



Portfolio Choice with Non-Fungible Brokerage Cash

He, Xindi, and **Ning Zhu**

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Abstract

Standard portfolio-choice models treat cash as fungible. Using positions and transfer records for 46,016 Chinese investors, we show that brokerage cash is non-fungible and that cash-source effects refresh and decay. We label inflows from savings transfers as “cold” and trading-recycled funds as “hot,” and construct a cash-temperature measure tracking these dynamics. Investors allocate colder cash to safer stocks, controlling for gains and losses, trading intensity, and rebalancing. Quasi-experimental variation from China’s 2016 IPO reform supports a causal interpretation. A pre-registered experiment links cold framing to loss aversion; a model with temperature-dependent sensitivity to gains and losses rationalizes the evidence.