

SUMMARY

YUDHISTIRANGGA. Optimal Stock Portofolios based on Index Portofolio in Indonesia Stock Exchange. Supervised by HERMANTO SIREGAR and TRIAS ANDATI.

Index based portfolio constructed using stocks member of IDX30 and LQ45 indices has outperformed Jakarta Composite Index (JCI) for last five years. Index based portfolio uses passive investment strategy with stock allocation method in order to mimick its reference index. Portfolio based on passive investment strategy has *return* 1.1% per annum higher than active investment strategy portfolio in Swiss Capital Market according to Ammann dan Steiner (2009). Sharpe (1991) told that active portfolio tends to get lower *return* than passive portfolio. The reason, which is costs, including trading cost, analysist cost, insentive, remuneration, etc, has significant impact to active portolio *return*.

This research has aims to analyze the stocks selection, building optimum portfolios and analyze the portfolios *return* using stocks from Indonesia Stock Exchange (IDX) by classifying stocks to six different classes which are S/L (class with small size and low value), S/M (class with small size and medium value), S/H (class with small size and high value), otherwise B/L (class with big size and low value), B/M (class with big size and medium value), B/H (class with big size and high value). Size is the market capitalization and value is ratio for 1/Price to Book Value. In accordance of mimicking JCI *return*, another screening was done. Using stock member of IDX30 and LQ45 as stock screener, there will be subset of stocks from best class (one of S/L, S/M, S/H, B/L, B/M or B/H), IDX30 index and LQ45 index. From that subset and best approaching model : CAPM, FF3FM, Dual Beta FF3FM with constant or Dual Beta FF3FM without constant, optimal portfolios will be build.

Around 290 selected stocks were splitted to six classes, then four approaching model were applied to it. From this process, B/L class and FF3FM were selected to become best class and best approaching model. Using IDX30 and LQ45 indices as stock screener, some stocks from B/L class were selected, in order to build optimal stock portfolio, later named by Skyscraper, Skyscraper Core and Skyscraper Enhanced. Investment decision towards three different optimal portfolio based on : 1) If investors search consistent portfolio *return* for last five years, the answer is Skyscraper Core Portfolio, but 2) if investors wants less risk portfolio, Skyscraper Enhanced is right choice, but 3) if investors dreams higher portfolio *return* with higher risk among three optimal portfolios, the choice must be applied to Skyscraper Portfolio.

Keywords: portfolios, optimal, stock.