



Invesco Mortgage Capital Inc. (IVR)

Updated April 5th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$8.10	5 Year Annual Expected Total Return:	13.9%	Market Cap:	\$704 M
Fair Value Price:	\$17.33	5 Year Growth Estimate:	-10.0%	Ex-Dividend Date:	03/24/26
% Fair Value:	47%	5 Year Valuation Multiple Estimate:	16.4%	Dividend Payment Date:	04/14/26
Dividend Yield:	17.8%	5 Year Price Target	\$10.23	Years Of Dividend Growth:	1
Dividend Risk Score:	F	Sector:	Real Estate	Rating:	Hold

Overview & Current Events

Invesco Mortgage Capital is a Maryland real estate investment trust focused on investing in, financing, and managing mortgage-backed securities and other mortgage-related assets. Its investment portfolio is centered on Agency RMBS and Agency CMBS, with historical investments also such as non-Agency RMBS, non-Agency CMBS, TBAs, unconsolidated real estate-related ventures, and U.S. Treasury securities. The company conducts its business through IAS Operating Partnership L.P. and is externally managed by Invesco Advisers, Inc., an indirect subsidiary of Invesco Ltd. The company has no employees of its own and relies on its external manager for investment, risk management, and operational support. Last year, it recorded \$295.3 in dividend and interest income. It now trades at a market cap of \$704 million.

On January 29th, 2026, Invesco Mortgage Capital posted its annual results for the period ending December 31st, 2025. For the year, net income was \$101.3 million or \$1.32 per diluted share, up from \$34.8 million, or \$0.65 per diluted share, in 2024. Net interest income increased to \$75.4 million from \$36.8 million, as interest income rose to \$295.3 million from \$286.5 million and interest expense fell to \$219.9 million from \$249.7 million. Total other income was \$44.4 million, driven by a \$149.3 million gain on investments, partly offset by a \$104.9 million loss on derivative instruments, while total expenses declined slightly to \$18.6 million. Total assets increased to \$6.48 billion from \$5.69 billion, and total stockholders' equity rose to \$797.5 million from \$730.7 million. For 2026, we expect EPS of \$2.32.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$19.75	\$27.50	(\$10.32)	\$24.16	(\$98.93)	(\$4.82)	(\$12.21)	(\$0.85)	\$0.65	\$1.32	\$2.31	\$1.36
DPS	\$16.00	\$16.30	\$16.80	\$18.50	\$6.50	\$3.60	\$3.10	\$1.60	\$1.60	\$1.38	\$1.44	\$0.85
Shares¹	13.0	12.3	11.2	13.2	17.4	27.5	34.2	44.1	53.8	66.9	66.9	80.0

Invesco Mortgage Capital has a wildly volatile EPS history. Between 2016 and 2019, IVR operated a high-alpha strategy involving a mix of Agency and higher-yielding Non-Agency credit. The strong EPS in 2016, 2017, and 2019 was driven by a relatively stable interest rate environment and successful "carry trades." The sharp 2018 loss of (\$10.32), though, was triggered by a rapid rise in interest rates that caused significant mark-to-market GAAP losses on their mortgage-backed securities (MBS) portfolio, which their hedges failed to fully offset.

The huge loss in 2020 was the company's defining breaking point. When COVID-19 froze the mortgage market, IVR faced a wave of margin calls and was forced to liquidate its riskier credit and commercial assets at steep losses, permanently damaging its capital base. From 2021 to 2023, it struggled to rebuild as a smaller, Agency-only REIT while rising Fed rates kept pressure on book value and earnings.

By 2024 and 2025, the new IVR began to stabilize. Positive EPS came from its shift to mostly lower-risk, government-backed Agency RMBS, along with improving spreads and financing costs as Fed expectations eased. Earnings remained well below the legacy era, but the business became more sustainable and focused on liquidity and capital preservation.

¹ In millions



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Going forward, we expect EPS and the dividend to decline by about 10% per year. This rather pessimistic assumption is for us to take into account potential risks related to dilution from recent share offerings, pressure on book value, and tighter margins as financing costs stay high and faster prepayments reduce yields on the Agency RMBS portfolio. The company switched to paying a monthly dividend in 2026.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	7.0	6.0	---	6.6	---	---	---	---	13.6	5.9	3.5	7.5
Avg. Yld.	11.6%	9.9%	10.5%	11.6%	10.8%	10.4%	17.9%	15.0%	18.1%	17.7%	17.8%	8.3%

While we assign IVR a 7.5x fair multiple, its current valuation of roughly 3.5x EPS reflects the market's view that the stock deserves a steep discount for book value erosion risk, earnings volatility, leverage, and rate sensitivity. In that sense, the lower multiple appears justified rather than mispriced. The near-18% yield tells the same story as you are getting paid big to take on a security the market views as high-risk and potentially unstable to hold over time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

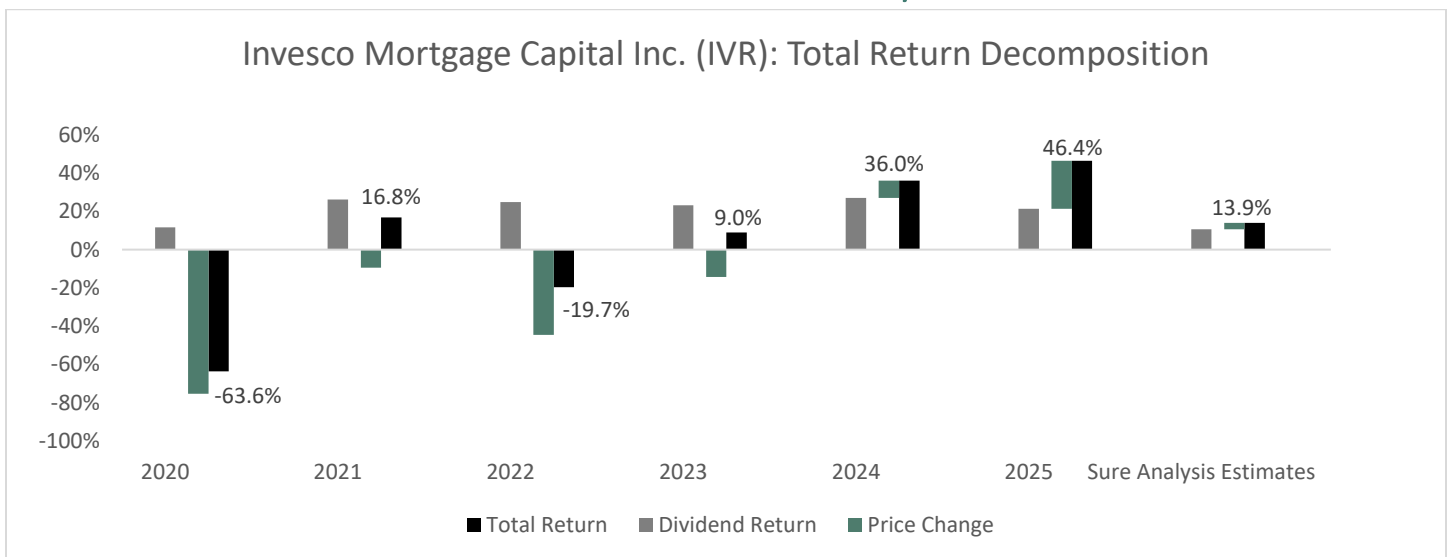
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	81%	59%	---	77%	---	---	---	---	246%	105%	62%	62%

IVR is a low-quality, higher-risk business because its results depend far more on rates, spreads, leverage, and funding markets than on any durable franchise strength. It does not really have a moat, since this is essentially a managed mortgage REIT vehicle rather than a business with pricing power or sticky customer relationships. Any edge comes from portfolio management and hedging, which can help around the margins but do not change the underlying fragility of the model. For that reason, we view IVR as a way to play a specific mortgage market setup, not as a long-term holding where investors should place high confidence in the dividend through a full cycle.

Final Thoughts & Recommendation

IVR is a high-yield, high-risk mortgage REIT that can only work as a tactical spread trade. This is not a durable long-term compounder. Any possible upside is tied to stable funding and mortgage markets. However, meaningful downside is very likely to come from leverage and book value erosion. While our total return forecast stands at an attractive 13.9%, this is based on dynamics that can easily change from day to day. We rate the stock a very speculative hold.

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	333	557	424	246	(925)	50	(438)	190	451	188
D&A Exp.	298	520	384	208	(955)	29	(454)	178	439	177
Operating Profit	89.6%	93.3%	90.4%	84.5%	103.2%	58.1%	103.9%	93.5%	97.4%	94.0%
Operating Margin	269	366	(69)	366	(1,482)	(80)	(331)	223	310	321
Net Profit	80.9%	65.6%	-16.2%	148.6%	160.1%	-159.3%	75.7%	117.4%	68.8%	170.9%
Net Margin	258	353	(71)	364	(1,674)	(90)	(403)	(16)	60	101
Free Cash Flow	77.4%	63.3%	-16.6%	148.0%	181.0%	-178.8%	92.1%	-8.4%	13.4%	53.9%
Income Tax	337	321	254	344	177	156	207	237	183	157

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	15,706	18,657	17,814	22,347	8,633	8,444	5,097	5,284	5,688	6,476
Cash & Equivalents	162	88	136	290	393	600	305	199	211	166
Total Liabilities	13,436	16,000	15,527	19,415	7,266	7,042	4,293	4,502	4,957	5,678
Long-Term Debt	2,047	1,793	1,691	1,650	-	-	-	-	-	-
Shareholder's Equity	1,956	2,067	1,723	2,369	804	974	505	494	556	632
LTD/E Ratio	5.89	6.03	6.67	6.54	5.29	4.98	5.27	5.70	6.70	7.05

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.6%	2.1%	-0.4%	1.8%	-10.8%	-1.1%	-6.0%	-0.3%	1.1%	1.7%
Return on Equity	11.4%	14.3%	-2.9%	14.0%	-77.9%	-6.5%	-36.5%	-2.0%	8.0%	13.3%
ROIC	1.6%	2.1%	-0.4%	1.8%	-10.9%	-1.1%	-6.0%	-0.3%	1.1%	1.7%
Shares Out.	13.0	12.3	11.2	13.2	17.4	27.5	34.2	44.1	53.8	66.9
Revenue/Share	25.56	45.31	38.02	18.59	(53.25)	1.83	(12.81)	4.31	8.38	2.81
FCF/Share	25.90	26.12	22.77	26.03	10.18	5.66	6.06	5.39	3.40	2.35

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

Disclaimer

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