

# Fabio Franceschini

## Contact info

University of Bologna

Department of Economics

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## Fields of interest

Asset Pricing, Economic Growth, Green Finance

## References

**M. Gonzalez-Eiras**

Associate Professor

University of Bologna

**M. M. Croce**

Professor of Finance

Bocconi University

**G. Cavaliere**

Full Professor

University of Bologna

## Academic positions

**Research Fellow**

*University of Bologna, Italy*

Supervisor: G. Cavaliere

**2023-Now**

## Education

**PhD in Economics**

*University of Bologna, Italy*

Advisors: M. Gonzalez-Eiras, M. M. Croce

**2024**

Visiting Student at *London Business School, UK*

2022-23

Sponsor: H. Kung

Courses: Asset Pricing (audit), Empirical Finance (audit)

Visiting Student at *Bocconi University, Italy (Virtual)*

2020-21

Sponsor: M.M. Croce

Courses: Advanced Topics in Asset Pricing (A+), Applied Asset Pricing (audit), Econometric Methods for Finance and Macroeconomics (A-)

Visiting Student at *Vienna Graduate School of Finance, Austria (Virtual)* 2020

Sponsor: C. Wagner

Courses: Asset Pricing (audit)

**MSc in Advanced Economics and Finance**

**2018**

*Copenhagen Business School, Denmark*

Thesis: "Intermediary Asset Pricing and Betting Against Beta"

Credit Student at *University of Copenhagen (DIKU), Denmark*

2017

Courses: Machine Learning, Natural Resources Economics

**BSc in Business Administration** **2016**

*University of Bologna, Italy*

Thesis: "How the financial sector's development affects real growth"

**HSD in Mechanical Engineering** **2013**

*I.I.S. Aldini Valeriani, Italy*

Final dissertation: "Money"

**Teaching  
experience**

**Teaching Assistant**

Asset Pricing (Grad), TA to M. Eiras 2022-25

*University of Bologna, Italy*

Financial Econometrics (Grad), TA to G. Moramarco 2024-25

*University of Bologna, Italy*

Asset Pricing (Grad), TA to G. Camera 2021

*University of Bologna, Italy*

Financial Economics (UndGrad), TA to G. Camera 2020

*University of Bologna, Italy*

Macroeconomics 2 (UndGrad), TA to A. Sørensen 2018

*Copenhagen Business School, Denmark*

**Academic  
service**

**Refereeing**

Ecological Economics

**Organization**

Organizer of the Reading Group in Macro-Finance 2019-21

*University of Bologna, Italy*

**Representation**

Representative of Research Fellows in the Council of Department 2024

*University of Bologna, Italy*

Sole representative of PhD Students in the Council of Department 2019-22

*University of Bologna, Italy*

**Memberships**

Member of the Italian Financial Economists Association 2025-Now

<b>Grants and honors</b>	"Marco Polo Mobility Scholarship", University of Bologna	2022-23
	"PhD Scholarship", University of Bologna	2018-23
	"Er.Go Scholarship", Regional Authority for the Right to Higher Education	2013-16
	"Best laboratory report", Laboratory of Excellence 'Aldini-Ducati'	2012
<b>Professional Experience</b>	Research Assistant <i>Copenhagen Economics A/S, Denmark</i>	2017
	Planning and Control Intern <i>Bologna Local Health Authority, Italy</i>	2014
<b>Relevant IT skills</b>	Advanced: $\text{\LaTeX}$ , R Basic: Matlab, Python, MS Excel, Stata, MS Access	
<b>Personal</b>	Citizenship: Italian Gender: Male Languages: Italian, English Hobbies: Basketball player, hiking enthusiast	
<b>Working papers</b>	<p><b>The long-run innovation risk component</b></p> <p>This paper provides empirical evidence that fluctuations in aggregate Research and Development (R&amp;D) pose a significant risk for investors, as predicted by the "long-run risk" literature. The analysis pivots on a definition of R&amp;D intensity that is grounded on a limited set of flexible economic conditions from the endogenous growth literature, where deviations from the equilibrium R&amp;D level are reflected in the error correction term of the cointegration among R&amp;D, total factor productivity, and labor force. In US data, this process exhibits high persistence despite remaining stationary, allowing for reliable demonstration of its strong forecasting power for both productivity and consumption growth. Driving the persistent component shared by these two series, R&amp;D intensity is argued to identify the long-run innovation risk component. This claim finds further empirical validation through evidence that R&amp;D intensity acts as a risk factor associated with a positive risk premium in the cross-section of US stocks, as predicted by theory.</p>	

### **Does CAPM overestimate more the risk or its price?**

CAPM is known to empirically underestimate expected returns of low-risk assets and overestimate those with high risk. This paper studies how risks omission and funding tightness jointly contribute to explaining this anomaly, with the former affecting the definition of assets' riskiness and the latter affecting how risk is remunerated. Theoretically, the two effects are shown to counteract each other. Empirically, the spread related to binding leverage constraints is found to be significant at 2% yearly. Nonetheless, average returns of portfolios that exploit this anomaly are found to mostly reflect omitted risks, contrasting how they have been used in previous analysis.

### **Are you betting on sustainability?**

When sustainability of assets is appreciated, its effect on discount rates does not only depend on the sustainability of the asset priced, but it is intrinsically mediated by the risk profile of the asset. This has implications for the assessment of the sustainability-related spread and for hedging shocks to sustainability concern. Specifically, (1) long-short portfolios of assets sorted on sustainability can average returns with a sign unrelated to the actual sustainability spread and, consequently, (2) the effectiveness of more sustainable assets in hedging changes to sustainability concerns depends on their "sustainability intensity" and their risk *jointly*. Estimations employing the Refinitiv ESG scores for US stocks shows a weak sustainability premium, whose significance, importantly, diverges from that of average return of a plain long-short portfolio.

## **Research in progress**

### **Local Physical Climate Uncertainty**

*with G. Cavaliere and L. Fanelli*

### **Asset pricing models with downside risk**

*with E. Ossola and L. Trapani*

### **The long-run temperature risk component**

## **Presentations**

2025: The Second International Conference on the Climate-Macro-Finance Interface (Bayes Business School, London, UK), University of Milano-Bicocca (IT), "GrEnFiN Frontiers" seminar series  
2024: "INSPIRE" seminar series  
2022: University of Bologna