ABSTRACT

Portfolio is a collection of investment assets. Based on Markowitz's portfolio theory, risk can be minimized through diversification and combining different investment instruments into portfolios. One of the methods used to minimize the risk is Mean Variance. The Solution to the Mean Variance method typically leads to extreme portfolio weights, especially when the number of assets is large. To mitigate this problem, then homogeneous constraints method used with the value of α *as a parameter to determine the optimal weight range. The results of this study gained the best return, risk value and sharpe ratio towards the changes of market risk.*

Keywords: Portfolio, Mean Variance, Homogeneous Constraints.