

November 2024

Portfolio managers

Stuart Cartner

(Since 3/10)

Brian Watson, CFA

(Since 3/10)

Funds under management

Invesco SteelPath MLP Alpha

Invesco SteelPath MLP Income

Invesco SteelPath MLP Select 40

Invesco SteelPath MLP Alpha Plus

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Midstream equities outperformed the S&P 500 over the month of November as third quarter earnings season and the U.S. election cycle concluded. Capital flows to midstream focused investment products hit a multi-year high.

MLP market overview

Midstream MLPs, as measured by the Alerian MLP Index (AMZ), ended November up 13.1% on price basis and up 14.5% after distributions are considered. The AMZ outperformed the S&P 500 Index's 5.9% total return for the month. The best performing midstream subsector for November was the Compression group, while the Marine subsector underperformed, on average.

For the year through November, the AMZ is up 24.8% on a price basis, resulting in a 33.7% total return. This compares to the S&P 500 Index's 26.5% and 28.1% price and total returns, respectively. The Gathering and Processing group has produced the best average total return year-to-date, while the Propane subsector has lagged.

MLP yield spreads, as measured by the AMZ yield relative to the 10-Year U.S. Treasury Bond, narrowed by 73 basis points (bps) over the month, exiting the period at 289 bps. This compares to the trailing five-year average spread of 611 bps and the average spread since 2000 of approximately 438 bps. The AMZ's distribution yield at month-end was 6.46%.

West Texas Intermediate (WTI) crude oil exited the month at \$68.00 per barrel, down 1.8% over the period and 10.5% lower year-over-year. Natural gas prices ended November at \$3.36 per million British thermal units (MMbtu), up 24.2% over the month and 20.0% higher than November 2023. Natural gas liquids (NGL) priced at Mont Belvieu exited the month at \$31.28 per barrel, 5.3% higher than the end of October and 10.3% higher than the year-ago period.

News

OKE to acquire the rest of ENLC. ONEOK, Inc (NYSE: OKE) announced a definitive agreement to acquire all of the outstanding publicly held common units of EnLink Midstream, LLC (NYSE: ENLC). Under the agreement, each outstanding common unit of ENLC that OKE does not already own will be converted into 0.1412 shares of OKE common stock. The deal is expected to be completed during the first quarter of 2025, subject to regulatory approvals and an ENLC unitholder vote.

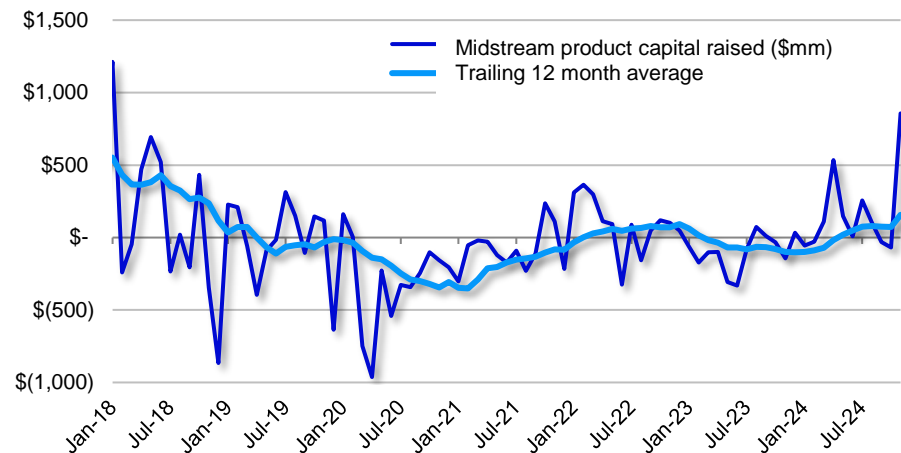
DTM buys gas pipes from OKE. DT Midstream (NYSE: DTM) announced the acquisition of three FERC-regulated natural gas pipelines from OKE for \$1.2 billion. Under the terms of the agreement, DT Midstream will acquire 100% operating ownership in Guardian Pipeline, Midwestern Gas Transmission, and Viking Gas Transmission. The pipelines have a total capacity of more than 3.7 billion cubic feet per day (Bcf/d) with approximately 1,300 miles across seven states in the attractive Midwest market region which is expected to experience continued growth in power demand.

Third quarter earnings season concludes. Third quarter reporting season concluded in November. Through month-end, 33 midstream entities had announced distributions for the quarter, including nine distribution increases and 24 distributions that were unchanged from the previous quarter. Through the end of November, 33 sector participants had reported third quarter financial results. Operating performance was, on average, slightly better than expectations with EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortization, coming in 0.5% better than consensus estimates and 3.7% higher than the preceding quarter.

Chart of the month: Midstream fund flows hit multi-year high in November

According to data provided by US Capital Advisors, capital flows into midstream-focused investment products (open-end mutual funds, ETFs, ETNs, and closed-end funds) totaled \$857 million in November 2024, the highest monthly inflow since late 2017.

Midstream Product Capital Raised By Month (\$mm)



Source: US Capital Advisors November 30, 2024.

Important information



Source: All data sourced from Bloomberg L.P. as of 11/30/2024 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 December 4, 2024. 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.

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.

Compression companies provides the equipment and oversight to move natural gas through the US pipeline system.

Propane companies specialize in transporting and delivering propane to customers.

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.

As of 9/30/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 6.76%, 0.00%, 4.35% and 6.78% respectively in ONEOK, Inc.

As of 9/30/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 2.68%, 5.12%, 4.63% and 2.71% respectively in EnLink Midstream LLC.

As of 9/30/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 0.85%, 0.00%, 0.81% and 0.86% respectively in DT Midstream.

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.

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.

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).

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