

# Fabio Franceschini

## University of Bologna

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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**

	<b>MSc in Advanced Economics and Finance</b> <i>Copenhagen Business School, Denmark</i> Thesis: "Intermediary Asset Pricing and Betting Against Beta"	<b>2018</b>
	<b>Credit Student</b> at <i>University of Copenhagen (DIKU), DK</i> Courses: Machine Learning, Natural Resources Economics	2017
	<b>BSc in Business Administration</b> <i>University of Bologna, Italy</i> Thesis: "How the financial sector's development affects real growth"	<b>2016</b>
	<b>HSD in Mechanical Engineering</b> <i>I.I.S. Aldini Valeriani, Italy</i> Final dissertation: "Money"	<b>2013</b>
<b>Teaching experience</b>	<b>Teaching Assistant</b> Asset Pricing (Grad), TA to M. Eiras <i>University of Bologna, Italy</i>	2022-26
	Financial Econometrics (Grad), TA to G. Moramarco <i>University of Bologna, Italy</i>	2024-26
	Asset Pricing (Grad), TA to G. Camera <i>University of Bologna, Italy</i>	2021
	Financial Economics (UndGrad), TA to G. Camera <i>University of Bologna, Italy</i>	2020
	Macroeconomics 2 (UndGrad), TA to A. Sørensen <i>Copenhagen Business School, Denmark</i>	2018
<b>Academic services</b>	<b>Refereeing</b> Ecological Economics, Economic Modelling	
	<b>Organization</b> Organizer of the Reading Group in Macro-Finance <i>University of Bologna, Italy</i>	2019-21
	<b>Representation</b> 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
	<b>Memberships</b> Member of the Italian Financial Economists Association	2025-Now

<b>Grants and honors</b>	"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
<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>Working papers</b>	<p><b>The Innovation Long-Run Risk Component</b></p> <p>This paper provides robust empirical evidence that shocks to aggregate Research and Development (R&amp;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&amp;D", which captures the entire contribution of R&amp;D to productivity growth, flexibly accounting for knowledge spillovers and product proliferation effects. Deviations of effective R&amp;D from its equilibrium level can be empirically identified leveraging the error correction term in the cointegration relationship among R&amp;D, total factor productivity, and the labor force. In US data, structural effective R&amp;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.</p> <p><b>Does CAPM Overestimate Risk or Its Price More?</b></p> <p>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.</p>	

## 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*

### Uncertain Innovation

*with A. Renzetti*

### The Temperature Long-Run Risk Component

## Presentations

2025: 27<sup>th</sup> 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