

ABSTRACT

This study discusses the stock performance of technology companies and food companies in South Korea in the period January 2019-November 2024 which are of interest to foreign investors due to their strategic position in the global economy. However, companies do not always show good performance. Therefore, a careful investment strategy is needed, including in the preparation and management of portfolios. In compiling a portfolio, this study uses a smart beta strategy that has been proven to provide superior returns compared to traditional portfolios. Portfolio management involves two strategies, namely a passive approach and an active approach. This quantitative descriptive study uses open prices from stock data prices that form a portfolio based on selected betas. Weighting is adjusted for higher beta stocks to receive a larger allocation in the portfolio. This study compares three beta groups (high, medium, and low) and two investment strategies (active and passive) using the Sharpe index. The results of this study indicate that the medium beta group and passive strategy have better performance with competitive return values without having to face too much risk. Passive strategies provide a balance between risk-return and maintain stability without relying on market movements that tend to fluctuate.

Keywords: investment, smart beta, investment strategy, portfolio