Dynex Capital, Inc. (DX)

Updated October 19th, 2026, by Kody Kester

Key Metrics

Current Price:	$10.53	**5 Year CAGR Estimate:**	17.5%	**Market Cap:**	$2.7B
Fair Value Price:	$13.05	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	10/22/26
% Fair Value:	81%	**5 Year Valuation Multiple Estimate:**	4.4%	**Dividend Payment Date:**	11/02/26
Dividend Yield:	19.4%	**5 Year Price Target**	$15.12	**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 $2.7 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 258.4 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 Sept. 30, 2026, DX had a portfolio of $28.3 billion in MBS positions and maintained leverage of 9.0x shareholders' equity.

On Oct. 19, 2026, DX shared its financial results for the third quarter ended Sept. 30, 2026. The mREIT's earnings available for distribution (EAD) per share jumped 52% year-over-year to $0.38 in the quarter. This beat the analyst consensus during the quarter by $0.01. In the past 12 months, DX has been expanding its total investment portfolio (up almost 80%). That drove an uptick in average interest-earning assets and net interest income for the quarter. Along with disciplined expense management (economic net interest spread expanded from 1% in Q3 2025 to 1.18% in Q3 2026), this is what led to the rise in EAD per share in the quarter.

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	***$1.45***	***$1.68***
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[1]	16.4	18.6	20.9	23.0	23.7	36.7	53.6	57.0	84.5	174.8	***258.4***	***500.0***

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 to the per-share line, rather than be dilutive. That's why we think EAD per share can grow by 3.0% annually through 2031, off an anticipated 2026 base of $1.45.

[1] Share count is 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	***7.3***	***9.0***
Avg. Yld.	12.8%	10.7%	12.4%	14.1%	9.4%	9.3%	12.3%	12.5%	12.5%	14.1%	***19.4%***	***9.9%***

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 7.3, this implies shares are moderately undervalued.

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%	***141%***	***89%***

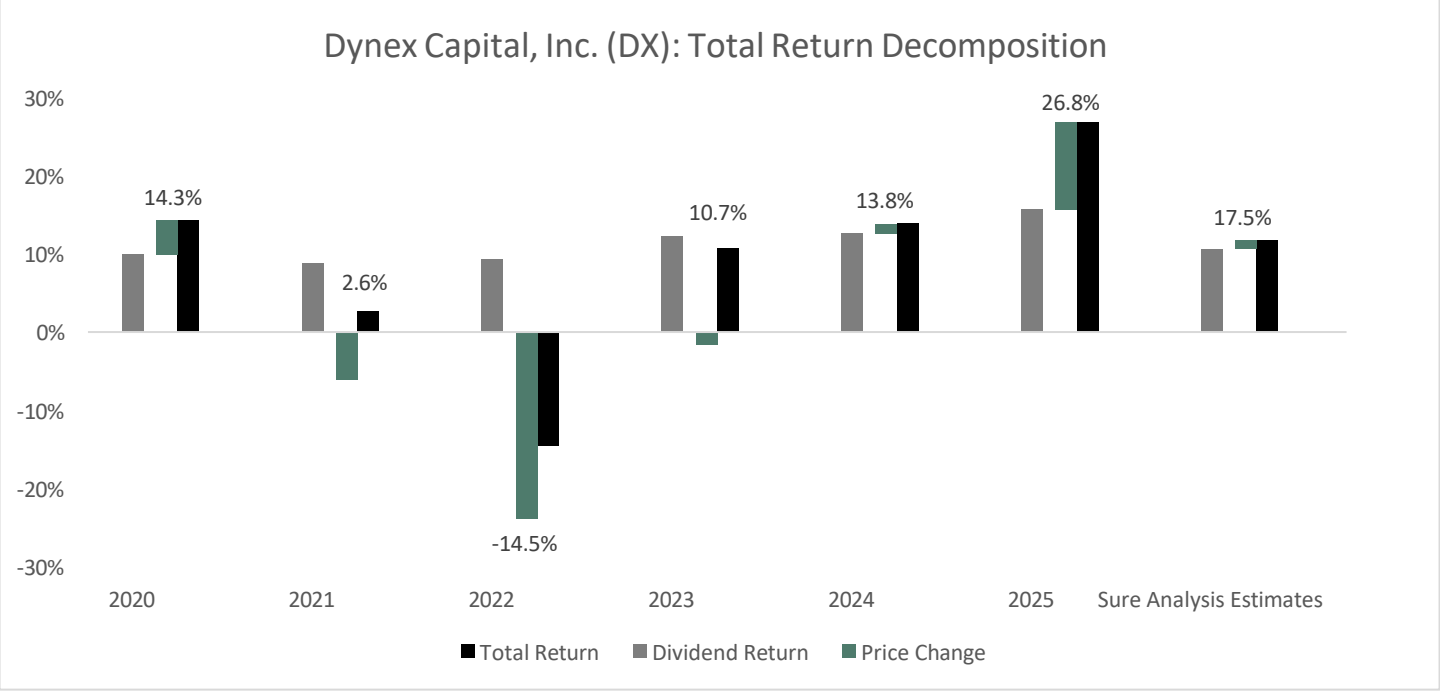
DX brings to the table some competitive advantages, which could enable it to generate strong returns for investors throughout business cycles. These include the trust's experienced management team with expertise in managing securitized real estate assets through multiple economic cycles, as well as its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

Of course, like any mREIT, DX is highly leveraged. Interest rate volatility and agency MBS spread widening could quickly prompt a dividend cut. Over the past decade, DX has cut its payout several times. We believe that with the payout ratio likely to be over 140% 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 nearly 90%).

Final Thoughts & Recommendation

DX's 19.4% dividend yield, 3.0% annual EAD per share growth prospects, and 4.4% annual valuation multiple upside could generate 17.5% annual total returns through 2031. Because we believe there are better risk-adjusted returns elsewhere, we're sticking with our Hold rating.

Total Return Breakdown by Year



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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 are in millions of U.S. Dollars unless per share or indicated otherwise.

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