / STAG / UTG	14th to 20th	STAG / SO / AMLP	14th to 20th	STAG / CWEN
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 / XOM
Week 2	11th to 17th	STWD / STAG	9th to 15th	AGNC / STAG / AMLP	13th to 19th	STAG / CWEN
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 / XOM
Week 2	11th to 17th	STWD / STAG	8th to 14th	AGNC	12th to 18th	STAG / CWEN
Week 3	18th to 24th		15th 21st	STAG / SO / AMLP	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 / XOM
Week 2	10th to 16th	STWD / MO / STAG	14th to 20th	STAG / SO / AMLP	12th to 18th	KO / ENB / STAG / CWEN
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) (Data Source: Seeking Alpha)

Why I added AMLP, CWEN and XOM in week 7 to the Dividend Harvesting Portfolio

I have owned shares of AMLP for years in another account. The Dividend Harvesting Portfolio is held in a taxable account so I made a personal decision not to annoy my accountant with [schedule K-1's](#) at the end of the year by investing directly into [MLPs](#). Previously I have written articles on [Energy Transfer \(ET\)](#) and [Enterprise Products Partners \(EPD\)](#) as I am bullish on their long-term prospects. In full disclosure, I own ET directly in a separate account. [AMLP](#) is an ETF which invests across MLPs and EPD has a portfolio weight of 9.99% and ET has a portfolio weight of 9.70%. If you invested in MLPs in 2014 or early 2015 you probably have a sour taste for MLPs but I love pipelines and processing plants. I believe oil and gas will play a critical role in the domestic and global energy mix for years to come and we're going to need pipelines for transportation. I also believe that due to strict permitting processes and red tape current pipes could actually be undervalued. By investing in AMLP I gained exposure to the sector without the hassle of filing K-1's on my taxes. AMLP pays a large dividend of \$2.89 which is a forward yield of 9.22%.

Index Portfolio Characteristics

Number of Companies	17
Market Capitalization (\$ Billions)	\$172
Company Size (\$ Millions)	
Average	\$10,104
Median	\$5,246
Largest	\$48,039
Smallest	\$1,310
Top 10 Holdings (% Market Cap Share)	80.70%

Sector Weightings



Pipeline Transportation Petroleum	50.7%
Gathering & Processing	25.0%
Pipeline Transportation Natural Gas	19.7%
Liquefaction	4.6%

Subject to change.

Fund Holdings^

MPLX LP	10.28%	Phillips 66 Partners LP	6.17%	EnLink Midstream LLC	3.02%
Magellan Midstream Partners LP	10.16%	DCP Midstream LP	5.28%	Genesis Energy LP	2.74%
Plains All American Pipeline LP	10.00%	Cheniere Energy Partners LP	4.58%	Holly Energy Partners LP	2.35%
Enterprise Products Partners LP	9.99%	NuStar Energy LP	4.57%	Enable Midstream Partners LP	1.56%
Western Midstream Partners LP	9.96%	Shell Midstream Partners LP	4.45%	Noble Midstream Partners LP	1.32%
Energy Transfer LP	9.70%	Crestwood Equity Partners LP	3.87%		

(Source: ALPS Advisors)

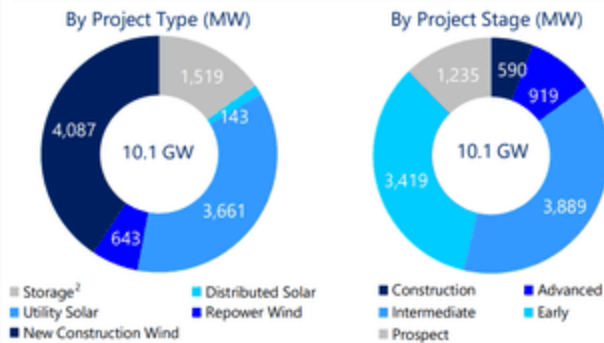
I added [CWEN](#) for several reasons but maybe the biggest factor was being one of the largest renewable energy owners in the U.S with over 4,200 net MW of installed wind and solar generation projects. CWEN has 5.4 GW of late-stage projects in its pipeline through 2025 including wind, solar, and storage. With the new infrastructure bill that's being negotiated, it's clear that renewables will be one of its focal points. CWEN in my opinion could be a clear winner from future capital being allocated to renewables and I want exposure to that sector in my Dividend Harvesting portfolio. CWEN offers investors a dividend of \$1.30 which is a forward yield of 4.51%.

Appendix: Clearway Group Development Pipeline Update

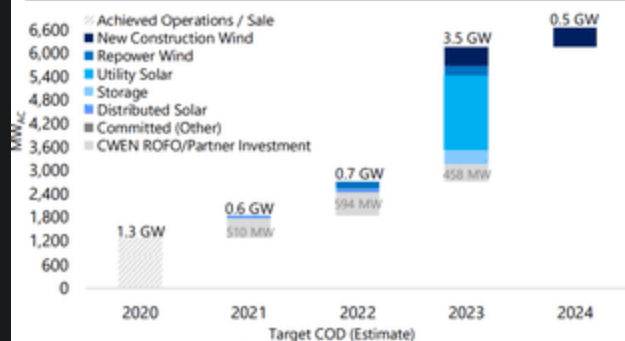
Clearway Group Development Highlights

- Achieved operations on 500+ MW in Q4, including Rattlesnake, Langford and Rosamond Central, for a total of 1.3 GW commercialized in 2020
- Commenced construction on Mesquite Sky (345 MW) and BlackRock (110 MW); on track to reach our 2021 COD targets
- Backfilled and expanded pipeline with the addition of 1.6 GW of new development projects bringing project backlog to over 10 GW
- Laid groundwork for new greenfield and acquisition opportunities, driven by customer demand and favorable federal and state policy
- Contracted 1,281 MW in 2020, including 1,227 MW in utility wind/solar/storage and 54 MW in distributed solar; additional 915 MW are contracted or awarded in 2021 to date, plus an incremental 2.25 GW of assets in development shortlisted with offtakers¹

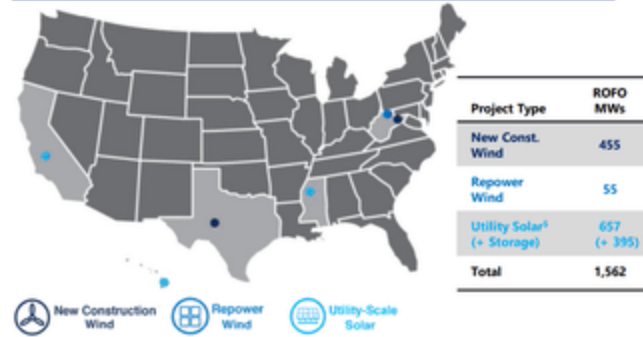
10.1 GW Pipeline Owned or Controlled by Clearway Group



5.4 GW of Late-Stage Projects, 1.3 GW commercialized in 2020³



CWEN ROFO & Offered Partner Investment Projects⁴



¹ Offtake values include contract extensions for operating assets (2020 - 40 MW contracted, 2021 - 254 MW contracted & 60 MW awarded); ² Storage capacity under development totals 1,519 MW/ 6,937 MWh; ³ Late-stage pipeline includes projects in construction and advanced and intermediate stage development (target COD 2021-2024); commercialized pipeline reflects projects that have achieved operations or successful sale in 2020; ⁴ Map is inclusive of ROFO projects and offered Partnership Investment Opportunity projects in development and construction stages; ⁵ Utility Solar ROFO categories include projects offering solar-coupled storage.

(Source: Clearway Energy Inc.)

Last week in the [week 6 article](#) I indicated that I was considering adding XOM to the Dividend Harvesting portfolio. I am not opposed to certain oil and gas investments and XOM is one of the largest direct descendants of Standard Oil which was founded by John D. Rockefeller. XOM has a rich history of dividends as their [allocation program started back in 1911](#). Oil and gas was one of the hardest hit industries as XOM crashed to the low \$30's from the \$70 range through the first half of the pandemic. Yes, there were defiantly better opportunities to add XOM but I believe their road to recovery will continue as the country gets back to normal. XOM is a company I wanted to add and if the price of oil crashes causing a retracement in XOM's stock I would cost an average of around \$45 - \$47. [XOM](#) currently pays a large dividend of \$3.48 which is a forward yield of 6.14%. XOM may not be for everyone but it fits my investment needs.

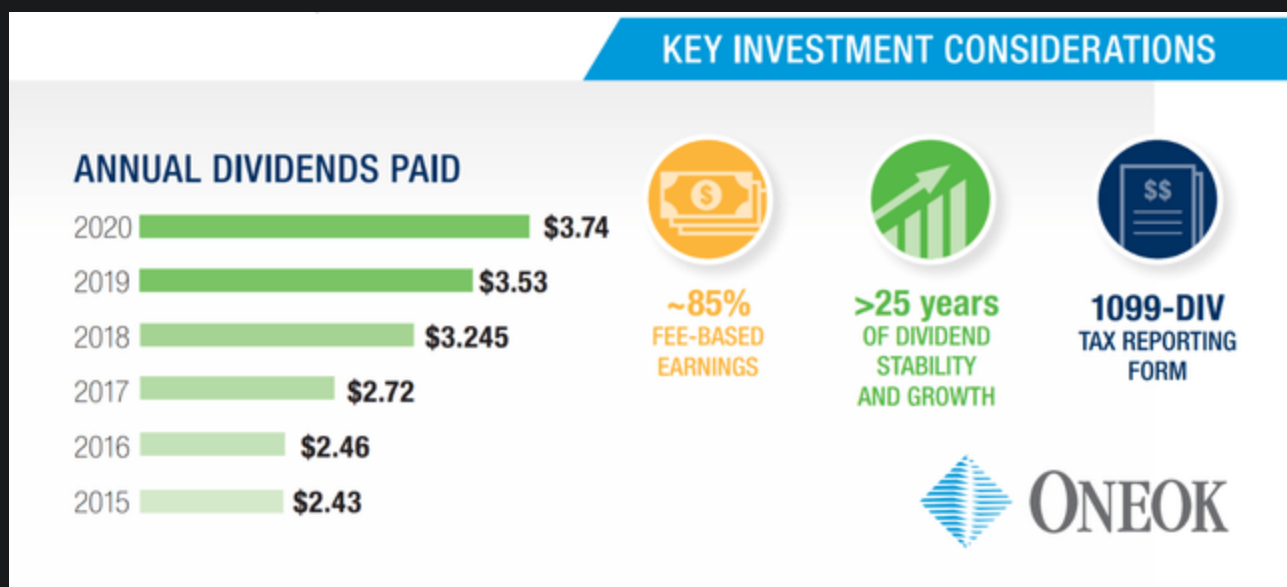


(Source: Seeking Alpha)

What investments I am looking to make in week 8

In week 8 I have 3 investments which I would classify as high probability and 3 that I would classify as possible for the Dividend Harvesting portfolio. In the high probability category, I have ONEOK Ink ([OKE](#)), Tekla Healthcare Investors ([HQH](#)) and Tekla World Healthcare Fund ([THW](#)). On the possible side, I have Schwab U.S Dividend Equity ETF ([SCHD](#)), Vanguard High Dividend Yield ETF ([VYM](#)) and Cisco Systems ([CSCO](#)).

I need to do some more research but OKE is very interesting to me for several reasons. I am a big believer in natural gas and OKE operates one of the nation's largest natural gas liquids systems connecting the Rocky Mountains, mid-continent and Permian Basin regions. OKE has paid and increased dividends for more than 25 years and increased its annual dividend from \$2.43 in 2015 to \$3.74 in 2020 through the oil price crisis and the pandemic.



(Source: ONEOK)

Conclusion

Thank you to everyone who is reading this series and commenting. There have been some great suggestions and at least 10 companies & funds have made it on my watchlist. Please keep giving me suggestions as week 10 is approaching and I will be allocating the capital in that week to recommendations provided by the readers. Dividend investing is a process and journey that is well worth it. Rome wasn't built in a day and I hope this series is sparking investing ideas. If you have any questions or suggestions, please leave a comment or send me a 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 AGNC, STWD, STAG, MO, XOM, AMLP, CWEN, ET, SCHD, VYM, 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: I am long every stock in the Dividend Harvesting Portfolio

I am long SCHD, VYM, and ET as I own them in other 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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