



## Invesco SteelPath MLP Alpha Fund

MLPAX (A shares), MLPOX (Y shares), OSPAX (R6 shares)

### Investment objective

The Fund seeks total return. The strategy typically invests in US energy infrastructure with a focus on midstream energy infrastructure.

### Portfolio managers



Stuart Cartner  
Since 3/2010



Brian Watson  
Since 3/2010

### Average Annual Total Returns (%) as of 6/30/2023

|  | 2Q23   | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|--|--------|--------|--------|--------|---------|-----------------|
| Invesco SteelPath MLP Alpha Fund (Class A shares without sales charge) | 4.29%  | 7.09%  | 24.87% | 28.53% | 5.57%   | 1.06%           |
| Invesco SteelPath MLP Alpha Fund (Class A shares with sales charge)    | -1.39% | 1.20%  | 18.06% | 26.18% | 4.32%   | 0.47%           |
| Invesco SteelPath MLP Alpha Fund (Class Y shares)                      | 4.55%  | 7.20%  | 25.27% | 28.86% | 5.84%   | 1.33%           |
| Invesco SteelPath MLP Alpha Fund (Class R6 shares)                     | 4.50%  | 7.29%  | 25.42% | 29.02% | 5.92%   | 1.40%           |
| Alerian MLP Index Total Return (AMZ)                                   | 5.38%  | 9.70%  | 30.51% | 30.70% | 6.16%   | 0.90%           |
| S&P 500 Index  | 8.74%  | 16.89% | 19.59% | 14.60% | 12.31%  | 12.86%          |

Returns for periods of less than one year are cumulative and not annualized.

#### Annual Expense Ratios:

Class A Shares: Gross: 2.47, Net: 2.39

Class Y Shares: Gross: 2.22, Net: 2.14

Class R6 Shares: Gross: 2.11, Net: 2.08

Class A inception date is 3/31/2010. Class R6 inception date is 6/28/2013. Class Y inception date is 3/31/2010. Since inception date for reference indexes is 3/31/2010.

Total annual fund operating expenses after any contractual fee waivers and/or expense reimbursements by the adviser in effect through March 31, 2024. See current prospectus for more information.

Performance quoted is past performance, and cannot guarantee comparable future results. Current performance and or expenses may be higher or lower. Visit [invesco.com](https://www.invesco.com) for the most recent month-end performance. Investment returns and principal value will vary; you may have a gain or loss when you sell shares. Performance figures reflect reinvested distributions and changes in share price and the effect of the max sales charge unless otherwise stated. Class A (with sales charge) returns reflect a 5.50% max. sales charge. Class R6 and Y shares are not subject to sales charge and Class Y shares are closed to most investors. Fund performance reflects fee waivers, absent which, performance data quoted would have been lower. 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. Class I shares were organized into Class R6 shares. R6 shares are primarily intended for retirement plans that meet certain standards and for institutional investors. Y shares are generally intended for certain investors, such as wrap-fee based programs or commissionable brokerage platforms that charge sales commission.

For the second quarter of 2023, master limited partnerships (MLPs), as measured by the Alerian MLP Index (“AMZ”), were up 3.2% on a price basis and up 5.3% when including the impact of distributions. For context, the broader market, as measured by the S&P 500 Index, gained 8.3% on a price basis and generated an 8.7% total return over the period.

Midstream subsector performance was mixed, but mostly positive, over the first quarter of 2023. On average, Natural Gas Pipeline and the Petroleum Pipeline subsectors provided the best relative performance over the period, with each subsector benefitting from strong idiosyncratic factors among subsector participants. The average performance of the Other and Propane subsectors generated the least attractive returns over the quarter. The Other subsector was also impacted by idiosyncratic factors for two group members, while the Propane group was likely weighed down by seasonality and commodity price trends.

First quarter midstream operating performance was reported during the period with 85% of sector participants reporting results that were in line or better than consensus. Sector Earnings Before Interest, Taxes, and Depreciation (“EBITDA”) was 3.9% higher than the preceding quarter and 12.6% higher than the year-ago comparable quarter.

Approximately \$0.3 billion of new marketed midstream equity (common and preferred) was issued during the quarter via marketed transactions, primarily via the sector’s first initial public offering since 2021. We estimate a de minimis amount of equity was issued through “at-the-market” programs, in which primary units trade into the market anonymously throughout the normal trading day. In fact, many sector participants continue to buy back stock given the market volatility and attractive valuations. Buyback disclosures typically accompany earnings reports which trail the quarter end by several weeks (for the first quarter, approximately \$0.9 billion of buybacks were reported).

We estimate MLP-focused investment vehicles, including closed-end funds, open-end funds and index-linked products, experienced approximately \$0.7 billion of outflows over the quarter.

MLP capital investment over the quarter included \$2.5 billion of asset acquisitions and we estimate \$2.0 to \$3.0 billion of organic capital spending. As producer growth plans remain moderate, midstream capital spending requirements have lessened, substantially benefitting sector participants’ free cash available for debt retirement, unit repurchases, and distribution increases in current and future periods.

West Texas Intermediate (“WTI”) crude oil priced at the Cushing hub ended the quarter at \$70.64 per barrel, down 7% from the end of the first quarter and 33% lower than the year-ago period. The spread between Brent crude, a proxy for international crude prices, and WTI ended the quarter at \$4.26 per barrel, about flat over the period. Crude oil priced in Midland, TX increased its premium relative to WTI over the period as crude pipeline capacity out of the Permian basin remains ample and incremental volumes are incentive to move toward the Gulf Coast and export markets.

Henry Hub natural gas prices ended the quarter at \$2.80 per million British thermal units (MMBtu), up 26% from the end of the first quarter but 48% lower than the year ago period.

NGLs priced at Mont Belvieu ended the quarter at \$22.58 per barrel, down 25% from the end of the first quarter and 53% lower than the year-ago period. Prices for the NGL purity

products were mostly lower over the quarter, with ethane the exception, up 11%. Frac spreads, a measure of natural gas processing economics, improved over the quarter to settle at \$0.32 per gallon, down 40% from the end of the first quarter and 45% lower than the year-ago period. Generally, the greater the frac spread the greater the incentive for producers to seek natural gas processing capacity.

The backwardated structure of the crude oil futures curve (in which future prices are lower than near-term prices) moderated some over the reporting period as near-dated prices declined and pricing for longer-dated contracts increased slightly. The contango structure (in which future prices are higher than near-term prices) of the front-end of the natural gas futures curve moderated as pricing on medium- and long-dated contracts declined over the period. Generally, for any commodity, a contango futures market acts to incent storage by providing traders the ability to purchase and store the commodity today to sell at a higher hedged price in the future. Providers of storage services generally prefer a contango market and, therefore, market structure over the period remained mostly negative for contracting available storage for crude oil while natural gas storage economics remained positive.

*Please note, though we routinely review the pricing environments for the major energy commodities in our commentaries, we do so primarily to provide investors a more nuanced understanding of the broader energy markets. However, we choose to seek to exploit the logistical needs surrounding these products primarily through energy infrastructure MLPs that we believe are not overly exposed to changes in these prices.*

Over the quarter, the ten-year U.S. Treasury Bond yield increased by 37 basis points to end the period at 3.84%. The MLP yield spread at quarter-end, as measured by the implied yield of the AMZ index relative to the 10-year Treasury, narrowed by 29 basis points to 4.31%. The long-term average (2000- 2Q2023) MLP yield spread is 4.45%. At period-end, the AMZ's indicated yield was 8.15%.

We believe that midstream equities remain well positioned to continue providing investors with an attractive yield and total return experience over the coming years. Valuations are attractive and fundamentals support expectations for modest cash flow growth for most sector participants, particularly those with business segments focused on key areas such as the Permian and Appalachians Basins, the Haynesville shale, and those that support activities to export crude oil, refined products, liquified petroleum gases ("LPGs"), and/or liquified natural gas ("LNG").

**Performance attribution****The most significant contributors to second quarter performance included:****1. Plains All American Pipeline LP (NYSE: PAA)<sup>1</sup>**

- PAA outperformed over the period after reporting better than expected financial and operating results and as investor sentiment toward Permian basin volume growth appeared to improve.
- PAA maintains a leading position in crude oil gathering and transportation from the Permian Basin, a natural gas liquids focused position in Canada, strong distribution coverage, and an improved balance sheet.

**2. Magellan Midstream Partners LP (NYSE: MMP)<sup>1</sup>**

- MMP units outperformed over the period after announcing a definitive merger agreement under which ONEOK, Inc (OKE) will acquire MMP in a cash-and-stock transaction valued at approximately \$18.8 billion including assumed debt, resulting in a combined company with a total enterprise value of \$60.0 billion. The consideration will consist of \$25.00 in cash and 0.667 shares of OKE common stock for each outstanding MMP common unit, representing an implied value to each Magellan unitholder of \$67.50 per unit, for a 22% premium, based on May 12, 2023 closing prices.

**3. Williams Companies (NYSE: WMB)<sup>1</sup>**

- WMB outperformed over the period after reporting better than expected financial and operating performance and reaffirming 2023 guidance, and as sentiment among some market participants appeared to improve with better natural gas pricing.
- WMB operates an attractive natural gas-focused portfolio of gathering, processing, and transmission assets across the Eastern U.S., Gulf Coast, and Rockies. Its emphasis on natural gas appears to be well aligned with recent energy investment mandate shifts toward ESG and global energy security.

**The most significant detractors from second quarter performance included:****1. MPLX LP (NYSE: MPLX)<sup>1</sup>**

- MPLX underperformed over the period despite reporting better than expected financial and operating performance as investor sentiment was likely impacted by weakness in NGL pricing over the period.
- MPLX holds an attractive, diversified portfolio of midstream energy infrastructure and logistics assets. With a strong natural gas and natural gas liquids position in Appalachia. MPLX continues to advance its strategy of creating integrated crude oil and natural gas logistics systems from the Permian to the Gulf Coast.

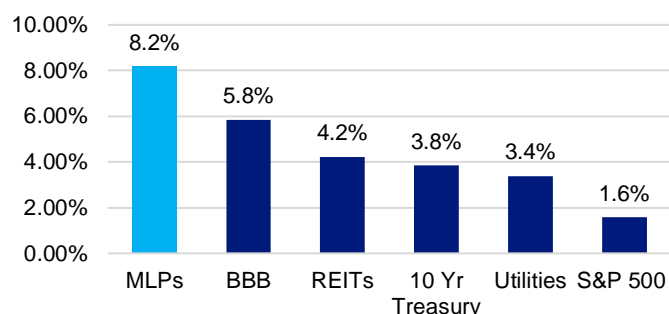
**2. Cheniere Energy Inc. Midstream LLC (NYSE: LNG)<sup>1</sup>**

- LNG underperformed over the period despite reporting better than expected financial and operating performance and increasing EBITDA guidance for the year, as sentiment among some market participants appear to express concern with high European storage levels and winter weather risks.
- LNG owns and operates liquefied natural gas (LNG) terminals and pipelines in Louisiana and Texas. The company has two terminals on the US Gulf Coast: the Sabine Pass liquefaction project in southwest Louisiana and the Corpus Christi liquefaction facility in South Texas.

**3. EnLink Midstream LLC (NYSE: ENLC)<sup>1</sup>**

- ENLC underperformed over the period after moderately missing consensus expectations for first quarter financial and operating performance, and as some market participants appear disappointed that the company has yet to announce material additional contracts associated with the company's burgeoning carbon capture and sequestration business. Further, investor sentiment was likely impacted by weakness in NGL pricing over the period.
- ENLC is a gathering and processing focused midstream company with strategic assets in the Permian basin, Mid-Continent, and downstream markets along the Gulf Coast. ENLC's existing assets in Louisiana are also proving advantageous in securing a foothold in the carbon capture and sequestration business.

## Yields by Asset Class



Source: Bloomberg L.P. Data as of June 30, 2023 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 yield. 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.**

## Top Ten Holdings by Issuer<sup>1</sup>

|                                 |       |
|---------------------------------|-------|
| Energy Transfer LP              | 13.30 |
| Targa Resources Corp.           | 13.09 |
| MPLX LP                         | 12.79 |
| Western Midstream Partners LP   | 12.40 |
| Enterprise Products Partners LP | 10.10 |
| Plains All American Pipeline LP | 6.47  |
| Magellan Midstream Partners LP  | 4.92  |
| Williams Companies Inc.         | 4.86  |
| Cheniere Energy Inc.            | 4.53  |
| ONEOK Inc.                      | 3.27  |

## 2Q 2023 Sector Attribution Analysis<sup>1</sup>

|   | Invesco SteelPath MLP Alpha Fund |             |                        | Alerian MLP Index |             |                        | Attribution Analysis |                 |              |
|---|----------------------------------|-------------|------------------------|-------------------|-------------|------------------------|----------------------|-----------------|--------------|
|   | Average Weight                   | Return      | Contribution to Return | Average Weight    | Return      | Contribution to Return | Sector Allocation    | Stock Selection | Total Effect |
| Diversified                               | 43.60                            | 3.71        | 1.61                   | 30.50             | 2.93        | 0.90                   | -0.29                | 0.36            | 0.07         |
| Gathering & Processing                    | 31.78                            | 4.58        | 1.46                   | 26.03             | 3.26        | 0.80                   | -0.13                | 0.50            | 0.37         |
| Natural Gas                               |                                  |             |                        |                   |             |                        |                      |                 |              |
| Transportation & Storage                  | 1.47                             | 67.66       | 0.46                   | 0.00              | 0.00        | 0.00                   | 0.36                 | 0.00            | 0.36         |
| Other Energy                              | 5.81                             | -1.57       | -0.08                  | 14.03             | -0.60       | -0.13                  | 0.50                 | -0.03           | 0.47         |
| Petroleum                                 |                                  |             |                        |                   |             |                        |                      |                 |              |
| Transportation & Storage                  | 15.39                            | 14.65       | 2.16                   | 29.06             | 13.46       | 3.84                   | -1.08                | 0.19            | -0.88        |
| Terminalling & Storage                    | 0.00                             | 0.00        | 0.00                   | 0.38              | -4.20       | -0.02                  | 0.04                 | 0.00            | 0.04         |
| Cash                                      | 1.95                             | 1.26        | 0.03                   | 0.00              | 0.00        | 0.00                   | -0.19                | 0.00            | -0.19        |
| <b>Total</b>                              | <b>100.00</b>                    | <b>5.63</b> | <b>5.63</b>            | <b>100.00</b>     | <b>5.39</b> | <b>5.39</b>            | <b>-0.77</b>         | <b>1.01</b>     | <b>0.24</b>  |
| <b>Class A Shares Total Return at NAV</b> |                                  | <b>4.29</b> |                        |                   |             |                        |                      |                 |              |

Contribution to return is based on absolute stock performance in the portfolio.

**Attribution methodology notes:** The analysis includes equity investments only and provides analysis of the effects of several portfolio management decisions, including allocation and security selection. All attribution effects are computed daily, linked through time, and do not reflect fees, expenses or transaction costs. The total returns displayed for the Fund and Benchmark do not capture the effect of daily cash flows and intra-day trading activity, and may be further impacted by pricing differentials, therefore they are subject to reasonable variance from the Fund's and the Benchmark's actual return. **Past performance does not guarantee future results.**

### SPECIAL RISKS

Stock and other equity securities values fluctuate in response to activities specific to the company as well as general market, economic and political conditions.

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.

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.

Diversification does not guarantee a profit or eliminate the risk of loss.

### DISCLOSURES

**Past performance does not guarantee future results.**

All data and performance sourced from Bloomberg as of 6/30/2023 unless otherwise stated.

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 and does not predict or depict performance of the fund. The index is unmanaged and cannot be purchased directly by investors.

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.

#### Footnotes:

1. Holdings, sector and country allocations are subject to change, do not constitute recommendations by Invesco SteelPath, Inc., and are dollar-weighted based on assets. Attribution analysis is a process used to analyze the absolute return (often called contribution) and the excess return (often called relative return) between a portfolio and its benchmark. The total effect measures both the allocation effect to a sector as well as stock selection within a sector.

The opinions expressed are those of Invesco SteelPath, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

**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 contact their financial professional(s) for a prospectus and/or summary prospectus or visit [invesco.com/fundprospectus](https://invesco.com/fundprospectus).**