



In Focus: Dynamic Value

6 FOR 2026 OUTLOOK

Investment views from our partners at BNY Investments Newton

Value investing appears well positioned for 2026 as broader earnings strength, auspicious U.S. government policy, and a supportive macro environment may reward careful stock selection.

OUR TOP CATALYSTS FOR CHANGE

01 Easing Monetary Policy

Over the last year, the US Federal Reserve has trimmed interest rates with further cuts forecasted over the next year. Given changes in monetary policy take time to work through the economy, we see a long runway for easing financial conditions which should stimulate spending across both the corporate and consumer sectors.

02 Focus on Financials

Declining short-term rates and a still-steep US yield curve could benefit US banks given lower deposit rates and higher lending rates, pushing net-interest margins wider. In addition, with the cost of capital moving lower, US capital market-exposed names may benefit as companies look to raise capital to finance growth operations and engage in mergers and acquisitions.

03 From Debt to Dollars

Increased liquidity and greater access to capital should benefit those companies and sectors that carry a higher debt burden, allowing them to re-finance or term-out existing maturities. Falling leverage could lead to improving fundamentals across utilities, real estate, and telecommunications services.

04 One (Healthy) Beautiful Bill

The “One Big Beautiful Bill” Act is expected to significantly reduce tax obligations, enhance near-term cash flow, provide long-term certainty for capital-intensive businesses, and accelerate the timing of acquisitions or projects to capture these benefits sooner rather than later. These dynamics may unlock billions in free cash flow in the upcoming year, encouraging domestic capital investment and innovation with excess capital available for deployment.

05 The Art of Artificial Intelligence¹

Early artificial intelligence (AI) adopters may be poised to create value in companies outside of the tech sector. AI integration is driving transformation across sectors like retail, health care, finance, insurance, and advertising. For investors, this opens opportunities to discover companies across traditional industries that are transforming their business models, boosting efficiency, and unlocking innovation—often at attractive valuations.

06 Productivity Lift

In early 2025, the Trump administration issued the executive order “Unleashing Prosperity Through Deregulation,” which aims to reduce overall regulatory costs, clear bottlenecks in supply-chains, eliminate friction in building timelines, and boost long-term US economic growth. The initiative spans multiple industries, easing compliance for financial institutions, rolling back environmental rules for energy and manufacturing, and reducing permitting delays for industrial firms, all designed to free capital for reinvestment and support profitability across key sectors of the US economy.

This article is part of our 2026 Outlook series where our financial experts answer 6 key questions facing investors.

[Read our main Outlook here.](#)

About Newton Investment Management

Newton is a multi-strategy, active manager within BNY Investments.

Endnotes

1. The strategy discussed does not specifically include an Artificial Intelligence (AI) driven objective. The manager may evaluate a range of factors when evaluating investments, however, including how companies utilize artificial intelligence within their business operations and strategies. AI usage may not be considered for each individual investment and, where it is considered, other attributes of an investment may outweigh any AI usage considerations when making investment decisions. The way that AI usage considerations are assessed may vary depending on the asset class and strategy involved.

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