

EVALUATION OF SHARI'AH STOCKS INTEGRATING TOTAL RETURN AND MARGIN OF SAFETY: EVIDENCE FROM THE JAKARTA ISLAMIC INDEX 2020–2025

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ARTICLE INFO

Kata Kunci: *Total Return; Margin of Safety; Value Investing; Income Investing; Shari'ah Stocks; Jakarta Islamic Index.*

Cara Sitasi:
Penulis, Ismiatul Khairiyah.
“Evaluation of Shari'ah Stocks Integrating Total Return and Margin of Safety: Evidence From the Jakarta Islamic Index 2020–2025.” *Currency (Jurnal Keuangan dan Perbankan Syariah)* [Volume 05, Nomor 01](#) Oktober 2026

ABSTRACT

This research is motivated by the development of the Islamic capital market in Indonesia and investors' need for investment evaluation methods that measure not only the level of return but also the level of investment safety. Most previous studies tend to analyze Islamic stock returns and stock valuations separately, thus failing to provide a comprehensive overview of investment quality. This study aims to analyze the level of investment return through Total Return, the level of investment safety through Margin of Safety (MOS), and the relationship between these two indicators in high-dividend Shari'ah stocks included in the Jakarta Islamic Index (JII) for the 2020–2025 period. The study employs a quantitative approach with a descriptive-comparative design and Spearman correlation analysis on 11 stocks that met the sampling criteria. Total Return is calculated based on capital gains and dividend yields, while the Margin of Safety is determined through intrinsic value estimation using the Graham Number method. The results indicate that ADRO generated the highest Total Return at 229.43%, while INDF had the highest Margin of Safety at 56.37%. The analysis also identified six undervalued stocks and five overvalued stocks. The Spearman correlation test yielded a coefficient of 0.627 with a significance value of 0.039, indicating a positive and significant relationship between Total Return and Margin of Safety. These findings confirm that integrating income investing and value investing approaches can provide a more comprehensive evaluation of Islamic stock investments for investors.

INTRODUCTION

The development of the Shari'ah capital market in Indonesia has shown an increasingly positive trend in recent years. Based on data from the Indonesia Stock Exchange (IDX), the number of Islamic stock investors has increased significantly along with the rise in Shari'ah financial literacy and public access to Shari'ah-based investment instruments (Bursa Efek Indonesia, 2025). This increase indicates that Islamic stocks are no longer viewed as alternative investment instruments, but have become an important part of the national Shari'ah financial industry's growth. This condition drives the need for investment evaluation methods that are capable of measuring both the level of investment return and the level of investment safety obtained by investors.

One of the main reference indices for Shari'ah stock investment in Indonesia is the Jakarta Islamic Index (JII). JII consists of the 30 most liquid Shari'ah stocks listed on the Indonesia Stock Exchange and is evaluated periodically every six months (Bursa Efek Indonesia, 2025). These

characteristics make JII a representation of leading Islamic stocks widely used by investors as a basis for constructing Shari'ah investment portfolios. Therefore, analyzing the stocks included in the JII is essential to understanding the performance and investment feasibility of Islamic stocks in Indonesia.

From an investment perspective, the success of stock investing is not only determined by the increase in stock price (capital gain) but also by the stock's ability to generate income in the form of dividends. Therefore, the use of Total Return is considered more representative than analyzing stock price returns separately because it integrates all economic benefits received by investors through a combination of capital gains and dividend yields. This approach becomes increasingly relevant for stocks that consistently distribute dividends, as investors expect not only stock price appreciation but also cash flows originating from company profit distributions.

On the other hand, investors also need to consider the aspect of investment safety. In financial literature, a widely used concept to assess the safety level of an investment is the Margin of Safety (MOS), introduced by Benjamin Graham through the value investing approach. The Margin of Safety describes the difference between a stock's intrinsic value and its market price so it can be used as a measure of protection against valuation errors and market uncertainties. (Graham, 2006) The larger the Margin of Safety a stock possesses, the greater the level of protection investors obtain against potential declines in investment value.

Literature on Shari'ah stock investment basically develops within two main streams. The first stream focuses on analyzing Shari'ah stock returns through corporate fundamental approaches and dividend policies. Various studies show that indicators such as Return on Assets (ROA), Debt to Equity Ratio (DER), Earnings per Share (EPS), Price to Book Value (PBV), and dividend yield play an important role in explaining variations in Shari'ah stock returns. Haron and Siraj found that investment, debt, and dividend policies affect the return of Islamic stocks included in the Indonesian Shari'ah Stock Index (ISSI). (Haron & Siraj, 2021) Ananta and Mawardi demonstrated that dividend yield is an important determinant in forming stock returns for companies included in the Jakarta Islamic Index. (Ananta & Mawardi, 2020) Similar findings were also demonstrated by Mursekha (Mursekha & Khamidah, 2022) as well as Safitri et al., (Safitri et al., 2024) reinforcing that corporate fundamental factors can be used to explain changes in Shari'ah stock returns.

The value investing approach emphasizes the importance of intrinsic value analysis and Margin of Safety in investment decision-making. Abadiyah and Endraswati showed that the intrinsic value and Margin of Safety approach can be used to identify stocks in undervalued or overvalued conditions, making it a viable basis for long-term investment evaluation. (Abadiyah & Endraswati, 2023) This approach aligns with Graham's thinking, which positions the Margin of Safety as a primary instrument to minimize investment risk resulting from errors in estimating intrinsic value. (Graham, 2006) Meanwhile, Marlinda and Syahputra found that there is no significant difference between the returns and risks of Shari'ah stocks and conventional stocks, although their study had not yet incorporated valuation or dividend policy aspects into its analytical model. (Marlinda & Syahputra, 2024)

Developments in international literature indicate that value investing strategies still possess strong relevance in explaining long-term investment performance. Monge, Lazcano, and Parada found that stocks traded below their fair value tend to generate better investment performance in the long run compared to stocks traded at high valuations. (Monge et al., 2023) Additionally, Akhtar et al. showed that Shari'ah assets are capable of providing significant diversification benefits and portfolio value enhancement, thus gaining increasing attention in global financial literature. (Akhtar et al., 2023) These findings are reinforced by research from

Naifar et al., which demonstrates that Shari'ah stock portfolios can generate competitive investment performance with good risk resilience across various market conditions. (Naifar, 2024)

Although the literature on Shari'ah stock investment is growing rapidly, differences in focus remain regarding how to explain the investment quality of a stock. Some studies place return as the primary indicator of investment success, while others emphasize the importance of valuation and Margin of Safety as safety indicators. In other words, research on Shari'ah stock returns and research on Shari'ah stock valuations still develop partially, leaving a lack of strong consensus on how investment returns and investment safety levels should be evaluated simultaneously within the context of Shari'ah stocks. Based on these developments, the state of the art of this research lies in its effort to integrate two approaches that have previously developed separately in Islamic investment literature.

Current literature on Shari'ah stock investment develops into two main streams: return analysis and valuation analysis. However, both approaches are generally applied separately, failing to produce an investment evaluation framework capable of simultaneously integrating profitability and investment safety aspects. Consequently, investors still face limitations in obtaining comprehensive information regarding Shari'ah stocks that not only yield high profits but also possess adequate investment safety levels. Furthermore, most previous studies utilize causal approaches among financial variables to explain Shari'ah stock returns. Studies specifically integrating Total Return which encompasses capital gains and dividend yields with Margin of Safety as a measure of investment safety in high-dividend Shari'ah stocks remain relatively limited. This limitation indicates a research gap that needs to be addressed through research linking investment profitability and safety aspects within a unified analytical framework. Based on this research gap, this study aims not only to identify Shari'ah stocks that possess high levels of return and investment safety but also to explore the relationship between Total Return and Margin of Safety in high-dividend Shari'ah stocks included in the Jakarta Islamic Index for the 2020–2025 period. This focus is essential because high investment returns are not necessarily accompanied by adequate investment safety levels; likewise, stocks with a high Margin of Safety do not necessarily generate optimal returns. Thus, this study offers an integration of income investing and value investing perspectives within a single Shari'ah stock investment evaluation framework. The contribution of this research lies not only in its practical aspect as a basis for investment decision-making but also in its theoretical aspect by advancing the understanding of the relationship between investment profitability and safety within the context of the Shari'ah capital market.

THEORETICAL REVIEW

Total Return

Total return is the overall rate of return received by an investor during an investment period. This concept combines two sources of stock investment returns: capital gains and dividend yields. According to Bodie, Kane, and Marcus, total return is a more comprehensive measure of investment performance compared to merely using stock price returns because it reflects the entire economic benefits received by the investor. (Bodie et al., 2021)

The first component of total return is capital gain, which is the profit obtained due to the increase in stock price during the investment period. If the selling price is higher than the buying price, the investor earns a capital gain; conversely, if the selling price is lower than the buying price, the investor experiences a capital loss.

$$\text{Capital Gain} = \frac{P_t - P_0}{P_0} \times 100\%$$

The second component is dividend yield, which is the investment return rate originating from the company's cash dividend distributions to shareholders. Dividend yield indicates the stock's ability to generate periodic income, making it one of the key indicators monitored by investors who implement income investing strategies.

$$\text{Dividend Yield} = \frac{DPS}{P_0} \times 100\%$$

In this study, total return is used to measure the level of investment return obtained by investors from the dividend-paying Shari'ah stocks that serve as the research sample.

$$\begin{aligned} \text{Total Return} &= \text{Capital Gain} + \text{Dividend Yield} \\ &= \frac{P_t - P_0 + \sum DPS}{P_0} \times 100\% \end{aligned}$$

Margin Of Safety

Before calculating the Margin of Safety, we must first find its intrinsic value using the Graham Number Method. Developed by Benjamin Graham, this method estimates the intrinsic value of a stock based on its earnings per share and book value per share. (Graham, 2006)

$$GN = \sqrt{22,5 \times EPS \times BVPS}$$

Furthermore, the concept of Margin of Safety was introduced by Benjamin Graham as a measure of investment safety obtained from the difference between the intrinsic value and the market price of a stock (Graham, 2006).

$$MOS = \frac{\text{Nilai Intrinsik} - \text{Harga Pasar}}{\text{Nilai Intrinsik}} \times 100\%$$

RESEARCH METHOD

This study uses a quantitative approach with a descriptive-comparative research design and correlation analysis. The quantitative approach is applied because the study aims to measure and analyze investment returns and safety levels based on numerical data obtained from financial statements, stock price data, and corporate dividend data. (Sugiyono, 2021) Desain deskriptif digunakan untuk menggambarkan karakteristik keuntungan investasi dan The descriptive design is used to outline the investment return and safety characteristics of each Shari'ah stock in the sample. Furthermore, the comparative approach is utilized to compare return and safety levels among issuers, while Spearman correlation analysis is used to test the relationship between Total Return and Margin of Safety as representations of profitability and investment safety.

The population consists of all Shari'ah stocks listed in the Jakarta Islamic Index (JII) during the 2020–2025 period. The Jakarta Islamic Index comprises the thirty most liquid Shari'ah stocks listed on the Indonesia Stock Exchange and is evaluated periodically every six months. (Indonesia, 2025) The selection of JII is based on the consideration that the index represents a group of blue-chip Shari'ah stocks with relatively high levels of liquidity and market capitalization compared to other Shari'ah stocks.

The sampling technique employs purposive sampling, a method of selecting samples based on specific criteria that align with the research objectives. The sample selection criteria are as follows:

1. The stock was consistently listed as a constituent of the Jakarta Islamic Index (JII) throughout the 2020–2025 period.
2. The company published complete financial statements and annual reports during the research period.
3. The company has complete data regarding stock prices, financial statements, Earnings per Share (EPS), and Book Value per Share (BVPS).
4. The company distributed cash dividends consecutively throughout the 2020–2025 period.

5. Complete stock price and dividend data are available throughout the research period.
6. The company did not experience delisting during the research period.
7. Based on these criteria, the stocks that qualified and became the research sample include:

Table 1. Research Sample Selection Criteria

<i>Sample Selection Stage</i>	<i>Total</i>
<i>Constituents of the Jakarta Islamic Index (JII) with complete financial data for the years 2020–2025</i>	30
<i>Consistently included in JII during the research period</i>	14
<i>Did not distribute dividends consecutively</i>	3
<i>Final Sample Size</i>	11

Source: Processed data, 2026

the final sample is concluded as follows:

Table 2. List of Corporate Stocks Consistently Registered in the Jakarta Islamic Index (JII) and Routinely Distributing Dividends for the 2020–2025 Period

<i>No</i>	<i>Kode Saham</i>	<i>Nama Perusahaan</i>
1	TLKM	PT Telkom Indonesia (Persero) Tbk
2	KLBF	PT Kalbe Farma Tbk
3	ADRO	PT Alamtri Resources Indonesia Tbk.
4	UNVR	PT Unilever Indonesia Tbk
5	PTBA	PT Bukit Asam Tbk
6	ICBP	PT Indofood CBP Sukses Makmur Tbk
7	SMGR	PT Semen Indonesia (Persero) Tbk
8	CPIN	PT Charoen Pokphand Indonesia Tbk
9	ANTM	PT Aneka Tambang Tbk
10	UNTR	PT United Tractors Tbk
11	INDF	PT Indofood Sukses Makmur Tbk

Source: Processed by the author based on Jakarta Islamic Index constituent data for the 2020–2025 period

Data used are secondary data obtained from corporate annual reports, dividend distribution reports, and stock price data published by the Indonesia Stock Exchange and the official websites of each company. The use of secondary data is considered relevant because all research variables can be measured objectively based on information published by the issuers and capital market authorities. (Sekaran & Bougie, 2020)

This study uses two primary variables: Total Return as a proxy for investment return and Margin of Safety as a proxy for investment safety. The operational definition of each variable is presented in the table below:

Table 3. Operational Definition of Variables

<i>Variable</i>	<i>Operational Definition</i>	<i>Indicator</i>	<i>Scale</i>
<i>Total Return (Y₁)</i>	The level of investment return obtained by an investor during the investment period.	Capital Gain + Dividend Yield	Ratio
<i>Margin of Safety (Y₂)</i>	The level of investment safety measured through the difference between intrinsic value and market price.	Intrinsic Value and Market Price	Ratio

Data analysis is performed in several stages. The first stage is calculating Capital Gain, Dividend Yield, and Total Return for each stock during the 2020–2025 period to identify investment return levels. The second stage is calculating intrinsic value using the Graham Number method and determining the Margin of Safety to identify investment safety levels. The third stage is comparing the Total Return and Margin of Safety results across stocks to obtain a comparative overview of each issuer's investment characteristics.

The fourth stage is testing the relationship between Total Return and Margin of Safety using Spearman correlation analysis. Spearman correlation analysis is utilized because the sample size is relatively limited and it does not require normal distribution assumptions like Pearson correlation. It measures the strength and direction of the relationship between two variables measured based on ranks. The Spearman correlation coefficient values range from -1 to +1, where positive values indicate a direct relationship, negative values indicate an inverse relationship, and values close to zero indicate no meaningful relationship. The statistical hypotheses in this study are formulated as follows:

H₀: There is no significant relationship between Total Return and Margin of Safety in high-dividend Shari'ah stocks included in the Jakarta Islamic Index for the 2020–2025 period.

H₁: There is a significant relationship between Total Return and Margin of Safety in high-dividend Shari'ah stocks included in the Jakarta Islamic Index for the 2020–2025 period.

Decision-making is carried out at a 5 percent significance level. **H₀** is rejected if the significance value (p-value) is less than 0.05, whereas **H₁** is accepted if the significance value is greater than 0.05.

DISCUSSION

Stock Total Return

The results show that the total return of Islamic stocks in the Jakarta Islamic Index for the 2020–2025 period is not determined solely by capital gains, but is also influenced by the contribution of dividend yields. Stocks like ADRO, PTBA, and UNTR managed to generate high total returns because they were supported by large dividend distributions during the observation period. Conversely, UNVR, SMGR, and CPIN recorded negative total returns due to stock price declines that outweighed the benefits obtained from dividends.

Table 4. Stock Total Return

No	Code	Capital Gain (%)	Dividend Yield (%)	Total Return (%)
1	TLKM	5,14	26,48	31,62
2	KLBF	-18,58	11,35	-7,23
3	ADRO	26,57	202,86	229,43
4	UNVR	-64,63	9,59	-55,03
5	PTBA	-17,79	92,08	74,28
6	ICBP	-14,36	9,13	-5,23
7	SMGR	-78,71	6,35	-72,36
8	CPIN	-30,88	7,02	-23,86
9	ANTM	62,79	21,44	84,23
10	UNTR	10,90	51,52	62,42
11	INDF	-1,09	19,85	18,76

(Source: Processed data, 2026)

Based on Table 4, the total return of Shari'ah stocks in the Jakarta Islamic Index (JII) for the 2020–2025 period shows substantial variation across issuers. ADRO recorded the highest total return at 229.43%, stemming from a capital gain of 26.57% and a cumulative dividend yield of 202.86%. This finding demonstrates that most of the investor gains in ADRO stock came

not from stock price increases, but were primarily supported by massive dividend payout policies during the observation period. In other words, investors who applied a buy-and-hold strategy reaped significant benefits through recurring dividend cash flows.

A similar phenomenon is seen in PTBA and UNTR stocks. PTBA generated a total return of 74.28% despite experiencing a capital loss of 17.79%. The high cumulative dividend yield of 92.08% was able to compensate for the stock price decline, ensuring investors still obtained positive gains. Meanwhile, UNTR recorded a total return of 62.42%, with a capital gain contribution of 10.90% and a dividend yield of 51.52%. These results demonstrate that dividend distributions play a crucial role in shaping the total return of Shari'ah stock investments. For some issuers, investor returns derived more from dividends than from stock price appreciation.

Conversely, not all stocks that distributed dividends generated good total returns. For instance, UNVR still recorded a negative total return of -55.03% despite providing a cumulative dividend yield of 9.59%. The stock price decline, which reached 64.63%, could not be offset by the dividend benefits received by investors. A similar situation occurred with SMGR and CPIN, which generated total returns of -72.36% and -23.86%, respectively. This finding indicates that investment strategies focusing solely on dividends without considering price movements can potentially lead to sub-optimal investment decisions.

The results of this study align with research by Ananta and Mawardi, which states that dividend yield is an influential factor in forming stock returns for issuers listed in the Jakarta Islamic Index. (Ananta & Mawardi, 2020) The findings also support Haron and Siraj, who found that dividend policy is a determinant of Shari'ah stock returns. (Haron & Siraj, 2021) However, this study provides a more comprehensive perspective than previous literature. While earlier studies emphasized the relationship or impact of dividend yield on stock returns, this research measures the actual returns of investors through a total return approach that integrates capital gains and dividend yields over the 2020–2025 holding period.

This study's findings also show that stocks with negative capital gains do not necessarily produce negative total returns if supported by a large dividend yield, as demonstrated by PTBA. Conversely, stocks that consistently distribute dividends do not guarantee superior investment performance if they undergo significant price drops, as seen in UNVR. Therefore, using total return is deemed more representative than assessing stock price returns or dividend yields separately because it captures the total economic benefits received by investors. Thus, these results expand Shari'ah investment literature by showing that investors cannot merely consider dividend size when selecting Islamic stocks. Investors must also consider valuation aspects to know whether a stock is traded at a fair price. Therefore, an additional indicator in the form of Margin of Safety using the Graham Number approach is required to complement the total return analysis so that investment decisions can be made more comprehensively, balancing both profit and safety aspects.

Margin of Safety

Based on intrinsic value calculations using the Graham Number method, six stocks were found to be undervalued and five stocks were overvalued at the end of 2025. Stocks classified as undervalued include ADRO, PTBA, ICBP, ANTM, UNTR, and INDF, with positive Margin of Safety (MOS) values ranging between 4.64% and 56.37%. Meanwhile, TLKM, KLBF, UNVR, SMGR, and CPIN showed negative MOS values, thus being categorized as overvalued.

INDF possessed the highest Margin of Safety at 56.37%, followed by ADRO at 54.74% and UNTR at 38.49%. This finding indicates that the market prices of these three stocks are far below their estimated intrinsic values, thereby potentially offering a higher level of investment

safety for investors implementing value investing strategies. On the other hand, UNVR exhibited the highest level of overvaluation with an MOS of -194.84%, indicating that its market price has been traded far above its intrinsic value based on the Graham Number approach. This condition reflects a narrowing cushion of protection (margin of safety) for investors if they purchase the stock at the current market price.

The results of this study are consistent with research by Abadiyah and Endraswati, who found that the intrinsic value and Margin of Safety approach can be utilized to identify undervalued and overvalued conditions as a basis for investment decision-making.(Abadiyah & Endraswati, 2023) Their study affirmed that stocks traded below their fair value tend to provide better investment safety for long-term investors. The findings of this study expand on those results by showing that the concept of Margin of Safety is not only capable of classifying stocks based on price fairness but can also be combined with investment performance indicators to produce a more applicable stock ranking system for Shari'ah stock investors.

When compared to total returns over the 2020–2025 period, it was found that some undervalued stocks like ADRO, ANTM, PTBA, and UNTR were able to generate high total returns. ADRO recorded a total return of 229.43%, ANTM at 84.23%, PTBA at 74.28%, and UNTR at 62.42%. This indicates that stocks traded below their intrinsic value tend to deliver better investment performance. This condition aligns with Benjamin Graham's value investing theory, which posits that purchasing stocks at prices lower than their fair value has the potential to generate more optimal long-term gains because investors obtain a "cushion of safety" against valuation errors.

Nevertheless, the relationship between Margin of Safety and Total Return is not always linear. INDF, for instance, had the highest Margin of Safety at 56.37% but only generated a total return of 18.76%. Conversely, ADRO generated an exceptionally high total return that was driven not only by its undervalued condition but also by massive dividend distributions during the research period. This shows that the investment performance of Shari'ah stocks is influenced not only by the degree of undervaluation but also by dividend policies and market price dynamics.

Table 5. Margin of Safety Table

<i>Code</i>	<i>Intrinsic Value (GN)</i>	<i>Market Price 2025</i>	<i>MOS (%)</i>	<i>Status</i>
<i>TLKM</i>	2.343,78	3.480	-48,48	Overvalued
<i>KLBF</i>	956,17	1.205	-26,02	Overvalued
<i>ADRO</i>	3.999,07	1.810	54,74	Undervalued
<i>UNVR</i>	881,84	2.600	-194,84	Overvalued
<i>PTBA</i>	3.418,87	2.310	32,43	Undervalued
<i>ICBP</i>	9.128,10	8.200	10,17	Undervalued
<i>SMGR</i>	2.025,51	2.640	-30,34	Overvalued
<i>CPIN</i>	4.164,08	4.510	-8,31	Overvalued
<i>ANTM</i>	3.303,18	3.150	4,64	Undervalued
<i>UNTR</i>	47.956,12	29.500	38,49	Undervalued
<i>INDF</i>	15.527,09	6.775	56,37	Undervalued

Source: Processed data, 2026

These findings suggest that Margin of Safety is not the sole determinant of investment success, but acts as an initial screening tool to identify stocks with attractive investment potential. This result also complements the study by Marlinda and Syahputra, which stated that there is no significant difference between the return and risk of Shari'ah and conventional

stocks, though their study lacked valuation and dividend policy aspects in its analysis. (Marlinda & Syahputra, 2024) This study demonstrates that integrating value investing via Margin of Safety and income investing via Total Return can provide a more comprehensive picture of Shari'ah stock Overall, the results indicate that Margin of Safety can be used as a screening tool to identify Shari'ah stocks with compelling investment potential. However, investors still need to consider other factors such as dividend yield, company growth prospects, and industry conditions for more comprehensive decision-making.

The combined analysis of Total Return and Margin of Safety provides a more complete view of the performance and feasibility of Shari'ah stock investments listed in the Jakarta Islamic Index during the 2020–2025 period. This finding simultaneously contributes to Islamic investment literature by demonstrating that high-dividend Shari'ah stocks should be evaluated not just on historical returns but also on their investment safety levels via intrinsic value approaches.

Stock Categorization Based on Total Return and Margin of Safety

Table 6. Stock Categorization Based on Total Return and Margin of Safety

<i>Category</i>	<i>Criteria</i>	<i>Stock Codes</i>	<i>Interpretation</i>
<i>Highly Attractive</i>	High Total Return and positive MOS	ADRO, PTBA, UNTR, ANTM	Provides high return potential with adequate investment safety levels.
<i>Potential</i>	Positive MOS, but relatively moderate Total Return	INDF, ICBP	Possesses an attractive valuation for long-term investment, though historical returns are not yet optimal.
<i>Moderately Attractive</i>	Positive Total Return or near-fair MOS	TLKM, KLBF, CPIN	Worth considering by paying attention to market conditions and company prospects.
<i>Less Attractive</i>	Low/negative Total Return and negative MOS	UNVR, SMGR	Indicates relatively low return and investment safety levels.

Source: Processed data, 2026

Based on Table 6, stocks in the Highly Attractive category are those capable of combining high investment returns with adequate investment safety levels. ADRO, PTBA, UNTR, and ANTM fall into this group because they generated relatively high Total Returns supported by positive Margins of Safety.

This condition shows that investors not only gained through capital gains and dividend yields but also purchased the stocks at prices below their estimated intrinsic values. The Potential category consists of INDF and ICBP, which have a positive Margin of Safety but have not generated Total Returns as high as the previous group. This finding shows that stocks with high levels of undervaluation do not automatically yield the largest investment returns within the observed period, yet they remain attractive for long-term oriented investors.

Meanwhile, TLKM, KLBF, and CPIN are categorized as Moderately Attractive because they only showed strength in one of the indicators. Investors need to consider other factors, such as corporate growth prospects and industry conditions, before making investment decisions. UNVR and SMGR fall into the Less Attractive category because they recorded low Total Returns accompanied by overvalued conditions. Thus, these two stocks possess relatively inadequate return and investment safety levels compared to other stocks in the research sample.

This categorization results expand on research by Abadiyah and Endraswati, who used Margin of Safety solely to determine undervalued and overvalued conditions as a basis for investment decisions.(Abadiyah & Endraswati, 2023) This study shows that Margin of Safety becomes more informative when combined with Total Return, allowing investors to consider profit and safety aspects simultaneously.

Furthermore, these findings complement research by Marlinda and Syahputra, who compared returns and risks of Shari'ah and conventional stocks without considering valuation or dividend policies.(Marlinda & Syahputra, 2024) Through the integration of income investing and value investing approaches, this study produces a more applicable stock categorization model as an investment screening tool for Shari'ah investors.

Spearman Correlation Analysis Results

Spearman correlation analysis was conducted to determine the relationship between Total Return as a proxy for investment return and Margin of Safety as a proxy for investment safety.

Table 7. Spearman Correlation Test Results

<i>Variabel</i>	<i>Koefisien Spearman (ρ)</i>	<i>Sig. (2-tailed)</i>
<i>Total Return – Margin of Safety</i>	0,627	0,039

(Source: Processed data, 2026)

The test results show that the Spearman correlation coefficient value is 0.627 with a significance level of 0.039. This coefficient value indicates a positive relationship with a reasonably strong correlation. Meanwhile, the significance value below 0.05 indicates that the relationship between the two variables is statistically significant. Therefore, the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted.

This finding shows that stocks with higher investment safety levels tended to generate higher investment returns during the research period. Nonetheless, the relationship is not perfect. Some stocks show that high investment safety does not always translate into the highest Total Return. For example, INDF possessed the highest Margin of Safety at 56.37% but only generated a Total Return of 18.76%. Conversely, ADRO generated the highest Total Return at 229.43% with a Margin of Safety of 54.74%. This indicates that investment returns are influenced not only by safety levels but also by other factors such as corporate earnings growth, dividend policies, and stock price dynamics during the investment period.

CONCLUSION

This study aimed to analyze investment returns through Total Return, investment safety through Margin of Safety (MOS), and the relationship between these two indicators in high-dividend Shari'ah stocks included in the Jakarta Islamic Index (JII) for the 2020–2025 period. The results show that investment return levels differ for each stock studied. ADRO emerged as the stock with the highest Total Return, while SMGR generated the lowest Total Return. This finding demonstrates that status as a high-dividend Shari'ah stock does not automatically guarantee the same level of investment return for investors because investment performance remains driven by the combination of capital gains and dividend yields generated by each company.

From the investment safety side, the results indicate that six stocks were in an undervalued condition and five stocks were overvalued. INDF had the highest Margin of Safety, while UNVR had the lowest Margin of Safety. This finding indicates that high-dividend Shari'ah stocks are not always traded at prices reflecting their intrinsic values, meaning valuation analysis remains necessary before making investment decisions.

Furthermore, the Spearman correlation test results show a positive and significant relationship between Total Return and Margin of Safety, with a correlation coefficient of 0.627 and a significance level of 0.039. This finding suggests that stocks with higher investment safety levels tend to generate better investment returns. However, this relationship is not perfect because investment returns are also influenced by other factors like dividend policies, earnings growth, and market dynamics.

Theoretically, this study reinforces the view that evaluating stock investments should not be done based on potential returns or safety levels separately. Integrating the Income Investing approach via Total Return and Value Investing via Margin of Safety provides a more comprehensive view of a stock's investment quality. This finding simultaneously fills the gap in previous research that tended to analyze returns and valuations in isolation.

Practically, this study implies that Shari'ah investors need to consider the balance between return potential and investment safety levels in the stock selection process. Stocks with high Total Returns do not necessarily have high investment safety levels; likewise, stocks with a high Margin of Safety do not always yield the highest investment returns. Therefore, more rational investment decisions can be made by considering both indicators simultaneously. This study has limitations as it only used a sample of high-dividend Shari'ah stocks listed in the Jakarta Islamic Index and utilized the Graham Number approach for intrinsic value estimation. Future research is advised to expand the research object to other Islamic indices, use longer observation periods, and incorporate fundamental and macroeconomic variables to obtain a more comprehensive understanding of the relationship between profitability and safety in Shari'ah stock investments.

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