

## ***ABSTRACT***

Portfolio formation serves as a strategy to minimize investment risk. One approach that can be applied is the Black-Litterman model, which combines the equilibrium return from the Capital Asset Pricing Model (CAPM) with investor views. These investor views are obtained through forecasting using the Weighted Moving Average (WMA) method, allowing investment strategies to adapt to dynamic market conditions. This study uses monthly closing stock prices consistently included in the LQ45 index, the closing price of the Jakarta Composite Index (JCI), and the Bank Indonesia benchmark interest rate from January 2021 to May 2025. The LQ45 index is selected due to its high liquidity and large market capitalization in the Indonesian capital market. Portfolio risk is measured using the Value at Risk (VaR) approach with the variance-covariance method, aiming to estimate the maximum potential loss at a certain confidence level, as well as the measurement of portfolio performance using the Sharpe Ratio. The results show that the portfolio consists of four stocks: BBCA, BBNI, BMRI, and MEDC. Four absolute views are established, with the study estimating the returns of BBCA, BBNI, BMRI, and MEDC at 2,77%, 3,759%, 3,478%, and 5,662%, respectively. Based on these estimates, the model produces fund allocation proportions of 79,337% for BBCA, 7,550% for BMRI, 13,454% for MEDC, and -0,342% for BBNI, indicating the need for short selling. This allocation forms a portfolio with an expected return of 3,2093% and a risk level of 0,23297%, while the estimated maximum potential loss (Value at Risk/VaR) at a 95% confidence level reaches 7,93988% of the total invested capital. The portfolio's performance, as measured by the Sharpe Ratio, yields a value of 0,579632, indicating that the constructed portfolio is considered to perform well.

**Keywords:** investment; portfolio; LQ45; Black-Litterman model; Capital Asset Pricing Model (CAPM); Weighted Moving Average (WMA); Value at Risk (VaR); Sharpe Ratio