

ABSTRACT

Investing is one of the important things in preparing yourself to guarantee life in the future. In investing, investors have the goal of obtaining profits in the future at a certain level and as expected by delaying current consumption in a certain amount and for a certain period of efficient assets. To reduce the level of investment risk, investors can report through the portfolio by combining a large number of risks.

This study uses descriptive quantitative method that aim to determine the optimal portfolio formation through the Single Index model and the Capital Asset Pricing Model (CAPM) and to determine the performance comparison of the two models using the Sharpe Index, Jensen Index, and Treynor Index. The variables to be studied include excess return to beta, alpha, beta, and expected return.

This study used a purposive sampling method so that the sample in this study consisted of 80 stocks that were consistently included in the 100 Growth-Company Ranks in 2018 and 2019. Based on the sample categories, data processing in this study was carried out by calculating the expected return. along with the risk of each stocks, and calculating the return and market risk. Then form an optimal portfolio using the two models and then compare the performance of the two models.

The results of this study indicate that of the 80 samples used there are 26 stocks included in the optimal portfolio using the Single Index Model because the value of $ERB > C^$ with different proportion levels. The portfolio resulting from the formation of the Single Index Model is able to provide a portfolio level of the expected return of 0.055 or equivalent to 5.5%. Meanwhile, the risk that is formed from the portfolio is 0.00227 or equivalent to 0.227%. Meanwhile, the optimal portfolio formation with CAPM produces 50 efficient stocks from the 80 research samples used. The efficient stock has a higher rate of return than the expected return and vice versa. The evaluation of portfolio formation with the Single Index Model and CAPM produces a positive value which indicate that the formation of a portfolio with a Single Model Index and CAPM is considered good and worthy of consideration by investors to invest in an optimal portfolio.*

Keywords: investment, return, expected return, efficient portfolio, optimal portfolio, Single Index Model, CAPM, Sharpe Index, Jensen Index, and Treynor Index.