

ABSTRACT

Portfolio can be defined as an investment in various financial instruments that can be traded on the Stock Exchange and Money Market with the aim of spreading the sources of return and possible risks. The single index portfolio model is based on the observation that the price of a portfolio fluctuates in the direction of the market price, which illustrates that the rate of return of a portfolio may be correlated because of the general reaction to changes in market value.

The purpose of this research is to form an optimal stock portfolio using the Single Index Model (SIM) method for 45 stocks in the LQ45 index during the period February - July 2020 and analyze the level of portfolio performance using the Sharpe Index, Jensen Index, and Treynor Index.

The results of the study formed a portfolio consisting of 5 stocks, specifically TOWR, KLBF, INKP, UNTR, and INCO stocks. During the research period, based on the results of the calculation of portfolio performance measurement using the Sharpe, Treynor, and Jensen indexes, it showed a positive ratio (Sharpe 1.9278, Treynor 0.0021, Jensen 0.0036) which means that the portfolio formed will provide a higher rate of *return* for investors than the market (IHSG).

Keywords : *LQ45, Portfolio, Single Index Model, Sharpe Index, Jensen Index, Treynor Index*