

DECISION MAKING TO INVEST IDXHIDIV 20 STOCK WITH FUNDAMENTAL ANALYSIS

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Keywords:

IDXHIDIV20

Investment Decision Analysis

Abstract

Investing in Capital Market requires fundamental and technical analysis. For long-term oriented investors aimed to obtain dividends every year, it require an analysis of companies that are consistent in dividend distribution, which can be seen in IDXHIDIV20. The data population was a company registered in IDXHIDIV20. The data sample is determined by purposive sampling method. The results showed that ASII, HMSP, INDF, INTP, TLKM, UNTR, UNVR meet the sample criteria. The fundamental analysis showed that the highest average ROE is UNVR, the lowest average DER is INTP, the highest average of DPR is INTP, the highest average of DPS is UNTR, the highest average of EPS is UNTR, and the lowest average of PER is UNTR. Meanwhile, based on stock valuation, INDF still in the undervalued category (PER <15x, PBV <1). There were two issuers with undervalued PER categories, namely UNTR and ASII.

INTRODUCTION

The phenomena such as euphoria and pessimism is common in the stock market, where stocks experience significant increases and decreases regardless of the company's fundamentals (Utomo, Y: 2022). Investors need to do an analysis for the stocks to be selected. "Making good decisions in investing in financial assets, requires knowledge to analyze securities and portfolio management" (Amenda, et al: 2022). Investing in the Capital Market requires a variety of knowledge, including how an investor understands fundamental analysis as a consideration in choosing stocks for long-term investment. In fundamental analysis, the basic analysis refers to the company's financial statement information, calculates intrinsic value based on the company's financial data, namely in the form of financial ratios (Karman, A et al: 2022), and technical analysis which is an analysis for short-term oriented investors as a trader. Technical analysis is one of the methods used to calculate stocks on the basis of existing statistical data from stock trading activities including

transaction volume, stock prices (Karman, A. et al: 2022). The benefits that can be obtained by investing in the capital market are capital gains and dividends which are the results obtained from the difference between the selling price and the buying value of shares when investors sell these shares (Tambunan, D: 2020). Long-term oriented investors tend to aim for dividends. The Indonesia Stock Exchange as one of the entities in the Capital Market provides convenience for investors who are oriented towards dividends obtained through the existence of a stock index. A stock index is a statistical measure that represents the overall movement or price activity of a group of stocks which is determined based on certain criteria and methodologies which are also evaluated periodically (www.idx.co.id). The IDX high dividend 20 is one among various indices that measure the price performance of 20 issuers or stocks that have distributed cash dividends in the last 3 years and have high dividend yields. Even though investors have been helped by this stock index, it is still necessary to consider the fundamental aspects in making investment decisions.

Investment is an activity that aims to multiply wealth in the future by optimizing the function of money that is owned now (Abi, F: 2016). Investments are generally classified into two, namely financial and real assets. Most people invest in real assets including gold, precious metals, buildings, land and some invest in mutual funds, deposits, bonds, stocks which are financial assets.

Based on Law No. 8 of 1995 concerning Capital Markets which stated that it has a strategic role in national development as one of the sources of financing that can be utilized by the business world and a vehicle for investment for the community, as a place to invest. The financial report is a report that describes the quantitative aspects of the company's fundamentals. Fundamental analysis is also carried out by using the approach to calculate financial ratios, namely liquidity ratios, solvency, profitability, activity, market ratios (Alfaruqi F.I: 2022). Some of the ratios used are as follows ROE, DER, DPR, DPS, EPS, PER and PBV. Making

investment decisions that can be calculated through stock valuation was Price Earning Ratio (PER) and Price to Book Value (PBV) (Nurhayati, et al, 2022).

RESEARCH METHOD

This research used quantitative research with a descriptive approach. The data population was all companies included in the high dividend index 20. The sampling data was taken by using the purposive sampling method with the following criteria a) Issuers listed on the HIDIV 20 index for 5 years, 2017-2021; b) Issuers releasing financial reports in rupiah currency; c) Issuers other than the financial sector; d) Companies that distribute dividends regularly during 2017-2021. Fundamental analysis calculations in this study use several ratios, namely ROE, DER, DPR, DPS, EPS, PER (Alfaruqi F.I, 2022).

RESULT AND DISCUSSION

Tabel 1. The Recapitulation of Average Calculation of Financial Ratios for 2018-2021

No	Stock Code	ROE Average	DER Average	DPR Average	DPS Average	EPS Average	PER Average	PBV Average
1	ASII	13%	45%	39%	195	492	14	1,4
2	HMSP	32%	35%	99%	91	92	21	7,2
3	INDF	11%	49%	42%	268	660	12	1,0
4	INTP	7%	18%	144%	606	447	38	2,6
5	TLKM	24%	47%	79%	160	208	18	3,0
6	UNTR	16%	42%	41%	1073	2595	10	1,5
7	UNVR	135%	73%	83%	136	193	37	50,2

Source : Processed data (2022)

The ROE ratio compares net income to equity and also reflects information regarding company growth. Based on the ROE calculation results, the highest average ROE is owned by UNVR by 135%, the second is owned by HMSP by 32%, the third is owned by TLKM by 24%, the fourth is owned by UNTR by 16%, the fifth is ASII by 13%, the sixth is owned by INDF by 11%, the seventh is owned by INTP by 7%.

The DER ratio is used to see how much debt a company uses in its operational activities compared to the value of its equity (Movizar & Manurung, 2022). Based on the results of calculating the average DER from lowest to highest, INTP is 18%,

HMSP is 35%, UNTR is 42%, ASII is 45%, TLKM is 47%, INDF is 49%, UNVR is 73% .

The DPR ratio shows the results of calculating the average DPR from highest to lowest are as follows INTP of 144%, HMSP of 99%, UNVR of 83%, TLKM of 79%, INDF of 42%, UNTR of 41%, ASII of 39 %.

The DPS ratio based on the calculation of the average DPS value from 2018 to 2021 from the highest to the lowest order is as follows: UNTR is 1,073, INTP is 606, INDF is 268, ASII is 195, TLKM is 16, UNVR is 136, HMSP is 96.

The EPS ratio is a ratio that compares net income to outstanding shares and informs the company's growth (Peranginangin, A. M., 2021). The higher the EPS ratio indicates that the company's ability to earn profits is increasing. This also indicates that the company's ability to sell its products and make money has also increased. The results of calculating the average EPS from the highest to the lowest are as follows: UNTR is 2,595, INDF is 660, ASII is 492, INTP is 447, TLKM is 208, UNVR is 193, HMSP is 92.

The PER ratio aims to see the stock price relative to its earnings (Hanafi, M. M., 2014). Based on the results of calculating the average PER, sorted from lowest to highest, are as follows UNTR 10x, INDF 12x, ASII 14x, TLKM 18x, HMSP 21x, UNVR 37x, INTP 38x. A high PER value indicates a longer time needed to return the invested capital, and vice versa. If the PER is getting lower, it shows that the time needed to return the invested capital is getting shorter.

Based on the results of PBV calculations, the seven issuers have an average PBV > 1 or can be categorized as overvalued (Movizar & Manurung, 2022). However, if sorted from the lowest PBV value to the highest, it is as follows INDF of 1.0, ASII of 1.4, UNTR of 1.5, INTP of 2.6, TLKM of 3.0, HMSP of 3.0, UNVR of 50 ,2.

The results of fundamental analysis show that the highest average ROE is owned by UNVR, the lowest average DER is INTP, the highest average DPR is INTP, the highest average DPS is UNTR, the highest average EPS is UNTR, the

average PER the lowest is UNTR. If it is seen from the average PER, there are five issuers that have relatively cheap prices where $PER < 15x$, namely UNTR, INDF and ASII. Meanwhile, based on the average PBV, there is only one issuer that has a $PBV < 1$, namely INDF. It can be concluded that INDF is the only issuer that is still undervalued. If it is seen from a fundamental perspective, INDF is also fairly well-funded. Meanwhile, based on PER, there are two undervalued issuers, namely UNTR and ASII. From a fundamental perspective, these two issuers are still in the top five companies with good fundamentals. However, in making investment decisions, investors must also be equipped with the company's prospects in the future.

CONCLUSSION AND SUGGESTION

Based on PBV and PER, INDF is the only issuer that is still undervalued. And from a fundamental perspective, INDF is also fairly well-funded. Meanwhile, based on PER, there are two undervalued issuers, namely UNTR and ASII. From a fundamental perspective, these two issuers are still in the top five companies with good fundamentals. However, in making investment decisions, investors must also be equipped with the company's prospects in the future.

Investing in the capital market must be based on the purpose of investing first. For long term investment purposes, dividends are one of the things that need attention. In selecting issuers, investors can use fundamental analysis as a tool that can be used, and it is advisable to consider the prospects of issuers in the future. Future researchers can complement several other approaches in making investment decisions.

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