

Fabio Franceschini

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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

P. Peretto

Full Professor
Duke University

Academic positions

Research Fellow

University of Bologna, Italy
Supervisor: G. Cavaliere

2024-Now

Education

PhD in Economics

University of Bologna, Italy
Advisors: M. Gonzalez-Eiras, M. M. Croce

2024

Visiting Student at London Business School, UK

Sponsor: H. Kung

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

2022-23

Visiting Student at Bocconi University, IT (Virtual)

Sponsor: M.M. Croce

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

2020-21

Visiting Student at Vienna Graduate School of Finance, AT (Virtual)

Sponsor: C. Wagner

Courses: Asset Pricing (audit)

2020

	MSc in Advanced Economics and Finance <i>Copenhagen Business School, Denmark</i> Thesis: "Intermediary Asset Pricing and Betting Against Beta"	2018
	Credit Student at <i>University of Copenhagen (DIKU), DK</i> Courses: Machine Learning, Natural Resources Economics	2017
	BSc in Business Administration <i>University of Bologna, Italy</i> Thesis: "How the financial sector's development affects real growth"	2016
	HSD in Mechanical Engineering <i>I.I.S. Aldini Valeriani, Italy</i> Final dissertation: "Money"	2013
Teaching experience	Teaching Assistant Asset Pricing (Grad), TA to G. Camera and M. Eiras <i>University of Bologna, Italy</i>	2021-26
	Financial Econometrics (Grad), TA to G. Moramarco and M. Balduini <i>University of Bologna, Italy</i>	2024-26
	Financial Economics (UGrad), TA to G. Camera <i>University of Bologna, Italy</i>	2020
	Macroeconomics 2 (UGrad), TA to A. Sørensen <i>Copenhagen Business School, Denmark</i>	2018
Academic service	Refereeing <i>Ecological Economics, Economic Modelling</i>	
	Organization Organizer of the Reading Group in Macro-Finance <i>University of Bologna, Italy</i>	2019-21
	Representation Representative of Research Fellows in the Council of Department <i>University of Bologna, Italy</i>	2024
	Sole representative of PhD Students in the Council of Department <i>University of Bologna, Italy</i>	2019-22
	Memberships Italian Financial Economists Association	2025-Now

Grants and honors	"INFER Young Economist Award" – Finalist, INFER Annual Conference	2025
	"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
Professional Experience	Research Assistant	2017
	<i>Copenhagen Economics A/S, Denmark</i>	
	Planning and Control Intern	2014
	<i>Bologna Local Health Authority, Italy</i>	
Relevant IT skills	Advanced: \LaTeX , R	
	Basic: Matlab, Python, MS Excel, Stata, MS Access	

Working papers

The Innovation Long-Run Risk Component

This paper provides robust empirical evidence that shocks to aggregate Research and Development (R&D) have persistent effects on macroeconomic dynamics and represent a significant risk for investors, as predicted by the "long-run risk" literature. The analysis focuses on a single variable, "effective R&D", which captures the entire contribution of R&D to productivity growth, flexibly accounting for knowledge spillovers and product proliferation effects. Deviations of effective R&D from its equilibrium level can be empirically identified leveraging the error correction term in the cointegration relationship among R&D, total factor productivity, and the labor force. In US data, structural effective R&D shocks affect productivity and consumption growth rates beyond business cycle horizons and are associated with a significant risk premium in a cross section of stock and bond portfolios (around 2% annually), with cash-flow sensitivities proving a key determinant.

Does CAPM Overestimate Risk or Its Price More?

Empirical returns systematically depart from CAPM predictions, with deviations declining in asset betas. This paper decomposes this pattern into mismeasurement of risk and the risk premium, using a framework that accounts for leverage constraints and multiple risk factors. This spans and generalizes two previously separate explanations of the anomaly, showing how bid-ups for high-risk assets arise from funding tightness in the presence of risks beyond market exposure. Crucially, even with binding constraints, any factor model can be expressed as a single aggregate risk measure multiplying the expected market return. Funding tightness and exposure to omitted risks are then demonstrated to offset each other in explaining the beta-related departures, with their relative contributions quantifiable. GMM estimates show both channels are significant, with omitted risks accounting for a slightly larger share, and the spread generated by funding tightness at around 2% per year.

Are You Betting On Sustainability?

When the sustainability of assets is priced, its impact on discount rates depends not only on the asset's sustainability but intrinsically also on its risk profile. This has implications often overlooked in portfolios used to assess the sustainability premium or to hedge sustainability-related shocks. Specifically, the average returns of sustainability-sorted long-short portfolios are shaped by the risk profiles of their components, even when the portfolio is risk-neutral, which also affects the portfolio's sensitivity to shifts in sustainability concerns. Using Refinitiv ESG scores for US stocks, a weak sustainability premium is observed, whose significance differs importantly from that of the plain long-short portfolio returns.

Research in progress

Uncertain Innovation

with A. Renzetti

Asset Pricing Models with Downside Risk

with E. Ossola and L. Trapani

Local Physical Climate Uncertainty

with G. Cavaliere and L. Fanelli

The Speed of Macroeconomic Risks

with M. Mazzali

The Temperature Long-Run Risk Component

Presentations

2025: 27th INFER Annual Conference [session chair] (Sapienza University, Rome, IT);
The Second International Conference on the Climate-Macro-Finance Interface
(Bayes Business School, London, UK); University of Milano-Bicocca (IT); "GrEn-
FiN Frontiers" seminar series
2024: "INSPIRE" seminar series
2022: University of Bologna

Personal

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