# 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**                                        **2024-Now**
*University of Bologna,* Italy
   Supervisor: G. Cavaliere

**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)

*Health-related leave (May 2021 – Mar 2022)*

**Visiting Student** at *Bocconi University,* IT (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,* AT (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),* DK          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**

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|---|---|
| Asset Pricing (Grad), TA to G. Camera and M. Eiras<br>*University of Bologna,* Italy | 2021-26 |
| Financial Econometrics (Grad), TA to G. Moramarco and M. Balduini<br>*University of Bologna,* Italy | 2024-26 |
| Financial Economics (UGrad), TA to G. Camera<br>*University of Bologna,* Italy | 2020 |
| Macroeconomics 2 (UGrad), TA to A. Sørensen<br>*Copenhagen Business School,* Denmark | 2018 |

## Academic service

**Refereeing**

*Ecological Economics, Economic Modelling*

**Organization**

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| Scientific committee member, Bologna Macro Meeting<br>*University of Bologna,* Italy | 2025 |
| Organizer, Reading Group in Macro-Finance<br>*University of Bologna,* Italy | 2019-21 |

**Representation**

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|---|---|
| Research Fellows Representative, Council of Department<br>*University of Bologna,* Italy | 2024 |
| PhD Students Sole representative, Council of Department<br>*University of Bologna,* Italy | 2019-22 |

**Memberships**

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|---|---|
| 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 <br> *Copenhagen Economics A/S,* Denmark | 2017 |
| | Planning and Control Intern <br> *Bologna Local Health Authority,* Italy | 2014 |

**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, IT); Urbino Summer School (IT); International Conference on the Climate-Macro-Finance Interface (Bayes Business School, UK); University of Milano-Bicocca (IT); "GrEn-FiN Frontiers" seminar series
2024: "INSPIRE" seminar series; University of Bologna (IT)

## Personal

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