Fabio Franceschini

Contact info

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Fields of interest

Asset Pricing, Economic Growth, Green Finance

References

M. Gonzalez-Eiras
Associate Professor
University of Bologna
mge@alum.mit.edu

M. M. Croce
Professor of Finance
Bocconi University
mmc287@gmail.com

G. Cavaliere
Full Professor
University of Bologna
giuseppe.cavaliere@unibo.it

Current position

Research Fellow **2023-Now**
University of Bologna, Italy
Supervisor: G. Cavaliere
Research Fellows' representative in the Council of Department 2024-Now

Education

PhD in Economics **2024**
University of Bologna, Italy
Advisors: M. Gonzalez-Eiras, M. M. Croce

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

Asset Pricing (G), TA to M. Eiras — 2024, 23, 22
University of Bologna, Italy

Financial Econometrics (G), TA to G. Moramarco — 2024
University of Bologna, Italy

Asset Pricing (G), TA to G. Camera — 2021
University of Bologna, Italy

Financial Economics (Ug), TA to G. Camera — 2020
University of Bologna, Italy

Macroeconomics 2 (Ug), TA to A. Sørensen — 2018
Copenhagen Business School, Denmark

Previous positions

PhD students' representative in the Council of Department — 2019-22
University of Bologna, Italy

Organizer of a Reading Group in Macro-Finance — 2019-21
University of Bologna, Italy

Research Assistant — 2017
Copenhagen Economics A/S, Denmark

Planning and Control Intern — 2014
Bologna Local Health Authority, Italy

Grants and honors

"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

Relevant IT skills

Advanced: LaTeX, R
Basic: Matlab, Python, MS Excel, Stata, MS Access

Personal

Citizenship:	Italian
Gender:	Male
Languages:	Italian, English
Hobbies:	Basketball player, hiking enthusiast

Research papers

The long-run innovation risk component

This paper provides evidence that aggregate Research and Development (R&D) intensity drives a persistent component in productivity growth and that this embodies a risk priced in financial markets. The analysis relies on a definition of R&D intensity that is cast in a semi-endogenous growth model, which results in an empirically stationary process, contrary to the fully endogenous case. This allows to reliably document its forecasting power of relevant macroeconomic variables as well as the significance of the cross-sectional risk premium associated to stocks' cash-flows sensitivities to it.

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.

Research in progress

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.

On the impact of climate uncertainty Abstract TBW.