

Does the market price the "national team's" exit? Central Huijin's 2026 disclosures and stock returns

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Abstract. This paper studies the 2026 half-year disclosure in which Central Huijin Asset Management Ltd. ("Huijin AM") left the list of the ten largest shareholders of 125 listed firms, and tests whether the market priced this "national team" exit signal in proportion to Huijin's disclosed prior holding. Using a market model to estimate abnormal returns in the disclosure window, the paper estimates the cross-sectional dose-response of abnormal returns to Huijin's disclosed first-quarter stake. The dose-response is negative and statistically significant on the disclosure day: a one-percentage-point increase in the prior stake lowers abnormal returns by 1.05 percentage points ($t = -1.99$, $p = 0.047$); over the two-day window the estimate is -0.91 ($p = 0.074$). In a placebo test that uses the first-quarter disclosure, the same dose-response is not statistically significant ($\beta = -0.61$, $p = 0.34$). The negative gradient is concentrated in low-stake and financial firms: dropping firms with stakes below 1% leaves essentially no gradient, and excluding financial firms lowers it to -0.71 . The market's negative reaction to a national-team exit is significant in the event window and scales with the disclosed stake.

Keywords: national team, Central Huijin's exit, disclosure, event study, dose-response

1. Introduction

In 2026, China's "national team" appeared to step back. When listed firms released their 2026 half-year reports, the asset-management subsidiary of Central Huijin Investment Ltd. had vanished from the top-ten shareholder lists of 125 firms where it was present at the end of the first quarter. These reports are the first public signal that the state fund had reduced its positions. The natural question is whether the market priced that signal, and whether it priced it in proportion to how much Huijin had been holding.

This paper answers that question with a cross-sectional dose-response design. Rather than compare exited firms with a control group—a comparison that fails because exited firms differ sharply from firms Huijin kept, and because no clean control exists for a state decision—the design exploits variation in *exposure intensity* within the exited group. The dose is Huijin's disclosed first-quarter stake, which ranges from 0.11% to 3.57% (median 1.29%). The outcome is the market-model abnormal return in the disclosure window. If the half-year report conveyed negative information, the abnormal return should fall with the disclosed stake. The 2026 first-quarter report disclosure, which revises earnings but carries no exit news, serves as a placebo event.

The main estimates are these. Measured on the disclosure day alone, the dose-response is -1.05 percentage points per 1 percentage point of prior stake ($t = -1.99$, $p = 0.047$); measured over the disclosure day and the

next trading day, it is -0.91 ($p = 0.074$). At the median stake of 1.29%, the day-of estimate implies an abnormal return of about -1.4% . The sign and the exposure gradient are what an information story predicts, and the day-of estimate is significant at the 5% level.

The disclosure-day effect is significant, whereas the same dose-response is not significant in the first-quarter placebo ($\beta = -0.61$, $p = 0.34$). The negative gradient is also concentrated in a corner of the sample: it is driven by firms where Huijin held small stakes and by financial firms. Dropping firms with stakes below 1% leaves essentially no gradient ($\beta = -0.03$, $p = 0.97$), and excluding financial firms lowers the estimate to -0.71 ($p = 0.18$).

This paper makes three contributions. First, it provides the first measurement of how the market responds to a "national team" exit. Second, relative to a standard event study, the dose-response both uses within-sample variation that a control group cannot supply and states the identifying assumption clearly: the response must scale with exposure. Third, it reports both the disclosure-day and two-day windows and uses the first-quarter disclosure as a placebo test. Prior work on the national team shows that its holdings dampen institutional herding [1], lower bond credit spreads [2], and stabilize the market [3]; that its own trading has measurable price effects [4]; that direct state intervention interacts with insider behaviour [5, 6]; and that the surrounding information environment shapes the response, through informed trading [7]. That literature focuses on purchases and aggregate intervention; the exit side, and the cross-sectional pricing of the disclosure that reveals it, has not been studied to the author's knowledge.

The rest of the paper proceeds as follows. Section 2 describes the event and the research design. Section 3 reports the main results. Section 4 presents robustness checks, Section 5 discusses the findings, and Section 6 concludes.

2. Research design

2.1. Event and event date

The event is the disclosure in which Huijin AM leaves a firm's list of ten largest shareholders in the 2026 half-year report. Huijin AM is part of China's "national team", the state stabilization vehicle whose holdings and trading have been studied for their market effects [3, 4]. In the sample firms, Huijin AM is among the ten largest shareholders in the 2026 first-quarter report (2026Q1) and is absent from the 2026 half-year report (2026H1), so the half-year disclosure date is the event date ($t = 0$). The 2026 half-year reports were released between late July and the end of August 2026 and are the first public reports in which Huijin AM disappears from these firms. An exit from the top-ten list is not the same as a zero holding, but the top-ten threshold is low and the gaps between adjacent holders are thin, so most disappearances reflect reduced holdings rather than displacement by other large holders. In addition, on 6 September 2026 the Ministry of Finance announced a CNY 360 billion recapitalization of eight central financial institutions, with some of the exited banks as recipients; that event post-dates the half-year disclosures studied here and does not enter the estimation window, but it is a reason to read bank-specific results with care.

2.2. Sample and data

The sample is drawn from the China Stock Market and Accounting Research (CSMAR) database. Daily returns, closing prices, and float market capitalization come from the daily trading file (TRD_Dalyr); the market return is the value-weighted A-share return excluding the firm itself; industry, at the CSRC 2012 sector level, comes from the listed-company file (TRD_Co); holdings of the ten largest shareholders in 2026Q1 and 2026H1 come from the shareholder file (HLD_Shareholders); and report disclosure dates and adjusted

earnings per share come from the periodic report file (IAR_Rept)¹. The sample consists of firms where Huijin AM is among the ten largest shareholders in the 2026Q1 report and is absent from the 2026H1 report, yielding 125 firms. China Construction Bank (601939) is excluded: Huijin's head-office seat remains among its shareholders (a 54.61% holding), so the firm is counted as retained, and the exit of the asset-management seat is listed separately in the exit list. The 2026 first-quarter report disclosure serves as a placebo event; it keeps the same firms and the same exposure measure and changes only the news being released. Table 1 reports summary statistics. Huijin's prior stake—the dose—averages 1.42% and ranges from 0.11% to 3.57%. The disclosure-day abnormal return averages −0.30% for the half-year event and −0.53% for the first-quarter event, with standard deviations near 3.3 percentage points. The firms are mid-to-large cap (mean log float capitalization 23.8 when measured in yuan) and had fallen in the month before the first-quarter disclosure (mean prior-month return −7.4%). Table 1 also shows the skew that drives the robustness results: the dose distribution is concentrated at low values, with a 25th percentile of 0.88% and a median of 1.29%, so much of the identifying variation comes from firms where Huijin held small stakes, a fact revisited in Section 4.

Table 1. Summary statistics (125 exited firms)

Variable	N	Mean	SD	p25	Median	p75	Min	Max
Huijin 2026Q1 stake (dose, %)	125	1.42	0.75	0.88	1.29	1.81	0.11	3.57
CAR[0], half-year event	125	−0.30	3.26	−2.43	−0.51	1.35	−8.59	10.78
CAR[0,+1], half-year event	125	−0.06	3.27	−1.70	−0.15	1.31	−9.03	9.77
CAR[0], first-quarter event	125	−0.53	3.91	−2.51	−0.48	1.36	−11.16	9.80
SUE, half-year	123	−0.004	0.067	−0.009	−0.000	0.005	−0.610	0.346
log float market cap	125	23.83	1.40	22.81	23.45	24.75	21.80	28.31
Prior-month return	125	−7.43	8.60	−13.04	−7.65	−3.16	−25.67	24.84

Note: Abnormal returns (CAR) are in percent and come from a market-model regression estimated over trading days [−250, −11] relative to the event; the event day is the report disclosure date. SUE is the seasonal random-walk surprise: the change in adjusted EPS from the same period a year earlier, scaled by the price at the end of the prior period. Dose is Huijin's disclosed 2026Q1 stake in percent. Two firms have a missing adjusted-EPS observation for the relevant half-year, so SUE is undefined for them and they are excluded from SUE-based regressions; SUE therefore has 123 observations.

2.3. Method and identification

The dose-response is estimated by ordinary least squares on the cross-section of exited firms (Equation (1)):

$$CAR_i = \alpha + \beta \cdot dose_i + \gamma \cdot SUE_i + \delta' X_i + \varepsilon_i, \quad (1)$$

where CAR_i is the cumulative abnormal return over the disclosure window, $dose_i$ is Huijin's disclosed first-quarter stake, SUE_i is the standardized unexpected earnings, and X_i collects the log of float market capitalization, the prior-month return, the market-model beta, and CSRC sector indicators; abnormal returns are computed from a market model estimated over the [−250, −11] window, following the standard event-study approach [8–11]. The dose-response follows the continuous-treatment logic of [12], and inference uses heteroskedasticity-robust (HC1) standard errors, with the standard-error choices discussed by [13, 14].

¹ Report disclosure dates and adjusted earnings per share are taken from the CSMAR periodic report file (IAR_Rept), covering all A-share firms from 1 January 2025 to 30 June 2026.

Coefficients are in percentage points; β is the change in the abnormal return, in percentage points, for a one-percentage-point increase in the disclosed stake.

The coefficient of interest is β . Identification is cross-sectional in exposure. Because the exit is a single state decision, no control group can be constructed that shares the counterfactual of an exited firm. The dose-response sidesteps that problem by comparing exited firms to one another: it asks whether the market's reaction scales with how much Huijin had been holding. The identifying assumption is that the disclosure is more informative, and hence more price-relevant, where the prior stake was larger, and that no unrelated firm characteristic co-moves with the stake and the disclosure-window return. Equation (1) is estimated for two windows—the disclosure day alone, CAR[0], and the disclosure day plus the next trading day, CAR[0,+1]—and for two events: the half-year disclosure and the first-quarter placebo.

3. Empirical results

Table 2 reports the dose-response. On the disclosure day, the half-year gradient is -1.05 percentage points per percentage point of stake ($t = -1.99$, $p = 0.047$). Over the two-day window it is -0.91 ($p = 0.074$). The regression explains 18.5% of the cross-sectional variation on the disclosure day and 13.9% over the two days. The SUE coefficient is positive but insignificant ($\beta = 0.023$, $p = 0.36$ on the disclosure day), so the gradient is not a relabeled earnings surprise. The magnitude is economically meaningful at the sample's exposure: at the median stake of 1.29%, the disclosure-day estimate implies an abnormal return of about -1.4% for the median exited firm, a fall large enough to matter for a single trading day, though estimated with enough noise that it is not precisely pinned down.

Figure 1 shows the underlying scatter. Each point is one firm; the horizontal axis is Huijin's prior stake and the vertical axis is the disclosure-day abnormal return. The half-year points (dark) slope down; the first-quarter points are plotted alongside.

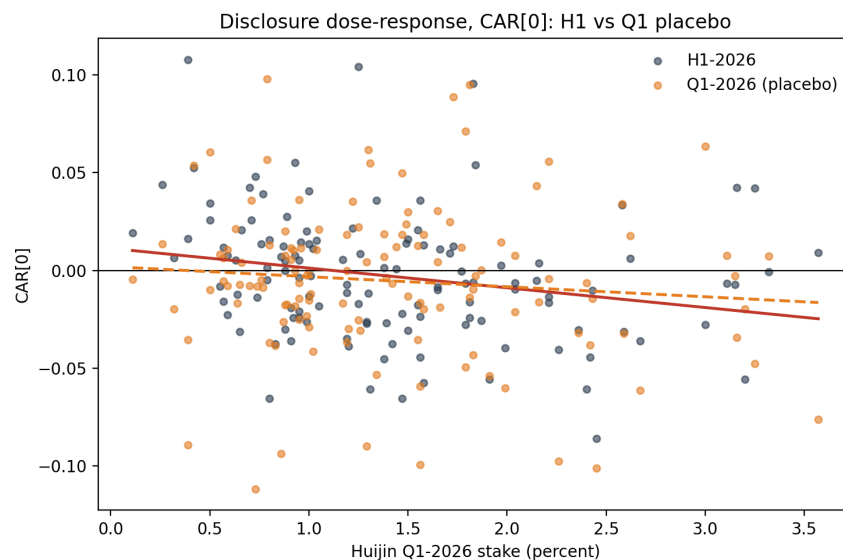


Figure 1. Disclosure-day abnormal return against Huijin's disclosed first-quarter stake, for the half-year event (dark points, solid fit) and the first-quarter placebo event (light points, dashed fit)

Table 2. Dose-response of abnormal returns on Huijin's disclosed stake

	Half-year event	First-quarter placebo
Panel A. CAR[0]		
β (dose)	-1.051**	-0.612
(SE)	(0.529)	(0.641)
<i>p</i> -value	0.047	0.340
<i>N</i>	123	125
Panel B. CAR[0,+1]		
β (dose)	-0.910*	0.110
(SE)	(0.509)	(0.886)
<i>p</i> -value	0.074	0.902
<i>N</i>	123	125

Note: Coefficients are in percentage points: the change in the cumulative abnormal return for a one-percentage-point increase in Huijin's disclosed 2026Q1 stake, from Equation (1). All columns control for SUE, log float market capitalization, the prior-month return, the market-model beta, and CSRC sector indicators; HC1 standard errors in parentheses. ***, ** and * indicate statistical significance at the 1%, 5% and 10% levels respectively.

The dose-response is significant in the event window and not significant in the placebo test. On the disclosure day, the half-year coefficient is -1.051 ($p = 0.047$), whereas the first-quarter placebo coefficient is -0.612 ($p = 0.340$). Over the two-day window the half-year coefficient is -0.910 ($p = 0.074$) and the placebo coefficient is 0.110 ($p = 0.902$). The significant negative reaction is therefore associated with the half-year disclosure window, and the same dose-response measured around the first-quarter disclosure is not statistically significant.

4. Robustness checks

Table 3. Robustness of the half-year dose coefficient

Specification	CAR[0] β (SE)	CAR[0,+1] β (SE)	<i>N</i>
(1) Baseline (dose + SUE + controls)	-1.051** (0.529)	-0.910* (0.509)	123
(2) Without SUE	-1.083** (0.520)	-0.909* (0.496)	125
(3) No controls (dose only)	-1.008** (0.417)	-0.889** (0.382)	125
(4) CAR winsorized at 1/99	-1.004* (0.516)	-0.883* (0.496)	123
(5) Drop firms with stake < 1%	-0.030 (0.683)	0.122 (0.621)	78
(6) Exclude financial firms	-0.714 (0.530)	-0.763 (0.564)	101

Note: Each row re-estimates Equation (1) on the half-year event under the stated change. Coefficients are in percentage points per percentage-point increase in the disclosed stake; HC1 standard errors in parentheses. Column *N* is for the CAR[0] specification; the two-day column uses the same sample. ** and * indicate statistical significance at the 5% and 10% levels respectively.

Table 3 varies the specification. The half-year gradient is stable across the control set: without SUE the disclosure-day estimate is -1.08 ($p = 0.037$); with no controls at all, dose alone, it is -1.01 ($p = 0.016$); winsorizing the abnormal return at the 1st and 99th percentiles gives -1.00 ($p = 0.052$). Dropping controls or outliers does not move it, so the estimate is not an artifact of a fragile specification.

Two subsamples do move it, and they reveal where the effect comes from. Dropping firms where the stake is below 1% removes the gradient entirely: $\beta = -0.03$ ($p = 0.97$) on the disclosure day, on 78 firms. Excluding financial firms lowers it to -0.71 ($p = 0.18$), on 101 firms. The negative dose-response is therefore not a property of high-exposure firms in general; it is driven by the many firms where Huijin held a small stake, and it is stronger in the financial sector.

5. Discussion

The finding has two implications. First, a change in the national team's holdings is a signal that the market follows closely; its exit produces a negative price reaction across the cross-section, and the reaction is amplified by the size of the previously disclosed stake. Second, the interpretation must be cautious: the gradient is concentrated in low-stake and financial firms, so the observed negative association may reflect disclosure information, or it may reflect the selection feature that firms in which Huijin held little are simply more volatile.

The study has three limitations. First, the design cannot separate disclosure information from selling pressure, because the dates on which Huijin actually sold, and the order flow, are not observed. Second, the exposure measure is a single quarter's stake, so the dose-response is identified off the cross-section of positions rather than off changes in those positions over time. Third, the main effect weakens at wider windows such as $[-1, +1]$, indicating sensitivity to the choice of window.

6. Conclusion

Between the 2026 first-quarter and half-year reports, Central Huijin Asset Management Ltd. left the top-ten shareholder lists of 125 listed firms. The market response is measured in proportion to the stake that had been disclosed. The disclosure-day abnormal return falls by 1.05 percentage points per percentage-point of prior stake ($p = 0.047$), and the two-day return falls by 0.91 ($p = 0.074$). In a placebo test around the first-quarter disclosure, the dose-response is not significant. The gradient is concentrated in low-stake and financial firms. If transaction records or order flow that show when the positions were unwound become available, the information and pressure channels could be separated, and a more reliable pricing estimate of the national team's exit could be obtained.

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Appendix

Appendix A. Variable definitions

Table A1. Variable definitions

Variable	Definition
dose	Huijin AM's disclosed holdings in the 2026Q1 top-ten shareholder list, in percent.
CAR[0]	Cumulative market-model abnormal return on the disclosure day (day 0).
CAR[0,+1]	Cumulative market-model abnormal return on the disclosure day and the next trading day.
Market model	Firm daily return regressed on the value-weighted A-share return over trading days $[-250, -11]$; abnormal return is the residual.
SUE	Seasonal random walk: (EPS in period t minus EPS in period $t-4$) divided by the closing price at the end of the prior period, where EPS is adjusted EPS from IAR_Rept.
Disclosure date	Annodt for the relevant report in IAR_Rept.
lsize	Natural log of float market capitalization on 31 March 2026.
prior_ret	Cumulative daily return over March 2026.
beta	Slope from the market-model estimation.

Appendix B. Construction notes

The treatment identifies firms where Huijin AM is in the 2026Q1 top-ten list and absent from the 2026H1 list. China Construction Bank (601939) is excluded: Huijin's head-office seat remains among its shareholders (a 54.61% holding), so the firm is counted as retained, and the exit of the asset-management seat is listed separately in the exit list. Two firms lack the adjusted-EPS observation needed to compute SUE; the SUE-based regressions therefore use 123 firms, while the dose-only specification uses all 125. Report disclosure dates and adjusted EPS come from CSMAR IAR_Rept.