

**COMPARISON ANALYSIS OF CONTRARIAN STRATEGY IN U.S. AND
INDONESIAN MARKET**

Thesis

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APPROVAL PAGE

**COMPARISON ANALYSIS OF CONTRARIAN STRATEGY IN U.S. AND
INDONESIAN MARKET**



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LEGITIMATION PAGE

THESIS

**COMPARISON ANALYSIS OF CONTRARIAN STRATEGY IN U.S. AND
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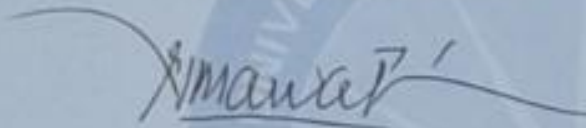
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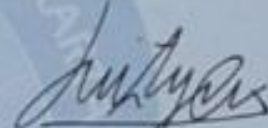
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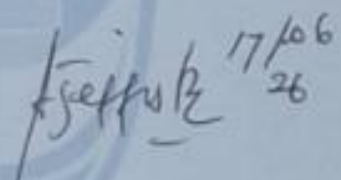


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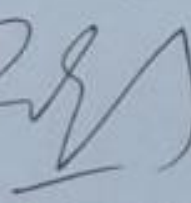
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ACKNOWLEDGEMENT

I, Gabriella Christie Tololiu solemnly affirm that the work presented in this thesis titled:

COMPARISON ANALYSIS OF CONTRARIAN STRATEGY IN U.S. AND INDONESIAN MARKET

is entirely my own effort, except where otherwise acknowledged. All sources used in this thesis have been duly cited and referenced. I have not used any unauthorized assistance or resources in completing this work. Furthermore, I declare that this thesis has not been submitted for any other degree or qualification at Universitas Atma Jaya Yogyakarta or any other institution.

Yogyakarta, 2026

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a series of loops and a long horizontal stroke.

Gabriella Christie Tololiu

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Highest praise and glory are given to Jesus Christ, for Him is the ultimate reason of this thesis entitled, “**COMPARISON ANALYSIS OF CONTRARIAN STRATEGY IN U.S. AND INDONESIAN MARKET**” can be completed.

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While acknowledging the limitations of this study, the researcher welcomes constructive feedback to refine future inquiries. It is hoped that, despite these constraints, this study offers meaningful insights and serves as a foundational resource for further academic exploration.

ABSTRACT

This study investigates the effectiveness of the contrarian investment strategy in the Indonesian stock market compared to international markets, specifically in U.S market. With the increasing popularity of stock investments due to their accessibility, liquidity, and transparency, investors must adopt strategies to optimize returns and mitigate losses. The contrarian strategy, based on the theory that stocks with extreme returns (either high or low) will eventually reverse, offers an alternative to traditional market assumptions. Building on De Bondt and Thaler's (1985) findings, this research evaluates "winner" and "loser" stocks using historical data, which is the monthly return. Furthermore, this research finds that despite of having several raw returns, the contrarian strategy however is unable to generate profit in both U.S. and Indonesian market. These raw returns are solely compensation of exposure to market, size, and value risk rather than a true abnormal profit. Those kinds of stocks can earn extra return even without any special strategy, because they carry known risk exposures. Moreover, market behavior proxies in this study are unable to explain and influence the movement of contrarian returns.

Keywords: Contrarian Strategy, Overreaction, Market Behavior, Winner and Loser Stocks, Portfolio

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