ABSTRACT

The attempt to maximize profits and minimize losses in investing stocks can be done by forming an optimal portfolio using the Multi Index Model. Multi Index Models use more than one factor or index that can affect stock returns. Investors can make careful investment decisions by performing risk analysis using Value at Risk (VaR). To measure risks beyond the VaR level, investors can apply Expected Shortfall (ES). The study included 59 observations for the period January 2019 to December 2023. The study used secondary data from five stocks of the health sector stock group, the Indonesia Composite Index (ICI) and currency exchange as factors, as well as the SBI (Bank Indonesia Certificate) interest rate as risk free assets. The results of the research obtained an optimal portfolio consisting of PRDA (25,0748%) and SILO (74,9252%) with a profit rate of 2,4936%. The calculations showed that with a 95% confidence rate, the VaR value was 16,9388% and the ES value was 48,8208%. It can be inferred that the maximum potential loss for the investor from the optimum portfolio formed using the Multi Index Model for the following month is 48,8208%.

Keywords: Stock, Optimal Portfolio, Multi Index Model, Risk, Value at Risk, Expected Shortfall, Health Sector Stock.