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)

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

Asset Pricing (Grad), TA to M. Eiras 2022-26
University of Bologna, Italy

Financial Econometrics (Grad), TA to G. Moramarco 2024-26
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 services

Refereeing

Ecological Economics, Economic Modelling

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

"Finalist, 'INFER Young Economist Award'", 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
Copenhagen Economics A/S, Denmark

Planning and Control Intern — 2014
Bologna Local Health Authority, Italy

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?

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

Uncertain Innovation
with A. Renzetti

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); "GrEnFiN Frontiers" seminar series
2024: "INSPIRE" seminar series
2022: University of Bologna

Personal

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