



2 Stocks to Buy Your Child for Christmas

Description

The earlier you start investing, the better off you'll be. It may not be an exciting Christmas gift, but if you bought your child some stock every year, they'll be well on their way to financial independence by the time they turn 18.

Imagine you start buying stocks as soon as your child is born. If you set aside a bit of cash every month and made sure to buy something each Christmas, you could feasibly invest \$500 per year. At just an annual return of 6%, that investment account could be worth \$15,453 after 18 years! It isn't an incredible amount, but it's certainly much more than what the average 18-year-old has to their name. Your child will also likely pick up some good habits when it comes to their financials.

In this article, I'll discuss two stocks you should consider buying to kick-start your child's portfolio.

This stock could be a major winner over the next decade

When [looking for stocks](#) to add to a child's portfolio, you should consider whether the company has room to grow over a long period. It's currently estimated that the e-commerce industry could grow at a CAGR of 14.7% from 2020 to 2027. Within that industry, there are a few very clear winners. **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is the first stock you should consider buying for your child's portfolio.

Before you think, "I don't have \$1,800 to spend on a Christmas gift," don't worry. That's where [fractional shares](#) come in handy. With that out of the way, let's see why Shopify is a good pick for your child. First, it's a leading player in the massive e-commerce space. In Q2 2021, Shopify surpassed **Amazon** in terms of customer traffic for the first time. This indicates that it's becoming a more popular destination for online shoppers.

Shopify also has a history of strong outperformance. Since its IPO, Shopify stock has grown at a CAGR of nearly 83%. This greatly outpaces the market. This growth in its stock is supported by strong business fundamentals. Since Q3 2016, Shopify's monthly recurring revenue has grown at a CAGR of 43%. It's also been shown that founder-led companies tend to perform better than peers led by non-founders. As it stands, Shopify's founder-CEO Tobi Lütke continues to lead the company with a large

ownership stake.

Shopify is a top choice by many measures. I believe this would be a great stock to gift your child today.

Choose a top stock from this industry

The most influential sector in the Canadian stock market is the financial sector. By this, I mean it accounts for the largest proportion of the **TSX 60**. This is largely because the leaders within the banking industry have enjoyed the many benefits of a highly regulated industry. This includes keeping smaller competitors at bay, allowing the industry leaders to establish formidable moats. Within that group of elite banks, my top pick for a child's portfolio is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

Although the other banks would make good choices as well, I think the Bank of Nova Scotia's growth potential is more suitable for a longer investment horizon. Bank of Nova Scotia is exposed to the Pacific Alliance, which provides it with an amazing growth opportunity. It's estimated that a growing middle class will allow Chile, Columbia, Mexico, and Peru to grow at a faster rate than Canada and the U.S. over the coming years. This growth should allow Bank of Nova Scotia to see more growth than its North America-focused peers.

When taking Bank of Nova Scotia's excellent dividend into consideration as well, it quickly becomes obvious why this would be a great pick. This stock provides the potential for capital appreciation and could also teach a child about the importance of compounding dividends over time.

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2. Stocks for Beginners

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