

ABSTRACT

The number of stock investors in Indonesia exhibits a positive trend, driven by easier access through digital platforms and the expansion of capital market education. Investment in stocks inherently involves risks, particularly unsystematic risk, which can be mitigated through the construction of a well-diversified portfolio. This study aims to construct a portfolio by applying the Entropy-TOPSIS method for stock selection from the IDX ESG Leaders index and optimizing the portfolio using the Mean-Semivariance model. The data utilized include daily closing stock prices listed in the IDX ESG Leaders index from October 1, 2023, to October 1, 2024, as well as company financial ratios as of September 2024. The results indicate that the optimal portfolio consists of two top-ranked stocks: CMRY.JK with a portfolio weight of 46.85% and MIKA.JK with a weight of 53.15%. The maximum potential loss of the portfolio is estimated at 1.86% of the initial investment value over the next trading day. Based on these results, the Entropy-TOPSIS method and the Mean-Semivariance model can be utilized for stock selection within the IDX ESG Leaders index and for portfolio optimization.

Keywords: stock, portfolio, Entropy-TOPSIS, IDX ESG Leaders, Mean-Semivariance.