Quick Take: China's National Team—Missed the World Cup but Moved Markets

ACADIAN

August 2026

Another round of A-share intervention

- On July 19, members of the "Chinese National Team"—a group of state-backed investment funds—disclosed measures taken to stabilize the A-share market following a sharp selloff in AI and other technology stocks.
- Public reports indicate the measures largely involved purchases of broad equity ETFs and selected large-cap stocks, but the timing and composition of purchases were not disclosed.

Interventions may create temporary market distortions

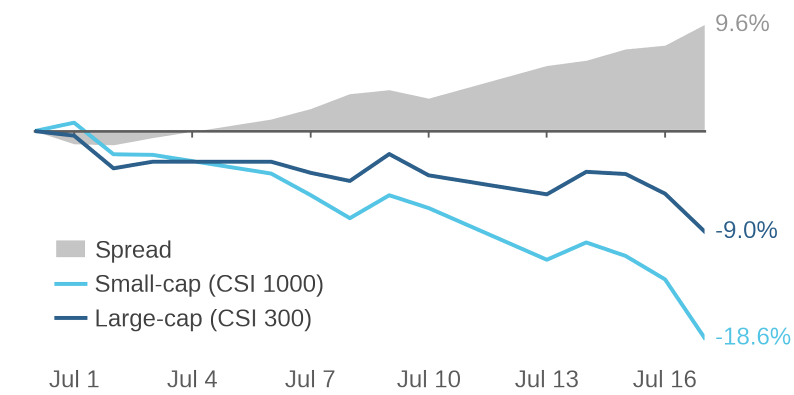
- Interventions can create short-term distortions because their objective–in this case market stabilization–is not to align prices with fundamentals.
- Potential evidence of the intervention is large-cap outperformance during the month before the July 19 disclosures, when large-cap outperformed small-cap by 9.6% (top chart).
- Historically, similar reported interventions have been followed by reversals in large-cap outperformance (bottom chart).

Stay diversified; stay disciplined

- Rather than attempting to predict such interventions, we view them as episodic sources of relative price distortion.
- A disciplined, well-diversified investment process is well suited to withstand such episodes and to benefit as policy-driven distortions normalize.

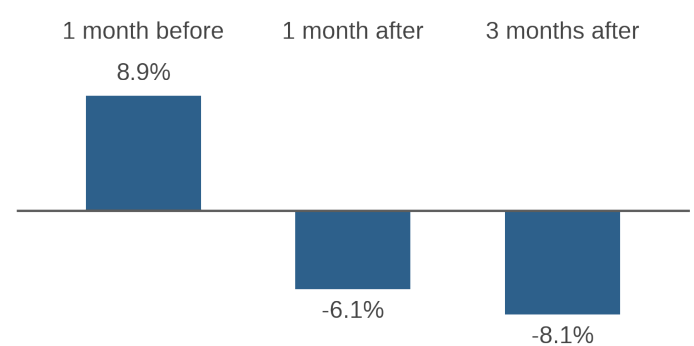
China A: Large-Cap Minus Small-Cap Index Return Spread

Cumulative returns and spread, July 1–19, 2026



Past Interventions: Average Large Minus Small Performance

Cumulative return spread, CSI 300 Index minus CSI 1000 Index



Top chart: Difference between CSI 300 and CSI 1000 Index cumulative index returns over the month of July 2026. Bottom chart: Average cumulative CSI 300 and CSI 1000 return spreads across past intervention episodes as publicly reported—July 2015, September 2015, October 2023, February 2024, and April 2025—based on publicly available information. Source: Acadian. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future returns. It is impossible to invest in any index. For illustrative purposes only.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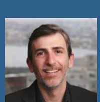
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