## ABSTRACT

Sharia stock investment is currently favored by investors because it uses the principles of sharia. The Indonesia Stock Exchange noted that the number of Islamic stock investors increased to 4,257 investors in 2015, and the Financial Services Authority said the number of sharia shares per April 2017 increased 0.29%. In making an investment requires analysis to select stocks to minimize risk by using portfolio strategy.

Therefore, this research is about the formation of optimal portfolio using new asset pricing model which developed in 2005 that is Liquidity Adjusted Capital Asset Pricing Model from syariah stock at Jakarta Islamic Index (JII) period June 2015 - May 2017. The purpose of this research is to form a combination of stocks with certain returns and risks. In addition to weighting risks and yields, it is necessary for investors to consider the costs that may be incurred when assets become illiquid.

The result of the research shows that ASII, BSDE, INDF, INTP, LPKR, LPPF, SILO, SMGR, SMRA, TLKM, UNTR, UNVR and WSKT stocks are selected for the establishment of an efficient portfolio. The selected optimal portfolios are Portfolio J which has a return of 1,001 standard deviation of 0.0136 and 0.002% liquidity then portfolio D has a return rate of 1,0005 standard deviation 0.0098 and 0.00373 illiquidity.

Keywords: Portfolio, Liquidity, LCAPM, Liquidity Risk, Sharia stocks