Abstract

Stocks in Indonesia undergo erratic changes every year and many people think about investing in stocks in the future. Investing in these stocks offers a high standard deviation and high returns. Therefore, investors must build a portfolio to avoid a high standard deviation by dividing their investment into several stocks to get an optimal portfolio by minimizing the standard deviation. To avoid the condition of the company falling into bankruptcy, the company needs to do early detection or prediction of its financial condition. Several previous researchers have conducted research related to the prediction of financial distress. They utilize financial ratios which, are then analyzed using discriminant analysand logistic regression study, the Formation of the JII Stock Portfolio will be carried out by considering the Prediction of Return Using the Logistic Regression Method. The experimental test results obtained are the equal weight standard deviation using predictions which is smaller than the equal weight standard deviation values without predictions, which means that using the equal weight method without predictions can reduce the standard deviation value obtained, with a wealth value of 1564.278 or 156427. 8%.

Keywords: Portfolio Formation, Stocks, Return Prediction, Logistic Regression, Standard Deviation