

September 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 underperformed the S&P 500 over the month of August as second quarter earnings season wound down, crude oil and natural gas liquids prices retreated, and as midstream M&A activity continued. Fund flows into midstream-focused investment products have been positive for six consecutive months and year-to-date inflows now exceed \$1 billion.¹

MLP market overview

Midstream MLPs, as measured by the Alerian MLP Index (AMZ), ended August down 0.9% on a price basis and up 0.3% after distributions are considered. The AMZ underperformed the S&P 500 Index's 2.4% total return for the month. The best performing midstream subsector for August was the Other Energy group, while the Propane subsector underperformed, on average.

Year-to-date through August, the AMZ is up 12.7% on a price basis, resulting in an 18.7% total return. This compares to the S&P 500 Index's 18.4% and 19.5% price and total returns, respectively. The Gathering and Processing group has produced the best average total return year-to-date, while the Other Energy subsector has lagged.

MLP yield spreads, as measured by the AMZ yield relative to the 10-Year U.S. Treasury Bond, widened by 27 basis points (bps) over the month, exiting the period at 329 bps. This compares to the trailing five-year average spread of 633 bps and the average spread since 2000 of approximately 439 bps. The AMZ's indicated distribution yield at month-end was 7.19%.

West Texas Intermediate (WTI) crude oil exited the month at \$73.55 per barrel, down 5.6% over the period and down 12.1% lower year-over-year. Natural gas prices ended August at \$2.13 per million British thermal units (MMbtu), up 4.5% over the month and 23.2% lower than August 2023. Natural gas liquids (NGL) priced at Mont Belvieu exited the month at \$27.42 per barrel, 1.1% lower than the end of July and 4.7% lower than the year-ago period.

News

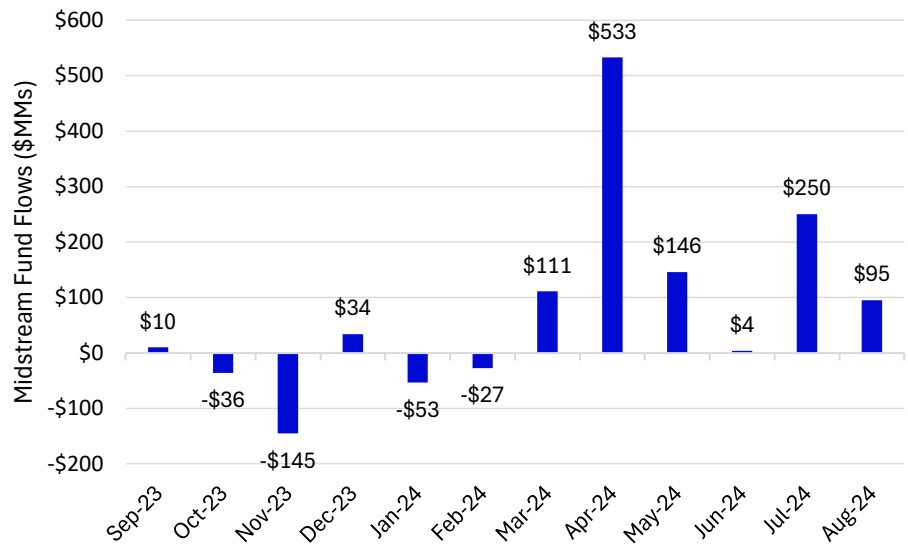
ONEOK bought Medallion and a controlling stake in EnLink. ONEOK, Inc (NYSE: OKE) announced definitive agreements with Global Infrastructure Partners (Private | GIP) to acquire all of the equity interests in Medallion Midstream, LLC (Private), the largest privately held crude gathering and transportation system in the Permian's Midland Basin, for \$2.6 billion. Additionally, OKE and GIP entered into a separate definitive agreement under which OKE would acquire GIP's entire interest in EnLink Midstream, LLC (NYSE: ENLC) for total cash consideration of approximately \$3.3 billion. OKE noted that after the closing of the purchase of GIP's interests in ENLC it intends to pursue the acquisition of the publicly held common units of ENLC in a tax-free transaction.

Delek announced a series of transactions. Delek Logistics Partners (NYSE: DKL) announced the acquisition of Delek US Holdings' (NYSE: DK) interest in the Wink-to-Webster Pipeline, as well as an agreement to amend and extend certain contracts between the two parties for up to seven years. Concurrently, DKL announced the \$230 million acquisition of H2O Midstream (Private) and, separately, a natural gas processing plant to be moved to the partnership's footprint in the Delaware Basin.

Second quarter reporting approached the end. Second quarter reporting season had mostly concluded by the end of August. Through month-end, 32 midstream entities had announced distributions for the quarter, including eight distribution increases and 24 distributions that were unchanged from the previous quarter. Through the end of August, 34 sector participants had reported second quarter financial results. Operating performance was, on average, better than expectations with EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortization, coming in 1.5% higher than the Bloomberg consensus estimates but 2.9% lower than the seasonally strong first quarter.

Chart of the month: positive inflows into midstream products continue

According to data provided by U.S. Capital Advisors, fund flows into midstream-focused investment products have been positive for six consecutive months and year-to-date inflows now exceed \$1 billion.



Source: U.S. Capital Advisors as of 8/31/2024

Important information

M&A: Mergers and acquisitions



Source: All data sourced from Bloomberg L.P. as of 8/31/2024 unless otherwise stated.

¹U.S. Capital Advisors as of 8/31/2024.

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 September 6, 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.

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.

Other Energy 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.

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 6/30/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 6.16%, 0.00%, 4.46% and 5.96% respectively in ONEOK Inc.

As of 6/30/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 2.59%, 4.67%, 4.85% and 2.52% respectively in EnLink Midstream LLC.

As of 6/30/2024, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund and Invesco SteelPath MLP Alpha Plus Fund held 0.69%, 1.19%, 0.54% and 0.66% respectively in Delek Logistics Partners.

As of 6/30/2024, the Invesco SteelPath Funds have no position in Delek US Holdings.

As of 6/30/2024, the Invesco SteelPath Funds have no position in Medallion Midstream.

As of 6/30/2024, the Invesco SteelPath Funds have no position in Global Infrastructure Partners.

As of 6/30/2024, the Invesco SteelPath Funds have no position in H2O 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 to 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).