ABSTRACT

Investment refers to the allocation of funds at present with the aim of generating profits in the coming time. Investments can be done with stock trading in stock exchange market. Stocks are one of the instruments used in investment. In general, investors tend to avoid risk. One way to mitigate investment risk is by mapping systematic risk to select stocks with lower systematic risk. Formation of portfolio using the Single Index Model, applied to the top 30 ISSI stocks during the observation period from January 2021 to December 2023, resulted in an optimal portfolio consisting of two stocks: AKRA (Akr Corporindo Tbk) with a weight of 56.88% and MAPI (Mitra Adiperkasa Tbk) with a weight of 43.12%. Expected return of the portfolio is 0.001086191, while the portfolio risk is 0.007363424. The constructed portfolio demonstrates a higher return and lower risk compared to the market, indicating that the investment strategy used is relatively optimal. The Treynor index of the portfolio is 0.001012027. A positive value of Treynor index indicates that the portfolio provides good return compensation for its systematic risk.

Keywords: Systematic Risk Mapping, Portfolio, Single Index Model, ISSI, Treynor Index