ABSTRACT

This study is based on the need for investors to form an portfolio. The rapid increase of investor should be followed by an education of investing in particular to diversify investments. Diversification by forming a portfolio can reduce risk without reducing yield. In addition to concentrate the risks and returns, investors need to pay attention to the cost of selling illiquid assets. The new asset pricing model developed in 2005 called the Liquidity adjusted Capital Asset Pricing Model (LCAPM). The object of research is the LQ-45 stock index, the data used in the study was obtained from financial reporting data and historical data stock price. This study uses a LCAPM model to pick stocks for forming optimal portfolio. The result showed that ASII, BBRI, BMRI, BSDE, CPIN, ICBP, INCO, INDF, MNCN, PGN, PTBA, PWON, TLKM and UNTR is selected stocks to set up an efficient portfolio. The selected optimal portfolios Portfolio B has an annual return rate of 143.35%, 3.54% standard deviation and 0.64% ilikuiditas, portfolio H has a return rate of 28.2% standard deviation of 1.07% and 0.51% of liquidity and portfolio D with rate of return 96.35% standard deviation 2.22% and 0.60% liquidity.

Keywords*: Optimal Portfolio, LCAPM, LQ-45*