

# Yuxin Luo

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## EDUCATION

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<b>Boston University, Questrom School of Business</b>	2020 – 2026 (Expected)
Ph.D. in Finance	
<b>Renmin University of China</b>	2017 – 2020
MPhil. in Finance	
<b>Xiamen University</b>	2013 – 2017
B.A. in Finance	

## RESEARCH INTERESTS

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Corporate Finance, Capital Structure, ESG (Environmental, Social, and Governance)

## JOB MARKET PAPER

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### Sustainability-linked Loans and Financial Benefits

Using a sample of bank loans, I find that firms issuing sustainability-linked loans (SLLs) experience credit rating upgrades and higher post-issuance equity returns relative to firms issuing conventional loans. Channel tests then indicate that these effects arise primarily through reduced financing costs rather than investor-demand (signaling) channels. To rationalize the findings, I develop a model in which firms choose between SLLs and conventional loans: SLLs offer lower coupons conditional on meeting sustainability targets but incur issuance/verification and compliance costs. The model shows that the financing-cost reduction alone is sufficient to generate the observed credit improvements and equity outperformance.

Presented at: AFA 2026 PhD Poster (scheduled), BU Brownbag

## WORKING PAPERS

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### Maturity Overhang: Evidence from M&A

(with Zhiyao Chen, Dirk Hackbarth, and Jarrad Harford)

In the context of mergers and acquisitions, this paper analyzes a maturity overhang problem that is due to shorter debt maturities creating higher rollover risk. Using bond transaction data, we develop a market-based measure of rollover risk and find that i) rollover risk dampens merger activities at the firm and aggregate levels; ii) acquirers facing higher rollover risk are more sensitive to changes in cash reserves and prefer equity as a payment method over cash; and iii) positive market reactions to cash payment are observed only when firms have low rollover risk. To shed light on our empirical findings, we study a dynamic investment model that underscores the importance of precautionary savings and rollover risk for maturity overhang.

Presented at: AFA, MFA, FIRS, CICF, Asian FA, SFS Cavalcade AP, Spring Finance Workshop

### Capital Structure and Environmental Risk

(with Dirk Hackbarth)

We build a model in which firms incur additional costs to maintain their ESG status, and this status can potentially attract more investors. That is, firms face the trade-off between the increased distress risk and the added demand for their stocks from ESG-focused investors. In this setting, the impact of ESG ratings on the cost of equity can be positive or negative. Notably, ESG status can increase the cost of equity for firms with high ESG maintenance costs and high leverage. Furthermore, the net effect of ESG ratings on the cost of equity also depends on the market demand for ESG-focused stocks. Finally, our model suggests firms that benefit from their ESG rating use their lower cost of equity to issue more equity. In a large sample of US firms during the 2002–2022 period, we find evidence consistent with the heterogeneous impacts of ESG rating on both the cost of equity and equity issuance.

## **Inflexibility and Leverage**

(with Lifeng Gu and Dirk Hackbarth) **Revise & Resubmit at Management Science**

Firms' inflexibility to adjust their scale persistently explains capital structure variations in a comprehensive sample and randomly-selected sub-samples. Higher inflexibility leads to lower financial leverage, potentially due to higher default risk and lower value of tax shields. Contraction inflexibility determines leverage more than expansion inflexibility. Moreover, inflexibility explains financial leverage on top of operating leverage variability and cash flow variability. Interestingly, the substitution effect between financial and operating leverage is much weaker among flexible firms. In addition, inflexible firms increase leverage more than flexible firms following a positive credit supply shock, which supports our main findings.

## **PRESENTATIONS**

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2026: AFA Ph.D. Poster Session (Scheduled)

2025: BU Ph.D. Workshop

2024: MFA, Asian FA, BU Brownbag

## **TEACHING EXPERIENCE**

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### **Instructor, Boston University**

FE 449: Corporate Financial Management (Undergrad level)

Summer 2025

(Instructor rating: 4/5)

### **Teaching Assistant, Boston University**

FE 449: Corporate Financial Management (Undergrad level)

2022 – 2024

## **RESEARCH EXPERIENCE**

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Research Assistant for Prof. Zhiyao Chen, Chinese University of Hong Kong

2019 – 2020

## **AWARDS AND GRANTS**

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AFA Ph.D. Travel Grant

2025

EFA Ph.D. Travel Grant

2025

BU Questrom School of Business Ph.D. Fellowship

2020 – 2026

China National Scholarship

2015

## **SKILLS**

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**Languages:** English (fluent), Mandarin (native)

**Programming:** SAS, Stata, MATLAB, R, Python, LaTeX

## **REFERENCES**

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### **Dirk Hackbarth**

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### **Andrea Vedolin**

Professor of Finance

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### **Fernando Zapatero**

Richard D. Cohen Professor of Finance

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