

# MASTER THESIS

## Analysis of publicly listed microfinance equity diversification potential and possible mission drift

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### Abstract

The objective of this master thesis is to investigate, whether equity of publicly listed Microfinance institutions (MFIs) can be used for portfolio diversification, while these MFIs still maintain its original social mission. To explore these two aspects of publicly listed MFIs, this study is split in two major parts.

The first part is focused on the comparison of risk and return characteristics of selected MFIs shares with conventional financial institutions shares and market equity benchmark indices. The analysis indicates no significant diversification potential in publicly listed microfinance equity.

The second part of this thesis is exploring the impact of IPO on publicly listed MFIs social outreach. It was found some evidence of a drift from the original social mission among selected MFIs. However, there is not enough evidence to claim that for-profit investment cause long-term significant operational change of MFIs.