ABSTRACT

Factor that determines the development of the capital market is the availability of more varied investment instruments. Investment is not free from risks. Risk reduction in the value of investments may occur due to movement of the stock is uncertain. To minimize this risk, the investor uses derivative instruments.

In this study, the related variables are return, covered call and protective put. This study aimed to analyze the return on contract option using covered call writing strategy and protective put buying strategy with black scholes.

The population in this study are all companies listed in Indonesia Stock Exchange whose shares belong to the blue chip stocks. The sample in this research was determined by purposive sampling method to obtain 5 companies in the sample.

Based on the results of the study, covered call writing strategy suffered losses, while the protective put buying strategy experiencing gains. The return of protective put buying strategy is better than the covered call writing strategy.

For investors who want to invest in the derivatives market, in particular contracts option investors should look at the movement of stock prices. If the movement of stocks tend to be stable, then you should use the covered call writing strategy, if the stock tends to decrease, then you should use a protective put buying strategy.

Keywords: Derrivative, contract option, *Covered Call*, *Protective Put*, *Black Scholes*