Issuing bond is one of corporate action for finance beside retained earnings, bank loan, and stocks. In Indonesia, the development of bond issuing as a corporate financing is showing a positive trend in outstanding value, number of bond issuer and number of sheet that issued. However, the volume and frequency of trading is still fluctuating so that it is become important to study about bond as a part of financial decision.

Infrastructure, utilities and transportation sector is an important sector because this sector becomes Jokowi Kalla’s priority and it was predicted will need much funding to expand their business. Beside that, this sector is the second largest after the financial sector based on outstanding value. In this sector, there is a gap between issued value and outstanding value which is indicating that this bond has not sold out in bond market, means the companies did not obtain sufficient funds according to their financial plan. Bonds that were not sold out show that the investors are not interested to buy this bond. In investment at corporate bond, the investor’s profit can be seen in bond return, so it is necessary to analyze the factors that affected bond return, because corporate bond have a high default risk.

Some factors that should be considered in analyzing bond return despite into three factors. First, the factor of bond characteristics, include coupon, Yield to maturity (YTM), duration, and bond rating. Second, the factors of firm characteristics consist of total asset and Debt to Equity Ratio (DER). Third, the factor of macroeconomics factor there are Central Bank of Indonesia interest rate (BI rate), exchange rate, inflation and Jakarta Composite Index (JCI). The sampling method in this research used purposive sampling, and collected with certain criteria (1) the corporate bond has listed and actively traded in Indonesia Stock Exchange from 2010 to 2014, (2) immature bond and unconvertible features, (3) ranked by Pefindo, (4) pay a quarterly coupon and (5) issuer have the audited annual report and unaudited financial report. The sample consists of 13 bonds with 260 observations.

To analyze the factors that influence bond return in infrastructure, utilities and transportation sector, panel data regression was applied using software Eviews 9. Fixed Effect Method show that the $R^2$ in this research is about 0.2867 percent, it means about 28.67 percent of independent variables are able to explain the dependent variable, while about 71.33 percent explained by other variables. The significant variables are coupon, YTM, bond rating, DER, exchange rate, and JCI. It shows that bond characteristics and firm characteristic have significantly impact to bond return, but the macroeconomics factors that influence bond return are exchange rate and JCI.

The result of this study can be used as consideration for bond issuer in making decision before issuing bond to minimize the cost of capital. For risk
averser, should choose bonds that have high coupon rate, high bond rating and the companies with small DER.

Keywords: bond characteristics, corporate bond return, firm characteristics, infrastructure, utilities and transportation sector, macroeconomic factors,