

Fabio Franceschini

University of Bologna
Department of Economics
Piazza Scaravilli 2
40126 Bologna (BO), Italy

Phone:
Email:
Inst. Email:
Website: franceschini-f.github.io

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
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G. Cavalieri Full Professor University of Bologna	P. Peretto Full Professor Duke University
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Academic positions **Research Fellow** **2024-2025**
University of Bologna, Italy

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+), 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
<i>Copenhagen Business School, Denmark</i>	
Thesis: "Intermediary Asset Pricing and Betting Against Beta"	
Credit Student at <i>University of Copenhagen (DIKU)</i> , DK	2017
Courses: Machine Learning, Natural Resources Economics	
BSc in Business Administration	2016
<i>University of Bologna, Italy</i>	
Thesis: "How the financial sector's development affects real growth"	
HSD in Mechanical Engineering	2013
<i>I.I.S. Aldini Valeriani, Italy</i>	
Final dissertation: "Money"	
Teaching experience	Teaching Assistant
Asset Pricing (Grad), TA to G. Camera and M. Eiras	2021-26
<i>University of Bologna, Italy</i>	
Financial Econometrics (Grad), TA to G. Moramarco and M. Balduini	2024-26
<i>University of Bologna, Italy</i>	
Financial Economics (UGrad), TA to G. Camera	2020
<i>University of Bologna, Italy</i>	
Macroeconomics 2 (UGrad), TA to A. Sørensen	2018
<i>Copenhagen Business School, Denmark</i>	
Academic service	Refereeing
<i>Ecological Economics, Economic Modelling</i>	
Organization	
Scientific committee member, Bologna Macro Meeting	2025
<i>University of Bologna, Italy</i>	
Organizer, Reading Group in Macro-Finance	2019-21
<i>University of Bologna, Italy</i>	
Representation	
Research Fellows Representative, Council of Department	2024
<i>University of Bologna, Italy</i>	
PhD Students Sole representative, Council of Department	2019-22
<i>University of Bologna, Italy</i>	
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 <i>Copenhagen Economics A/S, Denmark</i>	2017
	Planning and Control Intern <i>Bologna Local Health Authority, Italy</i>	2014
Relevant IT skills	Advanced: L ^A T _E X, R Basic: Matlab, Python, MS Excel, Stata, MS Access	
Working papers	<p>The Innovation Long-Run Risk Component (revision requested by the <i>Journal of Monetary Economics</i>)</p> <p>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.</p> <p>Does CAPM Overestimate Risk or Its Price More?</p> <p>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</p>	

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

State-Dependent Asset Pricing Models

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

2026: 2nd CAM-Risk conference** (University of Pavia, IT); University of Milano-Bicocca (IT)**

2025: 27th INFER Annual Conference [session chair] (Sapienza University, IT); 11th ICEEE* (University of Palermo, IT); 2nd Climate-Macro-Finance Interface Conference (Bayes Business School, UK); University of Milano-Bicocca (IT); "GrEn-FiN Frontiers" seminar series

2024: University of Bologna (IT); "INSPIRE" seminar series

* by coauthor; ** planned

Personal

Citizenship: Italian

Gender: Male

Languages: Italian, English

Hobbies: Basketball player, hiking enthusiast

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