ABSTRACT

SYSTEMATIC RISK MINIMIZATION THROUGH THE FORMATION OF PORTFOLIO DIVERSIFICATION
(The Study Of Company's Share that Joined in Index LQ45) Period 2010-2013

By

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This research is aimed to analyze the reduction in unsystematic risk by forming an investment portfolio diversification. This study also discusses how the number of shares required to create an optimal portfolio is diversified. This research used companies which were listed in LQ 45at the Indonesia Stock Exchange(IDX) as population. The sample consisted of 14 companies listed in LQ 45 at the Indonesia Stock Exchange(IDX) in 2010-2013 periods, which were determined through purposive sampling method and has normal data distribution. Researher was using Single Index Model method as the analysis tools for determine optimal portfolio.

The result of this research shows that in the period of February 2010- July 2013 there are 9 company's share that fulfills the criterion as an optimal combination portfolio, they are BBCA, BBNI, BBRI, GGRM, INDF, KLBF, PGAS, SMGR and UNVR. The portfolio diversification gives an effect on the risk reduction of unsystematic risk up to 0.00022, by the number of company's shares in the portfolio is 9. The optimum point is at portfolio diversification by the number of 8 shares. The more number of shares included in the portfolio, the diversification effect occurs more rapidly at 2 to 5 company's shares.

Keywords: Single Index Model, Optimal Portfolio, Diversification