

ABSTRACT

The Indonesian capital market, represented by the IDX High Dividend 20 (IDXHIDIV20) index, offers a promising arena for novice investors who seek a blend of capital gains and dividend cash flows. Nevertheless, selecting stocks that deliver optimal returns while keeping risk in check is far from simple; a structured, data-driven analytical approach is required. This study therefore aims to furnish a practical guide for beginner investors in crafting an optimal stock portfolio by drawing on two well-known quantitative frameworks: the Single Index Model and the Markowitz Model. The research adopts a descriptive quantitative method. The dataset comprises weekly closing prices of all IDXHIDIV20 constituents, the market index (IHSG), and the risk-free rate published by Bank Indonesia, spanning 311 weeks of observations. The Single Index Model is applied to filter stocks based on estimated alpha, beta, and residual risk, which together capture each issuer's sensitivity to market movements. By contrast, the Markowitz Model is employed to identify the asset combination that maximizes portfolio returns at a given level of risk, accounting for each stock's variance and the covariance between stocks as a proxy for correlation.

Empirical results highlight meaningful performance differences. The Single Index Model constructs a portfolio with an annual expected return of 22.96 percent and a standard deviation of 5.89 percent. Meanwhile, the optimal portfolio derived from the Markowitz Model records a slightly higher expected return of 23.56 percent, yet with substantially lower risk—a standard deviation of 2.81 percent. In other words, the Markowitz approach not only enhances returns but also refines the risk profile, producing a more attractive risk-adjusted return for novice investors. These findings underscore the importance of strategic, covariance-driven diversification rather than relying solely on beta considerations. The primary recommendation for beginner investors is to adopt the Markowitz-based portfolio in order to capture optimal profit potential within tolerable volatility limits. This study is expected to serve as a tactical reference for investment decision-making and for managing dividend-oriented portfolios in the Indonesian capital market.

Keywords: Optimal Portfolio, Model Indeks Tunggal, Markowitz Model, IDXHIDIV20, Risk, Beginner Investors.