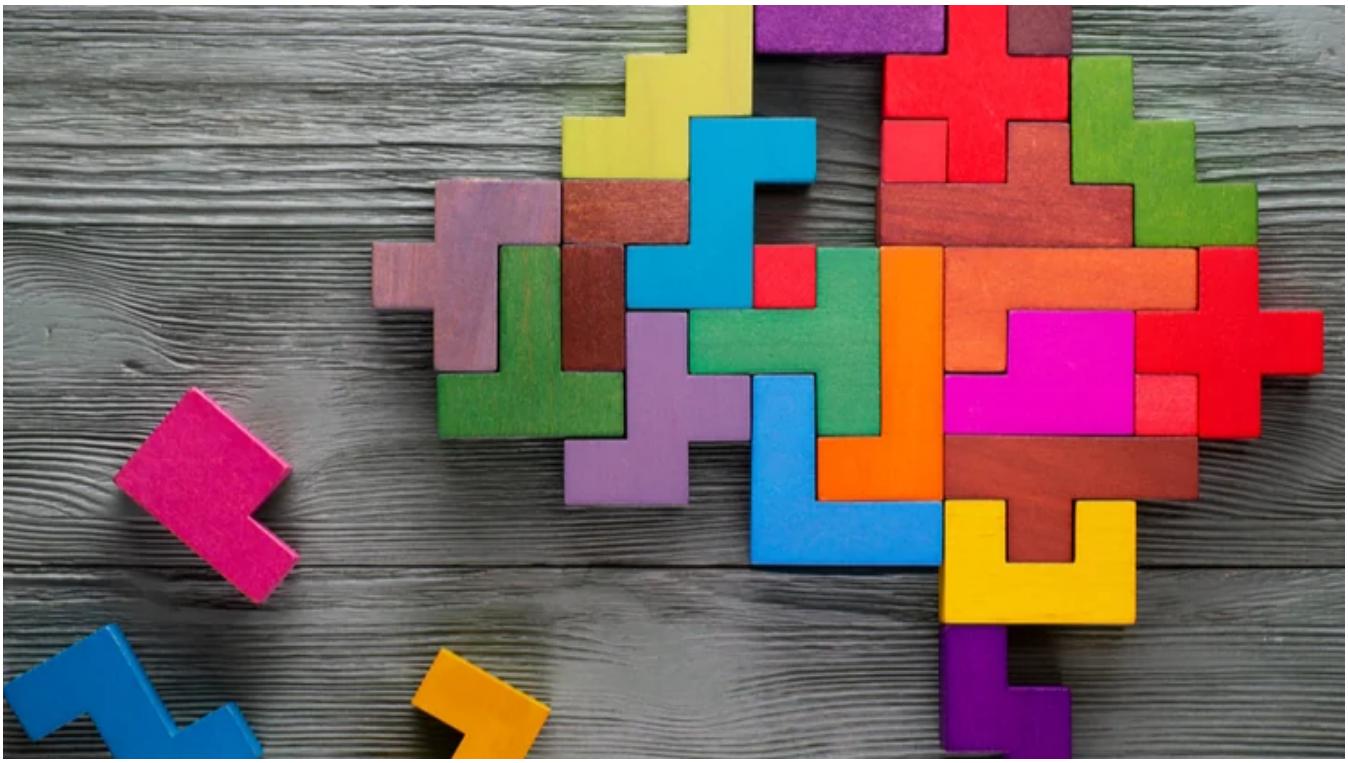
Perpetual Equity Investment Company Limited

# Perpetual knowledge bank series: Blue Chip

11 April 2022



Blue Chip stocks refer to stocks from companies considered to be a high quality and a relatively low-risk investment. The term usually applies to large, well-established companies that have performed well over a long period, have a good reputation and a track record of paying stable or rising dividends.

The term ‘Blue Chip’ is taken from poker, where the blue chips are the most valuable, but is now synonymous with leading companies considered to be leading names in their industry whose products or services usually dominate their respective sectors. This size and stability mean Blue Chip stocks are usually considered less volatile and safe havens for more conservative equities investors. However, like everything in investing, there is risk versus reward component and these stocks may not be the best fit for high-growth investors.

While there is no official list of Blue Chip stocks in Australia, investors will get a good idea of the names involved by noting the S&P/ASX 50 index, a list of Australia's top 50 companies by market capitalisation. These companies are spread across a range of market sectors, including Banking and Financial Services, Resources and the Retail sector.

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