# Dynex Capital, Inc. (DX)

*Updated April 27th, 2026, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $13.78 | **5 Year CAGR Estimate:** | 9.7% | **Market Cap:** | $2.9B |
| **Fair Value Price:** | $12.15 | **5 Year Growth Estimate:** | 2.0% | **Ex-Dividend Date:** | 05/22/26[1] |
| **% Fair Value:** | 113% | **5 Year Valuation Multiple Estimate:** | -2.5% | **Dividend Payment Date:** | 06/01/26[1] |
| **Dividend Yield:** | 14.8% | **5 Year Price Target** | $13.41 | **Years of Dividend Growth:** | 2 |
| **Dividend Risk Score:** | F | **Sector:** | Real Estate | **Rating:** | Hold |

## Overview & Current Events

Dynex Capital, Inc. (DX) is a mortgage real estate investment trust (mREIT) with a $2.9 billion market capitalization, founded in 1987 and headquartered in Glen Allen, Virginia. The company specializes in investing in agency and non-agency mortgage-backed securities (MBS) on a leveraged basis, including residential MBS, commercial MBS (CMBS), and interest-only securities. DX focuses on agency MBS backed by Fannie Mae/Freddie Mac (government-sponsored) and Ginnie Mae (government-guaranteed). With 207.2 million shares outstanding and a monthly dividend structure, it serves income-focused investors seeking mortgage market exposure. The company's internally managed structure reduces conflicts of interest and operational expenses. As of March 31st, 2026, DX had a portfolio of $24.8 billion in MBS positions and maintained leverage of 8.6x shareholders' equity.

On April 20th, 2026, DX shared its financial results for the first quarter ended March 31st, 2026. The company earnings available for distribution (EAD) per share rose by 47.6% year-over-year to $0.31 in the quarter. That beat the analyst consensus during the quarter by $0.03. Lower repurchase agreement (repo) financing costs widened its spread profit on every dollar invested and significantly upping the share count grew its earnings engine without undermining its economic net interest spread for the quarter. To this point, the economic net interest spread improved by 100 basis points over the year-ago period to 1.15% in the quarter (up 16 basis points sequentially).

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $2.43 | $2.31 | $2.24 | $1.88 | $2.12 | $1.96 | $1.15 | $0.76 | $1.64 | $1.32 | ***$1.35*** | ***$1.49*** |
| **DPS** | $2.61 | $2.25 | $2.16 | $2.40 | $1.68 | $1.56 | $1.56 | $1.56 | $1.58 | $1.98 | ***$2.04*** | ***$1.50*** |
| **Shares[2]** | 16.4 | 18.6 | 20.9 | 23.0 | 23.7 | 36.7 | 53.6 | 57.0 | 84.5 | 174.8 | ***207.2*** | ***400.0*** |

Over the years, DX has been challenged by two extremes: Zero interest rate policy (where spreads were thin) and the rapid hike era that began in 2022 (where the inverted curve crushed margins). As rates largely stabilize, that will make it more attainable for the company to deliver more consistent spreads. We also believe that the scale has now reached a point where the internally managed efficiency can start to benefit (or at least be neutral) to the per-share line, rather than dilutive. That's why we think EAD per share can grow by 2% annually through 2031, off an anticipated 2026 base of $1.35.

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[1] Estimated dates based on past dividend dates.

[2] Share count in millions

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## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 8.4 | 9.1 | 7.8 | 9.1 | 8.4 | 8.5 | 11.1 | 16.5 | 7.7 | 10.7 | ***10.2*** | ***9.0*** |
| **Avg. Yld.** | 12.8% | 10.7% | 12.4% | 14.1% | 9.4% | 9.3% | 12.3% | 12.5% | 12.5% | 14.1% | ***14.8%*** | ***11.2%*** |

Since 2016, DX's P/E ratio has ranged from as low as the high single-digits to as much as the mid-teens. The average P/E ratio over that time was nearly 10. Adjusting for the higher interest rate environment, we believe that a reasonable fair value P/E ratio for DX is around 9. Compared to the current-year P/E ratio of 10.2, this implies shares are moderately overvalued.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 107% | 97% | 96% | 128% | 79% | 80% | 136% | 205% | 96% | 150% | ***151%*** | ***100%*** |

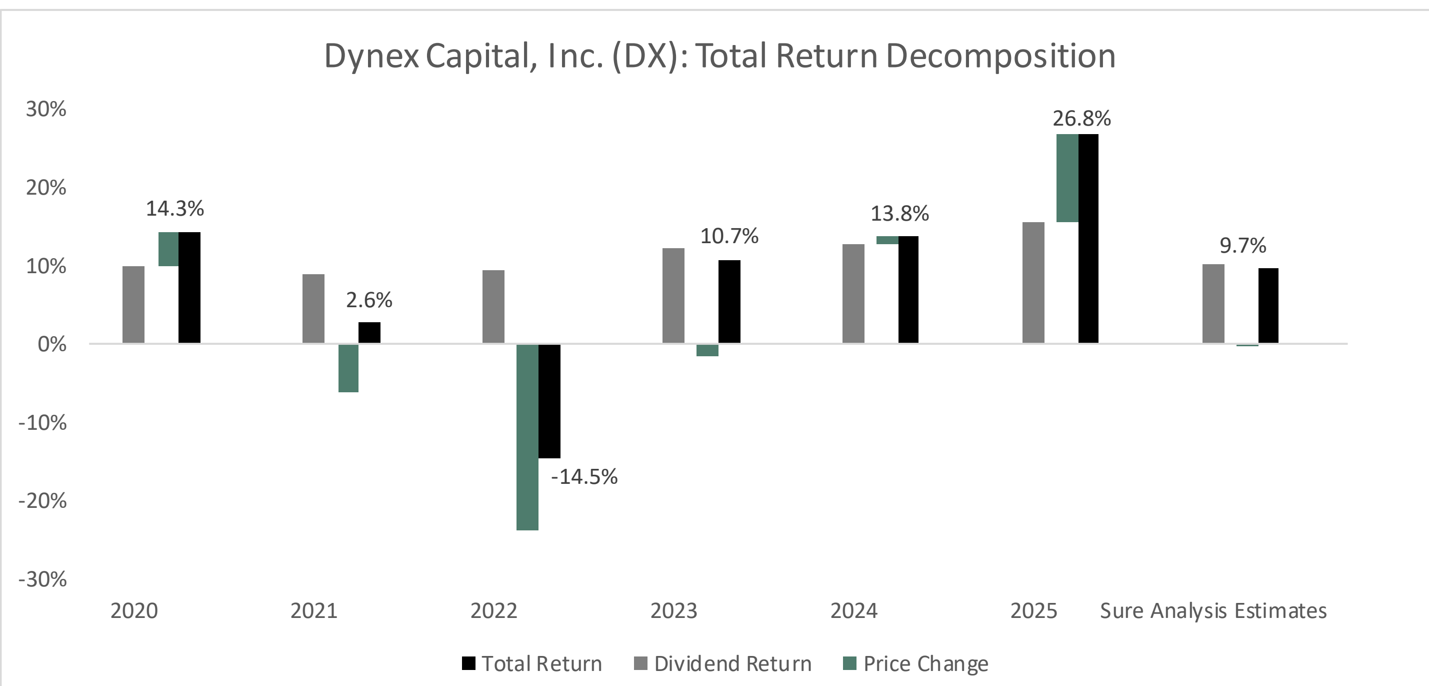
DX brings to the table some competitive advantages, which could enable it to generate strong returns for investors throughout business cycles. These include the trust's experienced management team with expertise in managing securitized real estate assets through multiple economic cycles, as well as its emphasis on maintaining a diversified pool of highly liquid mortgage investments with minimal credit risk.

Of course, like any mREIT, DX is highly leveraged. Any uptick in mortgage defaults could quickly force a dividend cut. Over the past decade, DX has cut its payout several times. We believe that with the payout ratio likely to be around 150% in 2026, another series of cuts is likely to occur in the coming years, bringing the 2031 payout likely to around $1.50 (a payout ratio of roughly 100%).

## Final Thoughts & Recommendation

DX's 14.8% dividend yield, 2.0% annual EAD per share growth prospects, and 2.5% annual valuation multiple contraction could generate 9.7% annual total returns through 2031. Because we believe there are better risk-adjusted returns elsewhere, we're maintaining our Hold rating.

## Total Return Breakdown by Year




*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*

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## Income Statement Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 82 | 86 | 83 | 164 | 232 | 67 | (2) | 133 | 318 | 534 |
| Net Profit | 43 | 34 | 7 | (153) | 178 | 102 | 143 | (6) | 114 | 319 |
| Net Margin | 52.5% | 39.4% | 8.4% | -92.9% | 76.4% | 153% | -6035% | -4.6% | 35.8% | 59.8% |
| Free Cash Flow | 221 | 204 | 181 | 175 | 174 | 147 | 126 | 62 | 14 | 121 |

## Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 3,398 | 3,306 | 3,886 | 5,371 | 3,088 | 3,640 | 3,605 | 6,370 | 8,185 | 17,342 |
| Cash & Equivalents | 99 | 87 | 35 | 134 | 296 | 366 | 332 | 120 | 377 | 531 |
| Total Liabilities | 2,931 | 2,749 | 3,359 | 4,788 | 2,454 | 2,868 | 2,704 | 5,499 | 7,000 | 14,880 |
| Long-Term Debt | 6 | 6 | 3 | 3 | 0 | - | - | - | - | - |
| Total Equity | 357 | 416 | 384 | 420 | 459 | 663 | 793 | 763 | 1,077 | 2,354 |
| LTD/E Ratio | 6.22 | 4.62 | 6.21 | 8.16 | 3.85 | 3.70 | 2.93 | 6.18 | 5.54 | 5.65 |

## Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 1.2% | 1.0% | 0.2% | -3.3% | 4.2% | 3.0% | 4.0% | -0.1% | 1.6% | 2.5% |
| Return on Equity | 9.0% | 6.6% | 1.3% | -27.5% | 29.2% | 14.6% | 17.1% | -0.7% | 11.1% | 17.5% |
| ROIC | 1.2% | 1.0% | 0.2% | -3.3% | 4.2% | 3.1% | 4.0% | -0.1% | 1.6% | 2.6% |
| Shares Out. | 16 | 17 | 19 | 24 | 23 | 37 | 54 | 59 | 91 | 199.6 |
| Revenue/Share | 5.01 | 5.12 | 4.33 | 6.96 | 10.05 | 2.04 | (0.06) | 2.42 | 4.46 | 4.27 |
| FCF/Share | 13.52 | 12.17 | 9.39 | 7.42 | 7.53 | 4.49 | 2.96 | 1.13 | 0.20 | 0.97 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*