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**OPTIMAL BET FRACTION DETERMINATION USING KELLY  
CRITERION IN STOCK INVESTMENT Case Study in LQ45 (Indonesia Stock  
Exchange)**

(x + 41 pages; 6 figures, 8 appendices)

People tend to invest in the instrument which generate higher rate of return than inflation rate. Capital market investment is growing rapidly in Indonesia as one of promising investment. The Aggregate performance of capital market can be easily seen by its index (Jakarta Composite Index). Many strategies are used to get return as much as possible. Thus, it encourage researcher to do research on one of the money management strategies which is Kelly Criterion

Simulation stocks trading has been done to test Kelly Criterion stocks investment. Kelly Criterion was tested in LQ45 stocks from year 2006 to 2014 and compared to constant betting theory as the benchmark. The result is hypothesis, which is Kelly Criterion will give better investment return than constant bet theory, are rejected.

The recommendations are to do more further research in Kelly Criterion using double Kelly, half Kelly, and a quarter Kelly. Also to do research on different stocks market also. Last importance recommendations is to do research to do the opposite of Kelly.

**Keywords: Stocks, Investment, Money Management, Kelly Criterion**

**References: 33 (1934-2012)**