

## Portfolio managers

Stuart Cartner

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## Funds under management

Invesco SteelPath MLP Alpha

Invesco SteelPath MLP Income

Invesco SteelPath MLP Select 40

Invesco SteelPath MLP Alpha Plus

Invesco SteelPath MLP & Energy Infrastructure ETF

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Midstream equities underperformed the S&P 500 Index as second quarter earnings reporting season concluded, but attractive organic growth projects, particularly to service rising natural gas demand, continued to materialize and sector consolidation continued. ExxonMobil provided an updated *Global Energy Outlook*, a view of global supply and demand for energy and products through 2050, that signals continued growth in the global consumption of crude oil and natural gas, alongside very strong growth of renewable energy demand and a 25% reduction in global CO2 emissions.<sup>1</sup>

## MLP market overview

Midstream MLPs, as measured by the Alerian MLP Index (AMZ), ended August down 1.83% from a price perspective and down 0.58% on a total return basis. The AMZ underperformed the S&P 500 Index's 2.03% total return for the month. The best performing midstream subsector for August was the Marine group, while the Gathering and Processing subsector underperformed, on average.

For the year through August, the AMZ is up 4.08% on a price basis, resulting in a 9.81% return once distributions are considered. This compares to the S&P 500 Index's 9.84% and 10.78% price and total returns, respectively. The Propane group has produced the best average total return year-to-date, while the Gathering and Processing subsector has lagged.

MLP yield spreads, as measured by the AMZ yield relative to the 10-Year U.S. Treasury Bond, widened by 28 basis points (bps) over the month, exiting the period at 316 bps. This compares to the trailing five-year average spread of 482 bps and the average spread since 2000 of approximately 433 bps. The AMZ's distribution yield at month-end was 7.39%.

West Texas Intermediate (WTI) crude oil exited the month at \$64.01 per barrel, down 7.6% over the period and 13.0% lower year-over-year. Natural gas prices ended August at \$3.00 per million British thermal units (MMBtu), down 3.5% over the month and 40.9% higher than August 2024. Natural gas liquids (NGL) priced at Mont Belvieu exited the month at \$26.32 per barrel, 4.7% lower than the end of July and 4.0% lower than the year-ago period.

## News

**Second quarter reporting concludes.** Second quarter reporting season effectively wrapped-up in 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, 32 sector participants had reported second quarter financial results. Operating performance was, on average, modestly below expectations with EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortization, coming in 0.9% lower than consensus estimates and 3.7% lower than the preceding quarter.

**WES buys ARIS.** Western Midstream Partners, LP (NYSE: WES) announced an agreement to acquire Aris Water Solutions, Inc. (NYSE: ARIS) in an equity-and-cash transaction valued at approximately \$1.5 billion. ARIS's water infrastructure assets complement WES's existing produced-water business and WES stated it intended to enhance flow assurance to producing customers in West Texas while expanding WES's commercial relationships with some of the top exploration and production (E&P) operators in the New Mexico portion of the Delaware Basin, providing significant customer diversification and incremental opportunities for business development.

**New gas projects keep flowing.** Energy Transfer (NYSE: ET) announced the Desert Southwest pipeline expansion project, extending the Transwestern natural gas pipeline system to increase the supply of natural gas to markets throughout Arizona and New Mexico from Energy Transfer’s premier asset base in the prolific Permian Basin. Additionally, WhiteWater (Private) reached final investment decision on the Eiger Express Pipeline, designed to transport 2.5 billion cubic feet per day of natural gas from the Permian Basin to the Katy area just west of Houston, TX. Eiger Express will be owned by WhiteWater, MPLX, LP (NYSE: MPLX), ONEOK, Inc. (NYSE: OKE), and Enbridge, Inc. (NYSE: ENB).

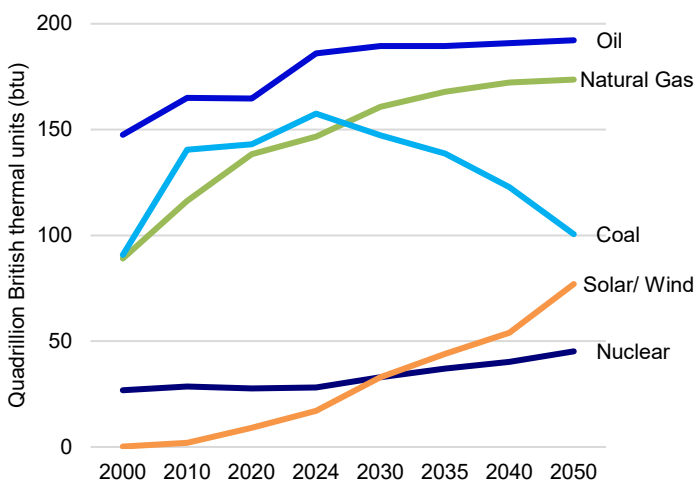
**Chart of the month: Exxon points to oil and natural gas demand growth through 2050**

In late August, ExxonMobil released its updated Global Energy Outlook, a report that “describes where the company sees global supply and demand for energy and products headed in the future, as well as important insights on the economic advantages and environmental considerations that play a part in the future of energy.” In the outlook, the company “projects that oil and natural gas will be the largest energy sources in 2050, and make up more than half of the world’s energy supply.<sup>1</sup> The biggest change in the world’s energy mix between now and 2050 will be a significant increase in solar and wind, coupled with a large reduction in coal.

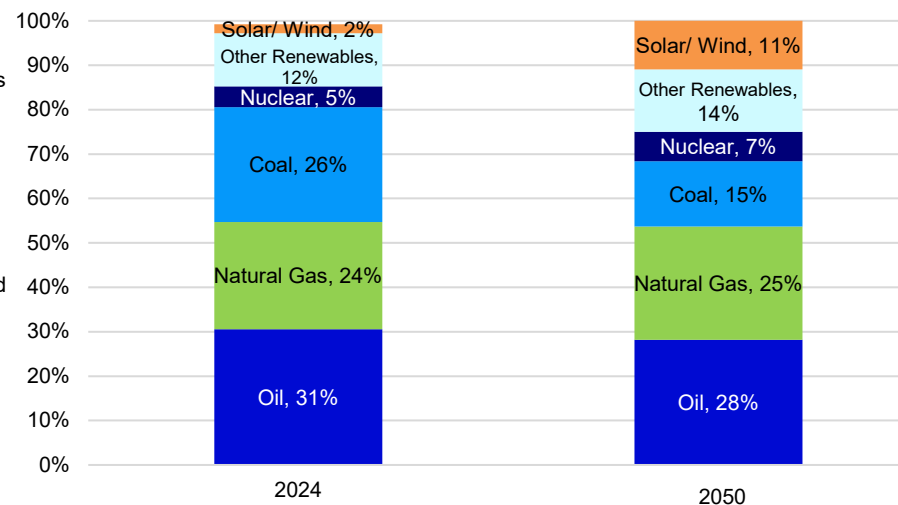
“Demand for oil is projected to grow to ~105 million barrels per day (MBD) by 2050, up from ~100 MBD today, while demand for natural gas is projected to grow to ~500 billion cubic feet per day (BCFD) in 2050, an increase of 20% compared to current levels.” Further, “Global electricity demand is expected to grow 70% by 2050, driven by improving living standards in developing countries. Renewables see significant growth with solar and wind generation projected to increase more than fourfold, from <15% of the world’s electricity generation to >40%. Coal use will shrink as it is displaced by lower-emission energy sources – not just renewables but also natural gas, which has about half the carbon intensity of coal in electricity generation (EIA, Natural Gas Explained).”<sup>1</sup>

Importantly, “for the first time in modern history, emissions are projected to peak and begin a sustained decline this decade as economies expand and living standards improve. By 2050, [Exxon projects] global CO2 emissions to decline by 25% from current levels. This happens because efficiency will improve, and the world will use more lower-emissions technologies, including renewables, carbon capture and storage, hydrogen, and biofuels.”<sup>1</sup>

**Global energy demand by fuel**



**Percent of primary energy**



Source: ExxonMobil, *ExxonMobil Global Outlook: Our view to 2050*, August 28, 2025

## Important information

Source: All data sourced from Bloomberg L.P. as of 8/31/2025 unless otherwise stated.

1. ExxonMobil Global Energy Outlook, August 28, 2025.

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 3, 2025. 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.

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 6/30/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 13.26%, 13.47%, 6.89%, 12.99% and 4.34% respectively in MPLX LP.

As of 6/30/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 11.52%, 13.08%, 6.56%, 11.31% and 2.97% respectively in Western Midstream Partners.

As of 6/30/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 0.00%, 0.00%, 0.15%, 0.00% and 0.00% respectively in ARIS Water Solutions.

As of 6/30/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 13.34%, 13.33%, 7.01%, 13.12% and 4.96% respectively in Energy Transfer LP.

As of 6/30/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 4.08%, 2.56%, 4.56%, 3.96% and 5.18% respectively in ONEOK Inc.

As of 6/30/2025, Invesco SteelPath MLP Alpha Fund, Invesco SteelPath MLP Income Fund, Invesco SteelPath MLP Select 40 Fund, Invesco SteelPath MLP Alpha Plus Fund and Invesco SteelPath MLP & Energy Infrastructure ETF held 1.55%, 0.00%, 1.51%, 1.49% and 4.96% respectively in Enbridge Inc.

None of the SteelPath funds held ExxonMobil as of 6/30/2025.

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.

There are risks involved with investing in ETFs, including possible loss of money. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Actively managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Ordinary brokerage commissions apply. The Fund's return may not match the return of the Index. The Fund is subject to certain other risks. Please see the current prospectus for more information regarding the risk associated with an investment in the Fund.

Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 10,000, 20,000, 25,000, 50,000, 80,000, 100,000 or 150,000 Shares.

**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).**