SUMMARY

Vonny Trisna Primayuda, 2011, **Formation of Optimal Portfolio By Using SingleIndex Model (Study at Liquid Index-45 Listed in Indonesia Stock Exchange Period of 2008-2010**), Drs. Nengah Sudjana, M.Si, Drs. Topowijono, M.Si, 165 +xiv.

This research purposes to identify shares include at liquid index-45 that can become formation of optimal portfolio. If formation of portfolio is already identified, the fund portion of each share can be determined. Moreover, the rate of expected return and risk of portfolio can also be determined.

This research uses descriptive research method with quantitative approach. The amount of population is 72 shares. Non-probability sampling, especially purposive sampling is used as sampling technique by using criteria that the shares have to be involved continuously at liquid index-45 by period of 2008-2010. As criteria mentioned above, the amount of research sample is 19 shares. By using single index model, the values of excess return to beta, C_i and cut-off point can be calculated in such a way that formation of portfolio is able to be identified.

The result shows that according to 19 shares as the amount of research sample consist of AALI, ANTM, ASII, BBCA, BBNI, BBRI, BDMN, BMRI, INCO, INDF, ISAT, MEDC, PGAS, PTBA,SMCB, TINS, TLKM, UNSP and UNTR, there are only four shares as the component of formation of optimal portfolio. The four shares are UNTR, PTBA, ASII and BBNI with fund portion sequentially 62,82%, 18,42%, 15,10% and 3,66%. Portfolio can give expected return 3,94% and has risk of 1,61%.

Investors who will invest or is investing their funds in share are better to invest in more than one stock. This is because investment in one share is too risky. If investors get loss in investment, they won't get any revenue back. But, if investors invest their funds in more than one share (portfolio), the risk will be diversified. If investor get loss in one of heir investments, they will still get revenue from another investments so that it can cover the loss.