Fabio Franceschini

Contact info

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Website: franceschini-f.github.io

Fields of interest

Asset Pricing, Economic Growth, Green Finance

References

M. Gonzalez-Eiras	**M. M. Croce**	**G. Cavaliere**
Associate Professor	Professor of Finance	Full Professor
University of Bologna	Bocconi University	University of Bologna
`mge -> alum.mit.edu`	`mmc287 -> gmail.com`	`giuseppe.cavaliere -> unibo.it`

Academic positions

Research Fellow   **2023-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)

   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

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

Professional Experience

Research Assistant *Copenhagen Economics A/S,* Denmark	2017
Planning and Control Intern *Bologna Local Health Authority,* Italy	2014

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

Working papers

The long-run innovation risk component

This paper provides empirical evidence that fluctuations in aggregate Research and Development (R&D) pose a significant risk for investors, as predicted by the "long-run risk" literature. The analysis pivots on a definition of R&D intensity that is grounded on a limited set of flexible economic conditions from the endogenous growth literature, where deviations from the equilibrium R&D level are reflected in the error correction term of the cointegration among R&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&D intensity is argued to identify the long-run innovation risk component. This claim finds further empirical validation through evidence that R&D intensity acts as a risk factor associated with a positive risk premium in the cross-section of US stocks, as predicted by theory.

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

APRIL 2025