

# **Fake News and Stock Return: The Mediation Effect of Investor Sentiment in China**

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With the rise of the media (such as newspaper, TV, broadcast, new media, website), it connects people from all over the world to a virtual community and changes the channels of communication, and it also speeds up the speed of communication. Media could be acted as a pivotal hub between the securities market and investors to obtain information from finance, politics to sociology and other fields. The constant release of financial news helps update the general investor information set on financial markets and affects the sentiment of investors. Due to the plenitude of online sources, however, factual reporting can be displaced with alternative narratives. The use of the fake news portrays media watchdogs as entities that operate to deliberately misinform. Fake news could affect stock return by human behaviors. Therefore, this paper provides new insights into the relationships between investor sentiments and the stock market in the China.

***Keywords:*** *Fake News, Investor Sentiment, Mediation Effect, Stock Return*