

## **ABSTRACT**

*Investing in stocks can not be separated from the characteristics of the relationship between return and risk. In 2011 and 2013 a decline in market performance significantly, it makes a lot of investors suffered losses. Therefore, in order to minimize the risk in stock investing investor should form a stock portfolio consisting of various stocks of different companies in the hope when the price of a stock declines, while others are increased, then the investment would suffer losses. Formation of a portfolio of stocks in the selection of the composition can be made easy by observing the correlation of stock returns to market returns using single index model and in the choice of composition using a proxy that LQ-45 index.*

*In this study purposes to establish the optimal portfolio of data is monthly return their respective shares in the LQ-45 index using single index model and then analyze the stock portfolio has been formed to look at the factors of return and risk, there are three methods that can be used to analyze the performance sharpe method stock portfolio is to look at the relationship returns to the variability (standard deviation), Treynor method by looking at the relationship returns with volatility (beta), then the jensen method to see the relationship return with the performance of the market, then the results were compared with the performance of the market is the IDX.*

*This research is classified as descriptive research that is comparative verification. The sampling technique used in this research is purposive sampling, criteria should be consistently shares voted into the LQ-45 index during the period 2010.2-2015.1, the samples used in this study elected 22 stocks.*

*With using a single index model there are only 7 of 22 shares samples included in the optimal portfolio, and the results showed that a portfolio is formed by the single index model can outperform the market: IDX, as well as analysis of portfolio performance by the method of Sharpe, Treynor, and jensen show performance above market means it has a well-diversified portfolio.*

*Based on the research results in the investor should invest in the stock to form the optimal portfolio from stocks on LQ-45 index to maximize return and minimize risk by using single index model. This is because the optimal portfolio is consistently able to demonstrate superior portfolio performance compared to the performance of a market index that is IDX.*

*Keyword : Return, Risk, Sharpe, Single Model Index, Treynor, Jensen*