

ABSTRACT

Mean variance portfolio is a common portfolio used to select a stock portfolios. However, The formulation of mean variance are the difficulty in accurately estimating the input values and high sensitivitas to changes in the input parameters. This can be damaging when realized asset returns are different from estimates. In this duty will be implemented portfolio selection that allocates short selling in a more conservative fashion, where the conservative level can be adjusted. The conservative short sale model have portfolio weights characteristics that fall between mean variance and mean variance without short selling. By employing the conservative short sale model, investors will be able to form the optimal portfolio that allowed short selling, but the weight of the portfolio is not as extreme as weight of mean variance.

Key words: Mean Variance portofolio selection, Conservative short selling.