

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

For additional information, please
visit our website at
www.invesco.com

Midstream equities underperformed the S&P 500 Index in December but notched another solid year of returns for 2024. While the Alerian MLP Index (AMZ) narrowly missed extending its streak of three consecutive years of outperforming the S&P 500 Index¹, the Alerian Midstream Index (AMNA), an index that includes both MLPs and C-Corps, meaningfully outperformed. Both the AMZ and the AMNA outperformed the total returns of REITs² and Utilities³ for the year.

MLP market overview

Midstream MLPs, as measured by the Alerian MLP Index (AMZ), ended December down 7.2% on price basis and after distributions are considered. The AMZ underperformed the S&P 500 Index's 2.4% total return loss for the month. The best performing midstream subsector for December was the Marine group, while the Propane subsector underperformed, on average.

For the year, the AMZ was up 15.8% on a price basis, resulting in a 24.1% total return. This compares to the S&P 500 Index's 23.3% and 25.0% price and total returns, respectively. The Compression group produced the best average for the year, while the Propane subsector lagged.

MLP yield spreads, as measured by the AMZ yield relative to the 10-Year U.S. Treasury Bond, widened by 10 basis points (bps) over the month, exiting the period at 246 bps. This compares to the trailing five-year average spread of 602 bps and the average spread since 2000 of approximately 438 bps. The AMZ's distribution yield at month-end was 7.04%.

West Texas Intermediate (WTI) crude oil exited the month at \$71.72 per barrel, up 5.5% over the period and 0.1% higher year-over-year. Natural gas prices ended November at \$3.63 per million British thermal units (MMbtu), up 8.0% over the month and 44.5% higher than December 2023. Natural gas liquids (NGL) priced at Mont Belvieu exited the month at \$32.87 per barrel, 5.3% higher than the end of November and 16.8% higher than the year-ago period.

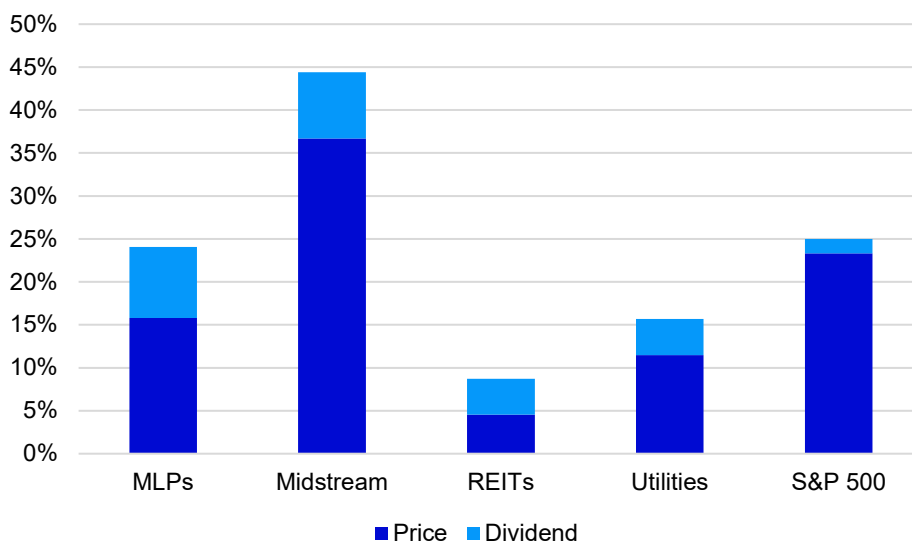
News

ET, KMI, and Boardwalk grant final investment decisions on gas pipeline projects. In early December Energy Transfer (NYSE: ET) announced that it reached a positive final investment decision (FID) for the construction of The Hugh Brinson Pipeline, a 400-mile pipeline with a capacity of 1.5 billion cubic feet per day (Bcf/d) that will extend from Waha to Maypearl, Texas located south of the Dallas/Ft. Worth metroplex, where it will then connect to Energy Transfer's vast pipeline and storage infrastructure. Phase I is expected to be in service by the end of 2026. Additionally, Kinder Morgan (NYSE: KMI) announced its decision to proceed with its Mississippi Crossing Project (MSX Project) after securing long-term, binding transportation agreements with customers for all the capacity. The MSX Project is designed to transport up to 1.5 Bcf/d of natural gas and primarily involves the construction of nearly 206 miles of pipeline and two new compressor stations. The project will originate near Greenville, Mississippi, and conclude near Butler, Alabama. Finally, Boardwalk Pipelines (Private)⁴ announced final investment decision approving the 1.16 Bcf/d Kosci Junction pipeline project which will consist of building approximately 110 miles of 36-inch pipeline and compression supported by a 20-year agreement with an anchor customer.

Next phase of LNG exports begins. Two new liquified natural gas (LNG) export projects began production during December. In mid-December Venture Global’s Plaquemines LNG facility reached first LNG production and shipped its first cargo late in the month. The facility consists of 36 trains, which are expected to be systematically placed into service over the next two years. Late in the December Cheneire Energy (NYSE: LNG) announced that LNG was produced for the first time from the first train of the company’s Corpus Christi Stage 3 Liquefaction Project (CCL Stage 3). CCL Stage 3 consists of seven trains that will be placed into service over the next one to two years.

Chart of the month: Midstream gets another win

Midstream equities had another strong year in 2024. While the AMZ narrowly missed extending its streak of three consecutive years of outperforming the S&P 500 Index, with total returns of 24.1% and 25.0% respectively, the Alerian Midstream Index (AMNA), an index that includes both MLPs and C-Corps, generated a total return of 44.4%. Both the AMZ and the AMNA handily outperformed the total returns of REITs and Utilities of 8.7% and 15.7%, respectively.



Source: Bloomberg L.P. as of 12/31/2024, for calendar year 2024.
 Past performance does not guarantee future results. An investment cannot be made into an index
 MLPs represented by the Alerian MLP Index.
 Midstream represented by the Alerian Midstream Index.
 REITs represented by the FTSE NAREIT Equity REITS Index.
 Utilities represented by the Dow Jones Utility Average.

Important information



Source: All data sourced from Bloomberg L.P. as of 12/31/2024 unless otherwise stated.

1. The AMZ returned 40.2%, 30.9% and 26.6% for calendar year 2021, 2022 and 2023, respectively. The S&P 500 Index returned 28.7%, -18.1% and 26.3% for calendar year 2021, 2022 and 2023, respectively.
2. REITs represented by the FTSE NAREIT Equity REITS Index.
3. Utilities represented by the Dow Jones Utility Average.
4. The fund can't hold private companies

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 January 6, 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.

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 13.29%, 13.42%, 7.02% and 13.58% respectively in Energy Transfer.

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 0.00%, 0.00%, 4.81% and 0.00% respectively in Kinder Morgan 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 0.92%, 0.00%, 0.00% and 0.96% respectively in Cheneire Energy.

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. The Alerian Midstream Energy Index is a broad-based composite of North American energy infrastructure companies. The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of US equity REITs. The Dow Jones Utility Average aims to represent the stock performance of large, well-known U.S. companies within the utilities industry. 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).

Not a Deposit | Not FDIC Insured | Not Guaranteed by the Bank | May Lose Value | Not Insured by any Federal Government Agency

[invesco.com/us](https://www.invesco.com/us)

MHJAN-FLY-1-E

01/25

Invesco Distributors, Inc.

NA4133334