ABSTRACT

The purpose of this study is to examine the accuracy of *Capital Asset Model Pricing* (CAPM) compared to the *Arbitrage Pricing Theory* (APT) model to determine the expected return in the IDX30 stock index. The statistical population consists of the 30 companies in the IDX30 stock index. The samples of this research are taken from 23 listed companies in the IDX30 stock index during January 2020 to August 2020.

The model to estimating the expected return on this research using Capital *Asset Model Pricing* (CAPM) and *Arbitrage Pricing Theory* (APT). After calculating using *Capital Asset Model Pricing* (CAPM) and *Arbitrage Pricing Theory* (APT) on 23 stocks, the result of the comparison between CAPM and APT needs to find out the forecasting error using *Mean Absolute Deviation* (MAD). From the MAD results, an *independent sample t-test* will be conducted to determine the results of the accuracy between CAPM and APT in estimating the expected return in IDX30 stocks.

Keywords: IDX30, CAPM, APT, Expected Return.