

ABSTRACT

Stock instruments are one of the attractive investment instruments for increasing wealth. Investing in the capital market can provide large levels of profit but also carries large risks. The risk in investing can be influenced by various aspects and the way investors choose a portfolio and the investment strategy they use plays an important role in receiving profits and risk exposure so that when investing in the capital market it is necessary to diversify the portfolio.

The aim of this study is to determine the performance and return of portfolios carried out with a single index model and the Capital Asset Pricing Model (CAPM) with active and passive strategies that will form the optimal portfolio. The object of research is the shares of companies that are not consistent in the LQ 45 index for the period 2018-2023.

The method used in this research is a quantitative method with secondary data on daily closing stock prices of inconsistent stocks in the LQ 45 index during the period August 18-January 2019 to August 2023-January 2024. Data obtained will be formed portfolios with a single index model and Capital Asset Pricing Model (CAPM) then simulated active and passive strategies and observations of returns and portfolio performance are formed.

Single index model and CAPM are the development of Markowitz's Modern Portfolio Theory. This theory continues to develop and is used today. This theory is the main foundation in forming portfolios. This study observes the return and performance of stocks that are inconsistent during the research period on the LQ 45 index. This index is always evaluated every period so that the stocks included in this index are only those that meet the LQ 45 criteria and stocks that have entered this index can enter and exit based on the fulfilment of the LQ 45 criteria every period.

Results of this study are able to provide new insights into the optimal portfolio using the Single Index Model and CAPM on LQ 45 index stocks that are inconsistent during the period 2018 to 2023 and how the results with different strategies and can be a reference for future research and insight for investors in choosing investment strategies in the capital market.

Keywords: Stock, Portfolio, Single Index Model, CAPM