

Portfolio managers

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Funds under management

Invesco SteelPath MLP Alpha

Invesco SteelPath MLP Income

Invesco SteelPath MLP Select 40

Invesco SteelPath MLP Alpha Plus

Invesco SteelPath MLP & Energy Infrastructure ETF

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Midstream equities outperformed the S&P 500 Index in February as fourth quarter earnings season neared conclusion. Despite strong performance in recent years, midstream MLP valuations remain attractive as cash flows have also increased meaningfully. At month-end the median midstream enterprise value to earnings before interest, taxes, depreciation, and amortization (EV/EBITDA) multiple was approximately 9.9x, below the 10-year average of 9.7x.

MLP market overview

Midstream MLPs, as measured by the Alerian MLP Index (AMZ), ended February up 2.2% on price basis and up 3.4% after distributions are considered. The AMZ outperformed the S&P 500 Index's 1.3% total return loss for the month. The best performing midstream subsector for February was the Gathering and Processing group, while the Marine subsector underperformed, on average.

For the year through February, the AMZ is up 10.6% on a price basis, resulting in a 12.5% total return. This compares to the S&P 500 Index's 1.2% and 1.4% price and total returns, respectively. The Gathering and Processing group has produced the best average total return year-to-date, while the Other subsector has lagged.

MLP yield spreads, as measured by the AMZ yield relative to the 10-Year U.S. Treasury Bond, widened by 139 basis points (bps) over the month, exiting the period at 286 bps. This compares to the trailing five-year average spread of 579 bps and the average spread since 2000 of approximately 436 bps. The AMZ's distribution yield at month-end was 7.06%.

West Texas Intermediate (WTI) crude oil exited the month at \$69.76 per barrel, down 3.8% over the period and 10.9% lower year-over-year. Natural gas prices ended February at \$3.83 per million British thermal units (MMBtu), up 26.0% over the month and 106.1% higher than February 2024. Natural gas liquids (NGL) priced at Mont Belvieu exited the month at \$33.39 per barrel, 0.8% higher than the end of January and 6.7% higher than the year-ago period.

News

OKE and MPLX expanding NGL offerings. ONEOK (NYSE: OKE) and MPLX (NYSE: MPLX) announced plans to construct a new liquified petroleum gas export terminal in Texas City, TX and a new pipeline connecting the new export facility to OKE's existing storage facility at Mont Belvieu, Texas. Concurrently, MPLX announced plans to construct its own Gulf Coast fractionation complex adjacent to Marathon Petroleum's (NYSE: MPC) Galveston Bay refinery. The fractionation facilities are expected to be placed into service in 2028 and 2029. Subsequent to these announcements, MPLX announced an agreement to acquire the remaining 55% interest in the BANGL pipeline system that it does not already own. BANGL transports up to 250 thousand barrels per day of natural gas liquids from the Permian basin to fractionation markets along the Gulf Coast and is expected to serve the new fractionation facility at the Galveston Bay refinery.

ET signs data center deal. Energy Transfer LP (NYSE: ET) announced that it entered into a long-term agreement with CloudBurst Data Centers, Inc. to provide natural gas to CloudBurst's flagship AI-focused data center development in Central Texas. The agreement calls for ET's Oasis Pipeline to provide up to 450,000 million British thermal units (MMBtu) per day of firm natural gas supply to CloudBurst's

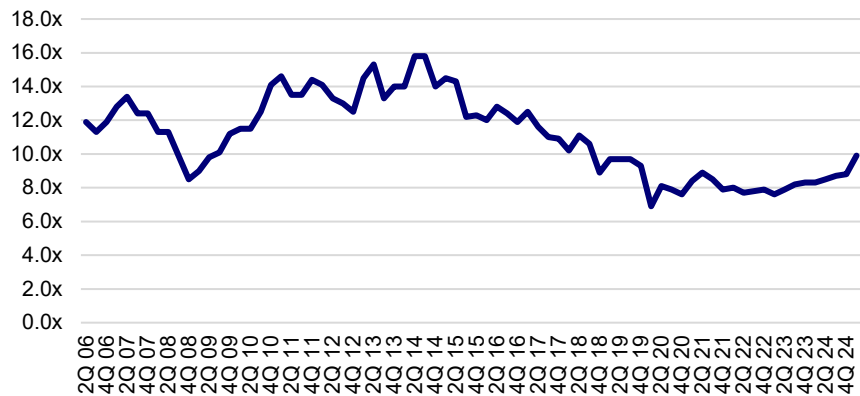
Next-Gen Data Center campus outside of San Marcos, Texas, subject to CloudBurst reaching a final investment decision (FID) with its customer. The natural gas supply would be sufficient to generate up to approximately 1.2 gigawatts of direct, or “behind-the-meter” electric power for a period of at least 10 years starting with Phase 1 of the data center facilities. CloudBurst expects to reach FID later this year and in such event the facility would be operational in 2026.

Fourth quarter earnings season concludes. Fourth quarter reporting season was mostly complete by the end February. Through month-end, 32 midstream entities had announced distributions for the quarter, including 15 distribution increases, 16 distributions that were unchanged from the previous quarter, and one distribution reduction (by an entity with a variable/irregular distribution policy). Through the end of February, 28 sector participants had reported fourth quarter financial results. Though limited, operating performance has been, on average, modestly below expectations with EBITDA coming in 0.3% lower than consensus estimates and 9.3% higher than the preceding quarter.

Chart of the Month: Midstream valuations still below 10 year averages

Despite strong performance in recent years, midstream MLP valuations remain attractive as cash flows have increased meaningfully. At month-end the midstream MLP EV/EBITDA multiple was approximately 9.9x, below the 10-year average of 9.7x.

Midstream median EV-to-EBITDA



Important information

Source: All data sourced from Bloomberg L.P. as of 2/28/2025 unless otherwise stated.

This does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

The opinions referenced above are those of the author as of March 5, 2025. These comments should not be construed as recommendations, but as an illustration of broader themes. Forward-looking statements are not guarantees of future results. They involve risks, uncertainties and assumptions; there can be no assurance that actual results will not differ materially from expectations. The opinions are based on current market conditions and are subject to change. They may differ from those of other Invesco investment professionals.

Midstream companies are engaged in the transportation, storage, processing, refining, marketing, exploration, and production of natural gas, natural gas liquids, crude oil, refined products or other hydrocarbons.

Marine companies are dedicated to marine transportation of oil and natural gas.

Other midstream companies include companies that do not fit into the core midstream subsector categories (natural gas transportation, petroleum transportation, gathering and processing etc) and include, but are not limited to, companies that focus on compression and shipping.

Gathering companies involve connecting oil and/or natural gas wells to major pipelines through a series of small pipelines. Processing is required for natural gas and involves the removal of potential contaminants and separation of NGLs so that the gas can meet purity standards for pipeline transmission.

The mention of specific companies, industries, sectors, or issuers does not constitute a recommendation by Invesco Distributors, Inc. A list of the top 10 holdings of each fund can be found by visiting [invesco.com](https://www.invesco.com). Holdings are subject to change and are not buy/sell recommendations.

PIPE is a new ETF launched on 2/20/25 and had 0% holdings as of 12/31/24 on the companies discussed.

As of 12/31/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 13.23%, 13.86%, 7.04% and 13.42% respectively in MPLX LP.

As of 12/31/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 14.78%, 14.59%, 7.55% and 15.03% respectively in Energy Transfer LP.

As of 12/31/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 6.79%, 0.00%, 2.79% and 6.77% respectively in ONEOK.

As of 12/31/2024, none of the SteelPath funds were invested in Marathon Petroleum Corp.

The S&P 500 Index is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States. The Alerian MLP Index is a float-adjusted, capitalization-weighted index measuring master limited partnerships, whose constituents represent approximately 85% of total float-adjusted market capitalization. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. An investment cannot be made into an index. Past performance does not guarantee future results.

A yield spread is the difference between yields on differing debt instruments of varying maturities, credit ratings, issuer, or risk level, calculated by deducting the yield of one instrument from the other.

A basis point is one hundredth of a percentage point.

EV/EBITDA is a ratio that compares a company's total value (Enterprise Value or EV) to its earnings before interest, taxes, depreciation, and amortization (EBITDA).

Most MLPs operate in the energy sector and are subject to the risks generally applicable to companies in that sector, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk. MLPs are also subject the risk that regulatory or legislative changes could eliminate the tax benefits enjoyed by MLPs which could have a negative impact on the after-tax income available for distribution by the MLPs and/or the value of the portfolio's investments. Although the characteristics of MLPs closely resemble a traditional limited partnership, a major difference is that MLPs may trade on a public exchange or in the over-the-counter market. Although this provides a certain amount of liquidity, MLP interests may be less liquid and subject to more abrupt or erratic price movements than conventional publicly traded securities. The risks of investing in an MLP are similar to those of investing in a partnership and include more flexible governance structures, which could result in less protection for investors than investments in a corporation. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns.

Energy infrastructure MLPs are subject to a variety of industry specific risk factors that may adversely affect their business or operations, including those due to commodity production, volumes, commodity prices, weather conditions, terrorist attacks, etc. They are also subject to significant federal, state and local government regulation.

There are risks involved with investing in ETFs, including possible loss of money. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Index. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund. There are risks involved with investing in ETFs, including possible loss of money. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Index. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund.

Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 10,000, 20,000, 25,000, 50,000, 80,000, 100,000 or 150,000 Shares.

Before investing, investors should carefully read the prospectus and/or summary prospectus and carefully consider the investment objectives, risks, charges and expenses. For this and more complete information about the fund(s), investors should ask their financial professionals for a prospectus/ summary prospectus or visit [invesco.com](https://www.invesco.com).