

Invesco SteelPath MLP Income Fund

Q1 2025

Key takeaways

- 1 MLPs outperformed the broader equity market**

For the first quarter, master limited partnerships (MLPs), as measured by the Alerian MLP Index (AMZ), were up 10.71% on a price basis and returned 12.58% when including distributions. The S&P 500 Index lost 4.60% on a price basis and had a total return of -4.27%.
- 2 Better-than-expected operating results**

During the quarter, 56% 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 8% above the fourth quarter of 2023.
- 3 We remain focused on the long-term investment horizon**

We believe valuations remain attractive and fundamentals support expectations for cash flow growth. Further, the rise of artificial intelligence (AI) models has been increasing power demand from data centers, which may meaningfully increase demand for natural gas.

Investment objective

The fund seeks total return.

Fund facts

Fund AUM (\$M) 4,170.05

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 \$71.48 per barrel, effectively the same price as the end of the fourth quarter, despite intra-period volatility, and 14% lower than one year ago. The spread between Brent crude, a proxy for international crude prices, and WTI ended the quarter at \$3.26 per barrel, widening during the period.
- Henry Hub natural gas prices ended the quarter at \$4.12 per million British thermal units (MMbtu), up 13% from the end of the fourth quarter and 134% higher than one year ago. Gas pricing in the Permian Basin ended the quarter lower than the fourth quarter and back to negative pricing, as incremental capacity that was placed into service last year filled quickly and pipeline maintenance further tightened egress.
- Natural gas liquids (NGLs) priced at Mont Belvieu ended the quarter at \$32.69 per barrel, down 1% from the end of the fourth quarter and 7% higher than one year ago. Prices for NGL purity products were mixed during the quarter, with ethane and propane up the most, while butane and isobutane traded lower. Frac spreads, a measure of natural gas processing economics, settled at \$0.41 per gallon, down 14% from the end of the fourth quarter and 30% lower than one year ago.



Top equity issuers

(% of total net assets)

	Fund	Index
MPLX LP	13.70	9.84
Enterprise Products Partners LP	13.16	9.97
Western Midstream Partners LP	13.11	9.96
Energy Transfer LP	12.67	9.85
Antero Midstream Corp	7.69	0.00
Plains All American Pipeline LP	7.61	10.00
Sunoco LP	7.17	9.73
USA Compression Partners LP	5.21	5.24
ONEOK Inc	3.16	0.00
Genesis Energy LP	2.97	4.56

As of 03/31/25. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

For the quarter, MLPs were up 10.71% on a price basis and returned 12.58% when including distributions. The S&P 500 Index lost 4.60% on a price basis and had a total return of -4.27%.

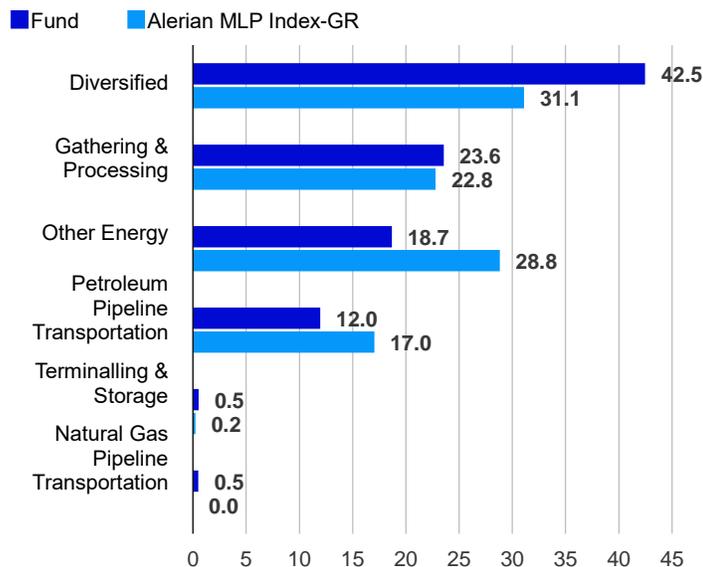
Approximately \$1.9 billion of US midstream equity was issued during the quarter via marketed transactions, including a \$1.8 billion initial public offering. Many sector participants have continued to buy back stock as attractive valuations have persisted. Buyback disclosures historically typically accompany earnings reports, which trail the quarter end by several weeks (approximately \$0.8 billion of buybacks were reported for the fourth quarter of 2024).

We estimate MLP-focused investment vehicles, including closed-end funds, open-end funds and index-linked products, experienced approximately \$1.2 billion of net inflows during the quarter. MLP capital investment included an estimated \$7.0 to \$8.0 billion of organic capital spending. Producer growth plans have remained moderate and have thus far kept traditional midstream growth capital spending requirements measured. Meanwhile, projects addressing rising power demand have been adding incremental growth avenues while still leaving sector participants with free cash available for debt retirement, unit repurchases and distribution increases in current and future periods. Sector merger and acquisition (M&A) activity remained in our view healthy with multiple transactions announced during the quarter.

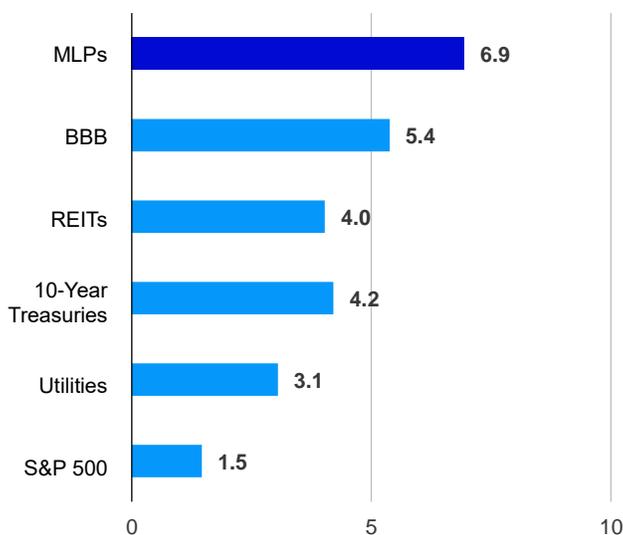
During the quarter, the 10-year US Treasury Bond yield fell by 0.37% to 4.21%. The MLP yield spread at quarter end, relative to the 10-year Treasury, widened by 0.39% to 2.76%. The long-term average (2000-1Q2025) is 4.35%. At quarter end, the AMZ's yield was 6.97%.

After quarter end, equity markets, including energy equities, experienced declines as investors grappled with uncertainties sparked by the announcement of US tariffs on April 2nd. Midstream equities were not immune, giving back recent gains but still outperforming the broader markets. Despite the market turmoil, we believe the midstream sector offers investors an attractive distribution yield and an improving outlook for cash flow and distribution growth. In our view, these fundamentals are supported by significant and predictable natural gas volume growth through the end of the decade. Further, midstream sector leverage and distribution coverage metrics have remained in our view healthy, which we believe insulates sector growth plans from market volatility.

Sector breakdown (% of total net assets)



Yields by asset class¹ (%)



1. Source: Bloomberg. Data as of March 31, 2025 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

Most sub-sectors had positive performance for the quarter. The propane and petroleum pipeline sub-sectors provided the best relative performance. The propane group likely benefited from cold weather that drove heating demand higher than previously expected, while the petroleum pipeline group benefited from particularly strong performance of a participant that announced a series of shareholder friendly actions. The marine and other sub-sectors had the lowest returns for the quarter. The marine sector was likely weighed down by tightening spreads on international natural gas prices, while the other sub-sector was hampered by idiosyncratic factors affecting a single participant.

Contributors to performance

Genesis Energy LP (GEL)

GEL outperformed after reporting the sale of its soda ash business and using the proceeds to simplify its balance sheet. With these actions, GEL has reduced its annual cash cost by over \$120 million annually. GEL's remaining asset base in our view provides a stable profit margin profile that is expected to generate growing future cash flows.

Antero Midstream Inc. (AM)

AM outperformed after reporting results that beat investor expectations while sentiment toward natural gas focused companies continued to benefit from rising LNG exports and increased demand for natural gas from new data center construction plans.

Plains All American Pipeline LP (PAA)

PAA outperformed after announcing three

acquisitions totaling \$670 million, a 20% distribution increase, and an agreement to buy back 18% of its Series A preferred stock. PAA expects to execute these actions while remaining at or below the partnership's 3.25x to 3.75x leverage target.

Detractors from performance

Energy Transfer LP (ET)

Energy Transfer underperformed after management reported quarterly earnings that were slightly below expectations and an increase in guidance for 2025 growth capital expenditures. ET has announced several projects that will likely increase its leverage to the prolific Permian Basin.

NGL Energy Partners LP (NGL)

NGL underperformed after reporting results that fell short of expectations and reducing cash flow guidance. NGL also announced the sale of most of its liquids segment assets, which is expected to reduce cash flow volatility. NGL expects approximately 10% volumetric growth in its water segment and highlighted new contracts with producers that are expected to increase cash flow.

Westlake Chemical Partners LP (WLKP)

WLKP underperformed despite reporting results above expectations as investors appeared to focus on weakening of prevailing ethylene margins. However, ethylene comprises only 5% of annual volumes. WLKP is a downstream operator that owns a 22.8% equity stake in its parent's ethylene production, providing feedstock for polyolefins and PVC production. WLKP has 95% fee-based cash flow and has in our estimation multiple levers for growth.

Standardized performance (%) as of March 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 03/31/10	NAV	8.76	8.76	19.98	21.20	43.00	6.23	6.83
	Max. Load 5.5%	2.70	2.70	13.39	18.96	41.43	5.63	6.43
Class R6 shares inception: 06/28/13	NAV	8.71	8.71	20.38	21.58	43.42	6.55	6.06
Class Y shares inception: 03/31/10	NAV	8.86	8.86	20.35	21.49	43.29	6.49	7.09
Alerian MLP Index-GR		12.58	12.58	22.99	25.00	40.21	5.47	-
Total return ranking vs. Morningstar Energy Limited Partnership category (Class A shares at NAV)		-	-	86% (86 of 94)	25% (32 of 94)	9% (11 of 92)	22% (12 of 64)	-

Expense ratios per the current prospectus: Class A: Net: 9.02%, Total: 9.02%; Class R6: Net: 8.68%, Total: 8.68%; Class Y: Net: 8.77%, Total: 8.77%.

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 (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Class A shares at NAV	-34.48	32.55	-9.89	-13.11	15.07	-22.01	44.62	25.12	20.32	24.74
Class R6 shares at NAV	-34.24	32.84	-9.63	-12.87	15.34	-21.61	45.12	25.30	20.63	25.41
Class Y shares at NAV	-34.31	32.77	-9.68	-12.93	15.45	-21.72	44.92	25.11	20.72	25.22
Alerian MLP Index-GR	-32.59	18.31	-6.52	-12.42	6.56	-28.69	40.17	30.92	26.56	24.41

Portfolio characteristics

	Fund	Index
No. of holdings	25	17
Dividend per share	0.0354	-
Dividend frequency	Monthly	-

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	0.67	0.00
Beta	1.05	1.00
Sharpe ratio	1.22	1.22
Information ratio	0.38	0.00
Standard dev. (%)	32.98	30.82
Tracking error (%)	7.27	0.00
Up capture (%)	91.20	100.00
Down capture (%)	85.34	100.00
Max. drawdown (%)	12.47	22.85

Unless otherwise specified, all information is as of 03/31/25. 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.