

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

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| Student: | Bc. Karel Pfeffer |
| Advisor: | prof. Ing. Karel Janda M.A., Dr., Ph.D. |
| Title of the thesis: | Analysis of publicly listed microfinance equity diversification potential and possible mission drift |

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

The thesis of Mr. Pfeffer investigates the opportunity to use publicly listed Microfinance institutions in developing countries for better portfolio diversification. This opportunity is studied from investor perspective who seeks high return investment opportunities. These high return investments into microfinance institutions, however, may contradicts original “social mission” of providing affordable loans to poor people. General conclusions of the thesis are following: including microfinance institutions into the portfolio does not offer significant diversification potential; there is not enough evidence to conclude that public listing of the microfinance institutions change their original mission.

I have somehow mixed feelings about the thesis. On the one hand, topic is very interesting and it seems that author has very good knowledge of the problem of the micro loans. On the other hand, presented text has several drawbacks that undermine its potential to be excellent thesis. I will list some of the drawbacks I have noticed:

- Introduction immediately followed by Summary is not a good idea. Moreover, this Summary subsection consists of three sentences forming three paragraphs.
- Section 2 – five heading levels seems to me too much
- Table 4 with caption related to the Table 5
- Figure 1,2,3,4,5 misleading legend, axis not described, missing caption with proper description
- Table 6 and 7 – decimal separators are not consistent
- p. 41 - Table 7 was already used; *** are usually used for significance at 1% level not 5%
- Wrong numbering of the Tables after p.47
- Generally, I like “Note” presented in the text, however it would be better if they appear in the footnote or they are better incorporated into the text.
- I would put Chapter 5 - Discussion before the Chapter 4 - Conclusion (chapter Conclusion should conclude)

Besides comments on the manuscript form I have one additional question. What is presented in the parentheses of Beta estimate in the Table 6 and 7 (p. 29 and p.30)? It is hard to judge whether 0.20 will be significant at 5% significance level if I do not know what this 0.2 stands for. If it is SE than OK, but then SE of 5.12 would be questionable for significance at 1% level; if 0.2 is t-stat, most probably it will not be significant. How it is?

In case of successful defense, I recommend “velmi dobře” (good, 2)

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SUMMARY OF POINTS AWARDED (for details, see below):

| CATEGORY | POINTS |
|---------------------------------------|-----------|
| Literature (max. 20 points) | 18 |
| Methods (max. 30 points) | 18 |
| Contribution (max. 30 points) | 23 |
| Manuscript Form (max. 20 points) | 5 |
| TOTAL POINTS (max. 100 points) | 64 |
| GRADE (1 – 2 – 3 – 4) | 2 |

NAME OF THE REFEREE: František Čech

DATE OF EVALUATION: 1.2.2017



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong Average Weak
30 15 0

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong Average Weak
30 15 0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong Average Weak
20 10 0

Overall grading:

| TOTAL POINTS | GRADE | | |
|--------------|----------|----------------|---------------------------|
| 81 – 100 | 1 | = excellent | = výborně |
| 61 – 80 | 2 | = good | = velmi dobře |
| 41 – 60 | 3 | = satisfactory | = dobře |
| 0 – 40 | 4 | = fail | = nedoporučuji k obhajobě |