

ABSTRACT

Stock market activities give a lot of benefits. However there are only few people know about its existence. Consequently, they could not enjoy the benefit offered by stock market. A lot of them involve in stocks trading uses their gambling ability, in other word they choose stock randomly, without paying attention to the character of investments. A rational investor is the one who success in choosing a stock, which give optimal gain in a certain risk. Also, it depends on the investor's preference of different return and risks. In order to gain optimal portfolio, an investor should have a tool of analyses. One of portfolio analyses tools Single Index Model. The purpose of this research is to analyses the determination of portfolio by using Single Index Model. This research uses monthly Closing Price data, stocks that include in measurement factors of ILQ-45 from January 2003 until June 2005. Furthermore, we analyses the data using Investment of Portfolio program. The result of this research shows that stock choosing process and determination of portfolio using Single Index Model gives maximum return.