

Francesco Nicolai

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EDUCATION

London School of Economics and Political Science **Sep 2017 - expected Sep 2021**

PhD Candidate in Finance

- Advisor: Dong Lou
- Funding Awardee by the Department of Finance at LSE 2017-2018
- Funding Awardee by the Paul Woolley Centre at LSE 2018-2019
- Funding Awardee by the Paul Woolley Centre at LSE 2019-2020

London School of Economics and Political Science

Sep 2015 – Sep 2017

MRes in Finance

- Funding Awardee by the Department of Finance at LSE

Università Commerciale L. Bocconi

Sep 2012 – Apr 2015

MSc in Economic and Social Sciences – 110/110 Cum Laude

- Modules: Asset Pricing PhD Level, Monetary Economics, Econometrics, Advanced Mathematics, Advanced Statistics, Continuous-time Finance PhD Level

Brandeis University

Aug 2013 – Dec 2013

Exchange student

- Modules: Asset Pricing PhD Level, Development Economics PhD Level, Central Banking, International Trade
- GPA: 4.00/4.00

Università di Pisa

Sep 2009 – Jul 2012

Bachelor's Degree in Banking and Finance – 110/110 Cum Laude

- Modules: Macroeconomics, Microeconomics, Mathematics, Mathematics for Finance, Statistics and Probability, Financial Economics

RESEARCH INTERESTS

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- Asset Pricing, Macro-Finance, Financial Intermediation

WORKING PAPERS

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- *"Revealed Expectations and Learning Biases: Evidence from the Mutual Fund Industry" (with S. Risteska)*
By inverting the optimal portfolios of mutual fund managers in a fairly general setting, which allows us to partial out the effect of risk aversion and hedging demands, we provide an estimate of perceived expected excess returns and show that they are significantly affected by experienced returns. The effect of past returns is non-monotone: we provide reduced-form and structural evidence of managers displaying recency and primacy bias. Finally, we estimate an average coefficient of relative risk aversion close to unity.
 - *"Living on the Edge: the Salience of Property Taxes in the UK Housing Market" (with M. Pelosi and S. Risteska)*
Taxes that happen concurrently with the purchase are more salient than deferred taxes. Using a sharp geographical discontinuity between London Boroughs, we show that the incidence of property taxes deferred to the future is too small compared to the incidence of stamp duty taxes happening at the moment of buying the property. The difference in incidence implies very large discount rates that cannot be easily rationalized even after accounting for liquidity constraints. The lack of salience at the moment of purchase implies that the burden of the tax will be borne in the future to meet the budget constraint. This implies that there is an optimal tax mix, even though one of the two taxes is more distortionary than the other.
 - *"Do Uninsurable Idiosyncratic Shocks to Financial Intermediaries Matter?"*
Yes, they do. With incomplete markets, financial intermediaries cannot perfectly share the risk associated with idiosyncratic shocks to inflows. We show that the cross-sectional average of flows shocks is procyclical, while its cross-sectional variance is countercyclical. This implies that the SDF can be represented as a function of the cross-sectional average and the cross-sectional variance of total net assets (TNA) growth. We provide evidence of the importance of this representation, by showing that the abnormal returns of twenty-five portfolios sorted based on their exposition to the cross-sectional average TNA growth and its cross-sectional variance are monotone in their loadings. We also show that these two factors are priced in the cross-section of size, value, momentum and industry sorted portfolios. This is evidence of the fact that financial intermediaries have an impact on the pricing of equities, and that market incompleteness is a driving force in determining their expected returns.

SEMINAR AND CONFERENCE PRESENTATIONS

- 2018: PhD Seminar, LSE
- 2019: PhD Seminar, LSE – Yale Whitebox Conference – Belgrade Young Economists Conference

TEACHING EXPERIENCE

London School of Economics

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| • Teaching Assistant, Executive, EE 953 - Effective Asset Management | 2019 |
| • Teaching Assistant, Executive, EE952 - Finance for Executives | 2020 |
| • Teaching Assistant, Postgraduate, FM414 - Corporate Investment and Financial Policy | 2018-2020 |
| • Teaching Assistant, Postgraduate, FM414E - Private Equity | 2018-2020 |
| • Class Teacher, Undergraduate, MA100 - Mathematical Methods | 2017-2018 |
| • Class Teacher, Undergraduate, FM212 - Principles of Finance | 2016-2020 |
| • Class Teacher, Summer School, FM230 - Alternative Investments | 2015-2018 |

Others

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| • Teaching Assistant, HEC Executive Master in Finance, Asset Management | 2018 |
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ADDITIONAL INFORMATION

Languages: Italian (native); English (fluent); French (fluent)

IT Skills: R, Matlab, Stata, Latex, HTML

Interests: Triathlon, Swimming, Running, Cycling, Snooker