Invesco Mortgage Capital Inc. (IVR)

Updated October 31st, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$5.31	**5 Year Annual Expected Total Return:**	21.5%	**Market Cap:**	$579 M
Fair Value Price:	$14.78	**5 Year Growth Estimate:**	-10.0%	**Ex-Dividend Date:**	11/23/26
% Fair Value:	36%	**5 Year Valuation Multiple Estimate:**	22.7%	**Dividend Payment Date:**	12/15/26[1]
Dividend Yield:	27.1%	**5 Year Price Target**	$8.72	**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 million in dividend and interest income. It now trades at a market cap of $579 million.

On October 29th, 2026, Invesco Mortgage Capital reported Q3 results for the period ended September 30th, 2026. The company recorded a $98.8 million net loss attributable to common shareholders, or $0.92 per share, versus Q2 net income of $0.34 per share. Earnings available for distribution fell to $0.47 per share from $0.50, despite net interest income rising to $33.9 million from $30.1 million. Wider mortgage spreads and rate volatility drove a 16.1% decline in book value to $6.74 per share and an economic return of negative 11.6%. Economic leverage increased to 8.3x from 7.5x, while the effective interest margin narrowed to 2.56% from 2.82%. IVR shifted capital from Agency CMBS toward Agency RMBS and issued 6.7 million common shares for $51.0 million. We now expect FY2026 earnings available for distribution of $1.97 per share.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS[2]	$19.75	$27.50	($10.32)	$24.16	($98.93)	($4.82)	($12.21)	($0.85)	$0.65	$1.32	***$1.97***	***$1.16***
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***
Shares[3]	13.0	12.3	11.2	13.2	17.4	27.5	34.2	44.1	53.8	66.9	***100.0***	***150.0***

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.

[1] Upcoming ex-dividend and payment dates are estimated based on historical cadence.
[2] Forecast EPS for 2026 and 2031 represents earnings available for distribution; historical EPS follows reported GAAP results.
[3] In millions

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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.

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	***2.7***	***7.5***
Avg. Yld.	11.6%	9.9%	10.5%	11.6%	10.8%	10.4%	17.9%	15.0%	18.1%	17.7%	***27.1%***	***9.7%***

While we assign IVR a 7.5x fair multiple, its current valuation of roughly 2.7x 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 27.1% 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

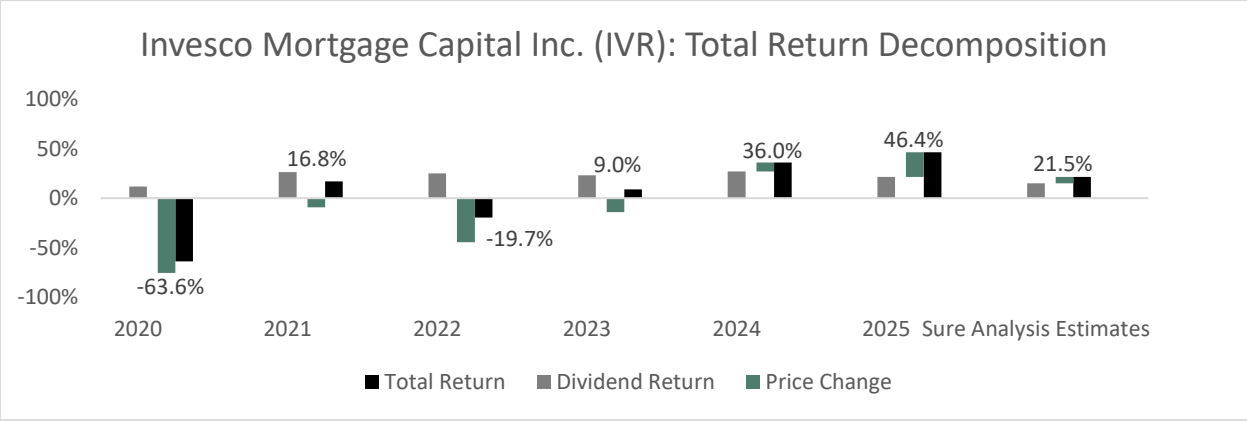
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	81%	59%	---	77%	---	---	---	---	246%	105%	***73%***	***73%***

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 21.5%, 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



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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
Gross Profit	298	520	384	208	(955)	29	(454)	178	439	177
Gross Margin	89.6%	93.3%	90.4%	84.5%	103.2%	58.1%	103.9%	93.5%	97.4%	94.0%
Operating Profit	269	366	(69)	366	(1,482)	(80)	(331)	223	310	321
Operating Margin	80.9%	65.6%	-16.2%	148.6%	160.1%	-159.3%	75.7%	117.4%	68.8%	170.9%
Net Profit	258	353	(71)	364	(1,674)	(90)	(403)	(16)	60	101
Net Margin	77.4%	63.3%	-16.6%	148.0%	181.0%	-178.8%	92.1%	-8.4%	13.4%	53.9%
Free Cash Flow	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.

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