

Quick Take: Retail Surges and Factor Inversions in China A-Shares

June 2026

Recurring Retail Waves

- Retail investors remain an influential force in China's onshore equity markets. The top figure highlights repeated bursts of retail activity, occurring roughly twice a year on average and linked to disparate catalysts ranging from COVID recovery and policy announcements to the DeepSeek rally and, more recently, AI-driven optimism.
- While the triggers vary, the resulting pattern is familiar. Retail participation often surges as thematic trades draw investors into the market, fueling sharp rallies decoupled from fundamentals.
- These retail-driven episodes continue to be a recurring feature of the A-shares market, creating short-lived yet substantial distortions in return patterns.

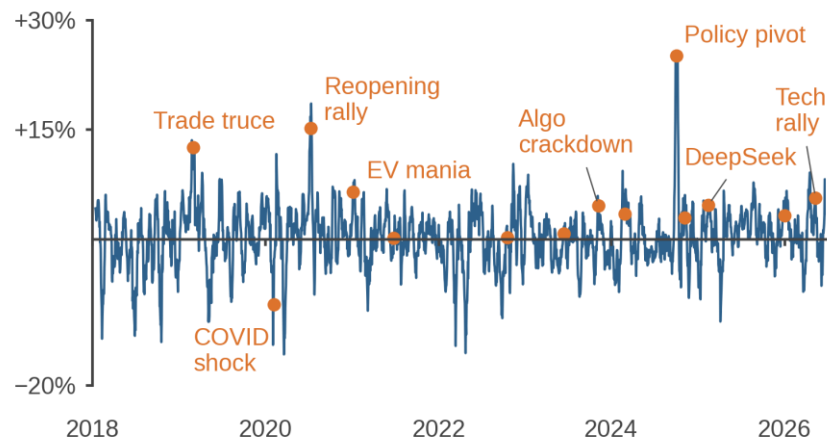
Frenzies Ignore Fundamentals

- Viewed through a systematic lens, retail surges temporarily invert long-run patterns. The dark-blue bars in the bottom figure show the scale of the shift: cheap stocks (Value), on average, lose roughly a quarter of their historical edge, while the pattern flips positively for riskier, smaller, and higher-volatility stocks.
- The light-blue bars show that, in periods excluding retail surges, cheaper stocks, higher-quality companies, and those with stronger price momentum retain their historical advantage.
- As we have previously noted, onshore China's uniquely retail-driven environment can alter the behavior of even familiar signals, often requiring nuanced adaptation. Recurring retail surges and the inversions they induce further bolster the case for market-specific adaptations.

➔ For further discussion, please see [China A-Shares: The More Things Change, the Stronger the Case for Active, Acadian, May 2026](#).

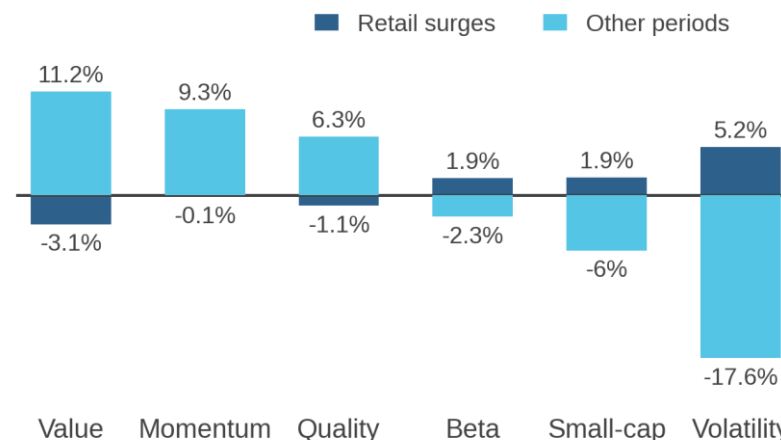
Episodes of Elevated Retail Activity

Retail surges (orange) plotted on rolling 10-day market returns



Temporary Inversions

Long-short returns during and outside retail surges



Both charts: January 2018-May 2026 based on stocks in the Acadian universe of onshore China equities. Top chart: Retail surges identified using a proprietary measure of retail order flows plotted on capitalization-weighted USD total returns. Bottom chart: Median long-short returns during retail surges and annualized long-short returns in other periods, based on equal-capitalization best-minus-worst quintile portfolios formed on generic factors using a proprietary risk model. For illustrative purposes only. Past performance is no guarantee of future results. Sources: Acadian, UBS.



Ram Thirukkonda, CFA, CAIA
SVP, Client Advisory
rthirukkonda@acadian-asset.com



Bin Shi, Ph.D., CFA
SVP, Portfolio Manager, Research
bshi@acadian-asset.com

Disclosures

Pursuant to this email UBS AG or its affiliate which published the UBS Material ("UBS") grants [Acadian Asset Management Inc] ("Client") a royalty free, non-exclusive and non-transferable license to use the extract of the research report set out below (the "UBS Material") [to host on external paper on the company website] (the "Purpose"). Client acknowledges ownership by UBS of all intellectual property and proprietary rights in the UBS Material, whether registered or unregistered, legal or beneficial. Client also agrees to display the following copyright notice indicating that UBS is the owner of the copyright in the UBS Material, "Source: [What you need to know about quant investing in China] © UBS 2026. All rights reserved. Reproduced with permission. May not be forwarded or otherwise distributed." UBS EXPRESSLY EXCLUDES ANY AND ALL WARRANTIES OF ANY KIND WITH RESPECT TO THE UBS MATERIAL. THE UBS MATERIAL IS LICENSED "AS IS" AND "AS AVAILABLE" WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND (INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF TITLE, ACCURACY OR FITNESS FOR A PARTICULAR PURPOSE) AND CLIENT ASSUMES THE ENTIRE AND SOLE RISK OF ITS USE AND RELIANCE THEREON. CLIENT WILL HOLD UBS HARMLESS ON DEMAND FROM ANY ACTUAL OR THREATENED LIABILITY WHICH MAY ARISE FROM CLIENT'S USE OF THE UBS MATERIAL. Client is not permitted to assign, sublicense, transfer or otherwise dispose of all or any of its rights or obligations under this email. Use of the UBS Material will constitute acceptance of the terms of this email. The disclaimer and other terms applicable to the UBS Material as set out therein continue to apply save as varied by this email solely in order to fulfil the Purpose.

These materials provided herein may contain material, non-public information within the meaning of the United States Federal Securities Laws with respect to Acadian Asset Management LLC, Acadian Asset Management Inc. and/or their respective subsidiaries and affiliated entities. The recipient of these materials agrees that it will not use any confidential information that may be contained herein to execute or recommend transactions in securities. The recipient further acknowledges that it is aware that United States Federal and State securities laws prohibit any person or entity who has material, non-public information about a publicly-traded company from purchasing or selling securities of such company, or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person or entity is likely to sell or purchase such securities.

Acadian provides this material as a general overview of the firm, our processes and our investment capabilities. It has been provided for informational purposes only. It does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or to purchase, shares, units or other interests in investments that may be referred to herein and must not be construed as investment or financial product advice. Acadian has not considered any reader's financial situation, objective or needs in providing the relevant information.

The value of investments may fall as well as rise and you may not get back your original investment. Past performance is not necessarily a guide to future performance or returns. Acadian has taken all reasonable care to ensure that the information contained in this material is accurate at the time of its distribution, no representation or warranty, express or implied, is made as to the accuracy, reliability or completeness of such information.

This material contains privileged and confidential information and is intended only for the recipient/s. Any distribution, reproduction or other use of this presentation by recipients is strictly prohibited. If you are not the intended recipient and this presentation has been sent or passed on to you in error, please contact us immediately. Confidentiality and privilege are not lost by this presentation having been sent or passed on to you in error.

Acadian's quantitative investment process is supported by extensive proprietary computer code. Acadian's researchers, software developers, and IT teams follow a structured design, development, testing, change control, and review processes during the development of its systems and the implementation within our investment process. These controls and their effectiveness are subject to regular internal reviews, at least annual independent review by our SOC1 auditor. However, despite these extensive controls it is possible that errors may occur in coding and within the investment process, as is the case with any complex software or data-driven model, and no guarantee or warranty can be provided that any quantitative investment model is completely free of errors. Any such errors could have a negative impact on investment results. We have in place control systems and processes which are intended to identify in a timely manner any such errors which would have a material impact on the investment process.

Acadian Asset Management LLC has wholly owned affiliates located in London, Singapore, and Sydney. Pursuant to the terms of service level agreements with each affiliate, employees of Acadian Asset Management LLC may provide certain services on behalf of each affiliate and employees of each affiliate may provide certain administrative services, including marketing and client service, on behalf of Acadian Asset Management LLC.

Acadian Asset Management LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission. Registration of an investment adviser does not imply any level of skill or training.

Acadian Asset Management (Singapore) Pte Ltd, (Registration Number: 199902125D) is licensed by the Monetary Authority of Singapore. It is also registered as an investment adviser with the U.S. Securities and Exchange Commission.

Acadian Asset Management (Australia) Limited (ABN 41 114 200 127) is the holder of Australian financial services license number 291872 ("AFSL"). It is also registered as an investment adviser with the U.S. Securities and Exchange Commission. Under the terms of its AFSL, Acadian Asset Management (Australia) Limited is limited to providing the financial services under its license to wholesale clients only. This marketing material is not to be provided to retail clients.

Acadian Asset Management (UK) Limited is authorized and regulated by the Financial Conduct Authority ('the FCA') and is a limited liability company incorporated in England and Wales with company number 05644066. Acadian Asset Management (UK) Limited will only make this material available to Professional Clients and Eligible Counterparties as defined by the FCA under the Markets in Financial Instruments Directive, or to Qualified Investors in Switzerland as defined in the Collective Investment Schemes Act, as applicable.



GLOBAL AFFILIATES

Boston London Singapore Sydney

ACADIAN-ASSET.COM