FEDERAL RESERVE BANK *of* NEW YORK

33 LIBERTY STREET, NEW YORK, NY 10045-0001

Minutes of the Investor Advisory Committee on Financial Markets

October 14, 2026

Federal Reserve Bank of New York

Committee Attendees:

Leda Braga, Systematica Investments
Greg Davis, Vanguard
Stanley Druckenmiller, Duquesne
Hari Hariharan, NWI Management
Kim Lew, Columbia Investment Management Company
Holly H. MacDonald, Bessemer Trust
Belita Ong, Dalton Investments
Chris Rokos, Rokos Capital Management
Jeffrey Talpins, Element Capital
Anastasia Titarchuk, New York State Common Retirement Fund
Anne Walsh, Guggenheim Partners Investment Management

Federal Reserve Attendees:

John C. Williams
Kartik Athreya
Henry R. Kopesky
Matthew Lieber
Rebecca McCaughrin
Timothy C. Nash, Jr.
Roberto Perli
Suraj Prasanna
Julie Remache
Navya Sharma
Maneesha Shrivastava
Ben Wensley

Discussion of the U.S. and International Outlooks

Committee members viewed the U.S. economic outlook as relatively resilient despite recent increases in global yields. They attributed this economic resilience to continued AI-related investment, as well as ongoing fiscal impulses across many advanced economies that were seen as supporting global growth more broadly. Members also discussed concerns that AI adoption and monetization were lagging expectations and related tail risks to economic growth. Globally, committee members characterized growth as somewhat stratified by an economy's exposure to AI investment, as well as the extent of its energy imports and its exposure to tariffs and other trade tensions.

Inflation was a central concern among committee members, who discussed the risk of persistently higher inflation driven by structural factors. Committee members considered how Federal Reserve monetary policy would weigh AI investment's effect on inflation over the near and long terms.

Discussion of the Rise in Global Longer-term Bond Yields

Committee members noted that in many cases, the global rise in longer-term bond yields has been driven by real yields, which they attributed to myriad economic drivers. In the U.S., these drivers included higher growth expectations and estimates of the neutral rate of interest, as well as increased volumes of

corporate debt and equity issuance to support AI-related capital investment. Members also cited the backdrop of fiscal risk across advanced economies and limited prospects for fiscal consolidation as supporting higher sovereign bond yields, but highlighted varied dynamics across jurisdictions. Committee members additionally indicated that technical factors, such as trend-following funds and the extension of mortgage duration, could be supportive of higher yields at the margin. Members discussed different measures of inflation expectations and observed that most had remained relatively stable in the U.S. amid the recent rise in bond yields, though this was less true of large energy importers.

Discussion of Asset Prices and Leverage in Financial Markets

Committee members discussed several aspects of leverage in the financial system, and broadly expressed measured concern at the role of leverage in the rise of asset prices. While leveraged ETFs (LETFs) had attracted coverage amid the volatility in South Korean equity markets, members noted that these vehicles comprise a small share of the overall ETF market. Members discussed other sources of leverage, such as increased lending by prime brokers, including to hedge funds, and whether this posed any concentration risk.