

Yuxin Luo

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EDUCATION

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

RESEARCH INTERESTS

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

JOB MARKET PAPER

Sustainability-linked Loans and Financial Performance

Using a sample of bank loans, I find that firms borrowing sustainability-linked loans (SLLs) experience credit rating upgrades and higher post-borrowing equity returns relative to firms borrowing conventional loans. Channel tests then indicate that these effects arise primarily through reduced financing costs 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 additional borrowing 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

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

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

2025: BU Ph.D. Workshop

2024: MFA, Asian FA, BU Brownbag

TEACHING EXPERIENCE

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

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

2019 – 2020

AWARDS AND GRANTS

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

Languages: English (fluent), Mandarin (native)

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

REFERENCES

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