

ABSTRACT

The purpose of this study was to determine the results of the simulation approach to portfolio formation relative valuation ratio of PER, PBV, and PEG with the active and passive strategies in the LQ-45 index 2011- 2016 period.

Portfolios formed based on the financial annual report within 5 years, from 2011 to 2016. In each period, the portfolio was formed nine formula, that is portfolio based high PER, medium PER, low PER, high PBV, medium PBV, low PBV, high PEG, medium PEG and low PEG. Each portfolio consists of seven stocks, which were held for periods respectively. Then each portfolio are applied respectively active and passive portfolio strategy, strategy of active portfolio will be evaluated its performance over each period using Sharpe, Treynor, and Jensen method, while the passive portfolio strategy will be buy and hold strategy is only evaluated at the end of the period overall, it will be found based on the ratio of portfolio formation and strategy if that provides the maximum return.

The results of this research are formed portfolio low PER ratio, low PEG, and medium PEG, consistently provide returns above the market. This indicates that while the portfolio strategy used is different, but all three portfolios containing undervalued stock in the relative valuation can provide a return above the market return is IDX. The results of the comparison portfolio strategy used in this study based on return, risk, and excess return generated from each of the portfolio strategies showed the best performance sequence of the strategy of active portfolio semiannual listed first, passive portfolio strategy comes out second, and then followed a strategy annual active portfolio.

Keywords: *Jensen, PBV, PEG, PER, Portfolio, Sharpe, Stocks, Treynor.*