

## Applying monte carlo concept and linear programming in modern portfolio theory to obtain best weighting structure

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### Abstrak

*The world is entering the era of recession when the trend is bearish and market is not so favorable. The capital markets in every major country were experiencing great amount of loss and people suffered in their investment. The Jakarta Composite Index (JCI) has shown a great downturn for the past one year but the trend bearish year of the JCI. Therefore, rational investors should consider restructuring their portfolio to set bigger proportion in bonds and cash instead of stocks. Investors can apply modern portfolio theory by Harry Markowitz to find the optimum asset allocation for their portfolio. Higher return is always associated with higher risk. This study shows investors how to find out the lowest risk of a portfolio investment by providing them with several structures of portfolio weighting. By this way, investor can compare and make the decision based on risk-return consideration and opportunity cost as well.*