

ABSTRACT

Systematic risk also called market risk is the risk that can not be diversified because this risk comes from outside the company's control. Return on Equity is one of the profitability ratio to measure the company's capability to generate profits from existing capital. Return is the rate of return received by investors from their investment.

The purpose of this research is to acknowledge the effect of systematic Risk and Return on Equity Return on stock return with case studies on companies that constantly listed on the LQ45 index on BEI period 2011-2014 either partially or simultaneously.

The research is a quantitative research using regression analysis techniques. The population in this study are all companies listed on the LQ45 index in period 2011-2014. By using purposive sampling technique obtained 26 companies that match the criteria.

The results of data processing shows that the Systematic Risk and Return on Equity has no significant effect on the stock Return either partially or simultaneously. The coefficient of determination obtained was 8.1%. According to the results the company should improve their performance to incrise ROE and investors are advised to pay attention to all profitability ratios to assess the company's capability to generate profits.

Keywords : Systematic risk, Return on Equity, Stock Return