

Invesco SteelPath MLP Income Fund

Q1 2024

Key takeaways

- 1 MLP returns outperformed the broader market**
 For the first quarter, master limited partnerships (MLPs), as measured by the Alerian MLP Index (AMZ), returned 11.86% on a price basis and 13.89% including distributions. The S&P 500 Index returned 10.21% on a price basis and had a 10.56% total return for the quarter.
- 2 Better-than-expected operating results**
 During the quarter, 89% of midstream sector participants reported fourth quarter results in line with or better than consensus. Earnings before interest, taxes, depreciation & amortization (EBITDA) were about 7% above the prior quarter and 9% above the same quarter of 2022.
- 3 We remain focused on the long-term investment horizon**
 Despite macroeconomic and company fundamental improvements, midstream equities have been trading at valuations below their five- and 10-year averages. Therefore, we believe the sector may provide an attractive yield and total return over the coming years.

Investment objective

The fund seeks total return.

Fund facts

Fund AUM (\$M) 3,700.58

Portfolio managers

Brian Watson, Stuart Cartner

Manager perspective and outlook

- West Texas Intermediate (WTI) crude oil priced at the Cushing hub ended the quarter at \$83.17 per barrel, up 16% from the end of the fourth quarter and 10% higher than one year ago. The spread between Brent crude, a proxy for international crude prices, and WTI ended the quarter at \$4.31 per barrel, tightening during the quarter.
- Henry Hub natural gas prices ended the quarter at \$1.54 per million British thermal units (MMBtu), down 40% from the end of the fourth quarter and 27% lower than one year ago. Gas pricing in the Permian basin weakened in absolute and relative terms as in-basin volumes continued to increase, utilizing more takeaway capacity ahead of incremental capacity increases expected during the second half of 2024.
- Natural gas liquids (NGLs) priced at Mont Belvieu ended the quarter at \$30.65 per barrel, up 9% from the end of the fourth quarter and 3% higher than one year ago. Prices for each of the NGL purity products were mostly higher over the quarter, with propane the strongest, up 19% from the end of the fourth quarter, and butane the only product trading lower at quarter end, down 19%. Frac spreads, a measure of natural gas processing economics, settled at \$0.59 per gallon, up 34% from the end of the fourth quarter and 13% higher than the end of 2022.



Top equity issuers

(% of total net assets)

	Fund	Index
Western Midstream Partners LP	13.81	10.15
Energy Transfer LP	13.68	10.19
MPLX LP	13.09	10.07
Enterprise Products Partners LP	9.98	10.22
Plains All American Pipeline LP	8.90	10.27
Antero Midstream Corp	7.77	0.00
NuStar Energy LP	7.76	6.11
USA Compression Partners LP	6.11	3.40
EnLink Midstream LLC	4.75	7.55
CrossAmerica Partners LP	2.10	0.94

As of 03/31/24. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

For the first quarter of 2024, master limited partnerships (MLPs), as measured by the Alerian MLP Index (AMZ), returned 11.86% on a price basis and 13.89% when including the effects of distributions. For the quarter, the S&P 500 Index gained 10.21% on a price basis and returned 10.56% including distributions.

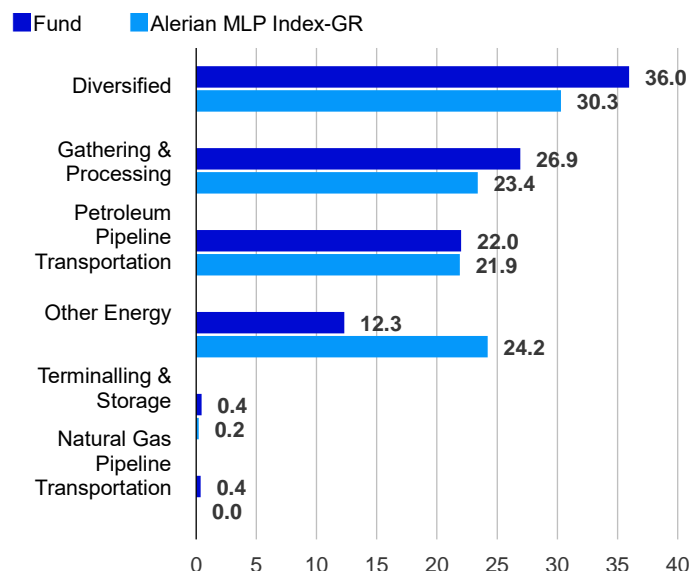
Many sector participants have continued to buy back stock as attractive valuations have persisted. Buyback disclosures historically typically accompany earnings reports, which trail the quarter end by several weeks (approximately \$0.8 billion of buybacks were disclosed with fourth quarter earnings reports). We estimate MLP-focused investment vehicles, including closed-end funds, open-end funds and index-linked products, had approximately \$33 million of net inflows during the quarter.

MLP capital investment included an estimated \$5.0 to \$6.0 billion of organic capital spending. As producer growth plans have remained moderate, midstream capital spending requirements have lessened, increasing the free cash available to sector participants for debt retirement, unit repurchases and distribution increases in current and future periods. Corporate mergers and acquisitions (M&A) remained healthy, with multiple transactions announced during the quarter.

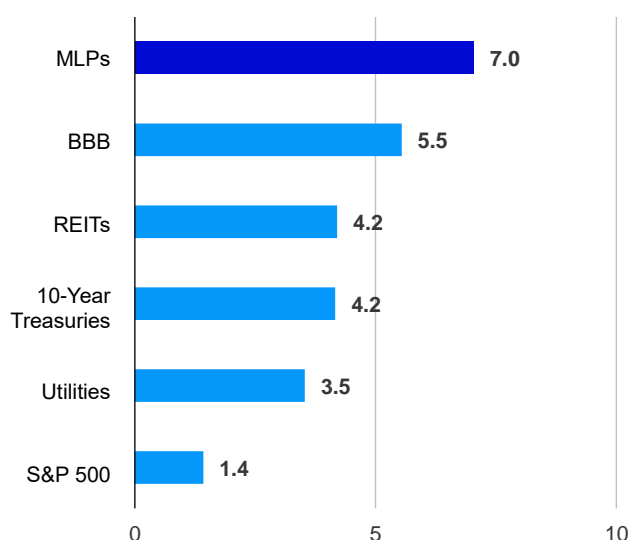
The 10-year US Treasury Bond yield was 4.20% at quarter end, up 0.32% from year end. The MLP yield spread, as measured by the implied yield of the AMZ Index relative to the 10-year Treasury yield, narrowed by 0.76%, ending the quarter at 2.83%. The long-term average for the MLP yield spread (2000 through the first quarter of 2024) is 4.42%. At quarter end, the AMZ Index's yield was 7.03%.

We believe that despite several years of outperforming the S&P 500 Index, midstream equities are well positioned to provide investors with an attractive yield and total return experience over the coming years. Valuations in our view have remained attractive and fundamentals support expectations for cash flow growth for most sector participants, particularly those with business segments focused on key producing basins and those that support activities to export crude oil, refined products, liquified petroleum gases (LPGs) and/or liquified natural gas (LNG).

Sector breakdown (% of total net assets)



Yields by asset class¹ (%)



1. Source: Bloomberg. Data as of March 31, 2024 and is calculated using the most recent annualized distribution. MLPs are represented by the Alerian MLP Index (AMZ). Real Estate Investment Trusts (REITs) are represented by the FTSE NAREIT Equity REIT Index. BBB Bonds (BBB) are represented by the U.S. Corporate Bond BBB yields. Utilities are represented by the Dow Jones Utilities Index. 10-Year Treasuries are represented by the U.S. Treasury Bond 10-year yield. S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks listed on various exchanges. Index performance is shown for illustrative purposes and does not predict or depict performance of the Fund. The indexes are unmanaged and cannot be purchased directly by investors. **Past performance does not guarantee future results.**

Performance highlights

The compression and gathering & processing sectors provided the best relative returns. The compression group was driven by strong asset utilization and robust pricing, while gathering & processing benefited from volume growth and higher-than-expected distribution increases.

The other and diversified sectors had the smallest returns. The other group lagged on idiosyncratic exposure to commodity prices and M&A activity. The diversified sub-sector was likely weighed down by weak natural gas prices.

Contributors to performance

USA Compression Partners (USAC)

USAC outperformed after releasing better-than-expected fourth quarter results and 2024 guidance. Additionally, compression MLPs have been benefiting from strong utilization factors driving improved pricing power. USAC is one of the industry's largest operators of compression units, with operations in the most active basins in the US.

Western Midstream Partners LP (WES)

WES outperformed after announcing it would increase its distribution to shareholders by 52% after completing \$790 million of asset sales. WES also reported better-than-expected fourth quarter results. WES is a crude and natural gas gathering and processing company focused on the Denver-Julesburg (DJ) and Permian basins.

NuStar Energy LP (NS)

NS outperformed after announcing an agreement to be acquired by Sunoco LP (SUN) in an all-stock transaction. NS is one

of the largest independent liquids terminal and pipeline operators, with approximately 10,000 miles of pipeline and 63 terminal and storage facilities.

Detractors from performance

ARKO Petroleum (ARKO)

ARKO underperformed after announcing financial and operating results that were below expectations, driven by lower fuel demand that was partially offset by strong fuel profit margins. On its earnings call, ARKO noted that many of its lower-income customers were being disproportionately affected by inflation. ARKO management has continued to focus on cost controls and growing its business through accretive acquisitions.

Genesis Energy LP (GEL)

GEL underperformed after the company provided 2024 guidance that was below expectations on lower expected contributions from soda ash. GEL's diversified asset base provides a stable margin profile that we expect to generate consistent future cash flows.

Delek Logistics Partners LP (DKL)

DKL underperformed after the partnership executed an equity offering of 3.6 million common units that priced at \$38.50 per unit, a 13.6% discount to DKL's most recent closing price. DKL used the gross proceeds of approximately \$132.5 million to repay outstanding borrowings under its revolving credit agreement. DKL owns and operates crude oil, intermediate and refined products pipelines and transportation, storage, terminaling and marketing businesses.

Standardized performance (%) as of March 31, 2024

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 03/31/10	NAV	13.08	13.08	31.85	26.28	12.71	4.49	5.95
	Max. Load 5.5%	6.82	6.82	24.64	23.95	11.46	3.90	5.52
Class R6 shares inception: 06/28/13	NAV	13.26	13.26	32.17	26.68	13.04	4.81	4.82
Class Y shares inception: 03/31/10	NAV	13.27	13.27	32.23	26.63	12.99	4.75	6.20
Alerian MLP Index-GR		13.89	13.89	38.46	29.44	11.46	3.05	-
Total return ranking vs. Morningstar Energy Limited Partnership category (Class A shares at NAV)		-	-	28% (34 of 99)	26% (32 of 99)	2% (3 of 89)	13% (6 of 62)	-

Expense ratios per the current prospectus: Class A: Net: 6.56%, Total: 6.56%; Class R6: Net: 6.24%, Total: 6.24%; Class Y: Net: 6.31%, Total: 6.31%.

The fund is structured as a C corporation and may be subject to certain tax expenses that are reflected in the expense ratio. Please refer to the current prospectus for more information.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.invesco.com) for the most recent month-end performance. Performance figures reflect reinvested distributions and changes in net asset value (NAV). Investment return and principal value will vary so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. As the result of a reorganization on May 24, 2019, the returns of the fund for periods on or prior to May 24, 2019 reflect performance of the Oppenheimer predecessor fund. Share class returns will differ from the predecessor fund due to a change in expenses and sales charges. Index source: RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

Performance highlights (cont'd)

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	3.01	-34.48	32.55	-9.89	-13.11	15.07	-22.01	44.62	25.12	20.32
Class R6 shares at NAV	3.35	-34.24	32.84	-9.63	-12.87	15.34	-21.61	45.12	25.30	20.63
Class Y shares at NAV	3.26	-34.31	32.77	-9.68	-12.93	15.45	-21.72	44.92	25.11	20.72
Alerian MLP Index-GR	4.80	-32.59	18.31	-6.52	-12.42	6.56	-28.69	40.17	30.92	26.56

Portfolio characteristics

	Fund	Index
No. of holdings	25	21
Dividend per share	0.0337	-
Dividend frequency	Monthly	-

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	1.22	0.00
Beta	1.06	1.00
Sharpe ratio	0.26	0.24
Information ratio	0.18	0.00
Standard dev. (%)	41.84	38.80
Tracking error (%)	7.72	0.00
Up capture (%)	97.56	100.00
Down capture (%)	98.30	100.00
Max. drawdown (%)	63.54	61.00

Unless otherwise specified, all information is as of 03/31/24. Unless stated otherwise, Index refers to Alerian MLP Index-GR.

The Alerian MLP Index is a market-cap weighted, float-adjusted index created to provide a comprehensive benchmark for investors to track the performance of the energy MLP sector. The Index components are selected by Alerian, LLC ("Alerian"). An investment cannot be made directly in an index.

About risk

Derivatives may be more volatile and less liquid than traditional investments and are subject to market, interest rate, credit, leverage, counterparty, and management risks. An investment in a derivative could lose more than the cash amount invested.

In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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.

The Fund is considered non-diversified and may experience greater volatility than a more diversified investment.

The fund is subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the fund.

The opinions expressed are those of the fund's portfolio management, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

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.

Note: Not all products available at all firms. Financial professionals, please contact your home office.

* **Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **Tracking Error** is defined as the expected standard deviation of a portfolio's excess return over the benchmark index return. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Maximum Drawdown** is the maximum observed loss from a high to a low of a portfolio, before a new high is attained. Maximum drawdown is an indicator of downside risk over a specified time period.

Morningstar

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Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.