2 Dividend Stocks I Bought in 2022 — and 1 I Sold!

Description

So far, 2022 has been a busy investing year for me. I have initiated new positions in several stocks and — somewhat out of character for me — exited several others. This year, I shed two stocks from my portfolio, doubled down on many, and picked up one new stock that I had never owned before. In this article, I will reveal two dividend stocks I bought in 2022 and why I bought them. I will also explore one dividend stock I sold and the reason I sold it.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a dividend stock I've owned since 2018. I have bought it many times since I first initiated my position. My best buy was in March 2020, when I scooped up shares at $54. Most of my other buys were at higher prices, but all have given me positive returns.

Why do I like TD?

For one thing, it has a pretty high dividend yield. At 3.55%, it's not the highest out there, but it's higher than the TSX average. For another thing, TD has a long dividend-growth track record: over the last 10 years, TD has raised its dividend by 9.6% annualized. It has hiked the dividend several times since I started buying it.

Finally, TD has stronger growth prospects than most Canadian banks. It is in the process of buying out **First Horizon,** a regional U.S. bank. This deal will make TD the sixth-largest bank in the United States. It will immediately produce a boost in earnings, according to TD's press release announcing the deal. Overall, I'm pretty excited about this one.

Micron Technology

It might surprise you to see a semiconductor stock like **Micron Technology** (NYSE:MU) on this list. The chip industry is certainly not famous for paying dividends, and most of the big players in the space don't pay them. Micron is the rare exception. In August of 2021, it began paying a $0.10 quarterly dividend

. Annualizing to $0.40 per year, it gives us a whopping yield of 0.53%.

You can probably detect my sarcasm there, but there's much to like about MU stock. Micron trades at just a 12 P/E ratio. With such a low yield, the dividend is extremely well covered by earnings. So, there is a lot of potential for dividend hikes in the future. On top of that, Micron is an extremely fast-growing company. In its most recent quarter, it grew revenue by 25% and earnings by over 200%. That is some of the best growth you'll see from any semi company on earth. Micron is a little bit vulnerable to short-term fluctuations in RAM prices, but with today's global chip and equipment shortage, prices should stay high for the foreseeable future.

CN Railway

Finally, we get to the one stock I sold.

Canadian National Railway (TSX:CNR)(NYSE:CNI) was, until recently, the longest-standing position in my portfolio. I bought it even before I started buying TD Bank. This year, I sold it because of valuation concerns. CNR's growth isn't that strong, but it nevertheless trades at 24 times earnings and five times book value. It seems like there's more value in the banking sector, which has growth similar to CNR's, but with cheaper valuations. I still think CN Railway is a great company, but I'm not expecting great returns over the next few years.

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1. NASDAQ:MU (Micron Technology, Inc.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:TD (The Toronto-Dominion Bank)

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