

## **ABSTRACT**

*Capital market is an industry that is always experiencing development. One of the instruments that are tied to the capital market is stocks. There are several indices in the stock market. One of the indexes that is interesting to research is the SRI-Kehati Index because there is still a few discussion about this index. This study aims to examine the effect of liquidity, leverage, and company size on stock returns with profitability as an mediation variable in companies listed on the SRI-Kehati Index 2012-2018 on the Indonesia Stock Exchange. The variables used in this study are Liquidity (CR), Leverage (DER), and Firm Size as independent variables. Stock return is used as the dependent variable and profitability is proxied by ROA. The population in this study are companies listed on the Indonesia Stock Exchange for the period 2012-2018. Many samples are a number of 16 companies that are included in the SRI-Kehati Index. Data analysis using path analysis and the help from SPSS version 23 application for Windows to find the effect of mediation.*

*The results showed that there was a positive and insignificant effect of CR on stock returns, DER had a significant positive effect on stock returns, firm size had no significant negative effect on stock returns. CR and DER have a significant negative effect on ROA, while firm size has a significant positive effect on stock returns. ROA has no effect on mediating the relationship between CR and DER on stock returns, but is able to positively mediate the relationship between firm size and stock returns.*

*Keywords : Liquidity, DER, Firm size, ROA, stock returns*