



## Invesco SteelPath MLP Select 40 Fund

MLPFX (A shares), MLPTX (Y shares), OSPSX (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 12/31/2020

	4Q20	1-Year	3-Year	5-Year	10-Year	Since Inception
Invesco SteelPath MLP Select 40 Fund (Class A shares without sales charge)	30.50%	-25.19%	-10.37%	-3.88%	-1.15%	0.19%
Invesco SteelPath MLP Select 40 Fund (Class A shares with sales charge)	23.37%	-29.28%	-12.14%	-5.01%	-1.73%	-0.36%
Invesco SteelPath MLP Select 40 Fund (Class Y shares)	30.17%	-25.18%	-10.21%	-3.66%	-0.91%	0.44%
Invesco SteelPath MLP Select 40 Fund (Class R6 shares)	30.56%	-25.02%	-10.10%	-3.57%	N/A	-4.57%
Alerian MLP Index Total Return (AMZ) <sup>1</sup>	32.45%	-28.69%	-12.69%	-5.95%	-2.31%	-0.06%
S&P 500 Index <sup>2</sup>	12.15%	18.40%	14.18%	15.22%	13.88%	13.78%

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

#### Annual Expense Ratios:

Class A Shares: Gross: 1.20, Net: 1.14

Class Y Shares: Gross: 0.95, Net: 0.89

Class R6 Shares: Gross: 0.81, Net: 0.81

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 index is 3/31/2010.

Performance quoted is past performance, and cannot guarantee comparable future results. Current performance and or expenses may be higher or lower. Visit [invesco.com](http://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. Total annual fund operating expenses after any contractual fee waivers and/or expense reimbursements by the adviser in effect through May 28, 2021. See current prospectus for more information. 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.

The net expense ratio reflects that the Advisor has contractually agreed to limit fees and/or reimburse expenses (excluding certain expenses). The Manager can be reimbursed by the Fund within three years after the date the limitation an/or expense reimbursement has been made by the Manager, provided that such repayment does not cause the expenses of any class of the Fund to exceed the limits described in the notes to the fee table in the prospectus. The net expense ratio is also net of deferred income tax expense, if applicable, which represents an estimate of the Fund's potential tax liability. This expense may vary from year to year. Because the Fund's deferred income tax expense is excluded from the expense cap, the Fund's net expense is increased by the amount of this expense. A change in the estimate of deferred tax liability could result in a loss to net asset value. The majority of distributions have been classified as "return of capital" which reduces the investor's adjusted cost basis. See the prospectus for details.

Effective September 30, 2020, "Oppenheimer" was removed from the Fund name.

For the fourth quarter of 2020, master limited partnerships (MLPs), as measured by the Alerian MLP Index (AMZ), were up 28.3% on a price basis and generated a 32.3% return when including the impact of distributions. For context, the broader market, as measured by the S&P 500, gained 11.7% on a price basis and generated a 12.1% total return over the period.

Efforts to contain the spread of COVID-19 continue to disrupt global demand for petroleum products but demand has markedly improved from the lows of mid-2020. Further, expectations for a further normalization in demand came into greater focus over the period with encouraging vaccine efficacy results and the early stages of vaccine distribution and administration. Rig count and producer activity have also improved from the lows of the year but remain well below pre-COVID levels and current industry expectations are for very modest domestic production growth over the near- and mid-term. However, we believe much of the midstream sector's cost reduction and capital spending rationalization achieved to-date will prove sustainable in a modest growth environment. As a result, we expect many midstream companies to generate substantial free cash flow that can be deployed to further reduce balance sheet debt or be returned to equity investors through buybacks or distributions.

The midstream subsectors experienced mostly positive performance over the fourth quarter of 2020. On average, the Gathering and Processing and Compression subsectors provided the best relative performance over the period, each benefiting from expectation for volume recovery and balance sheet improvement. The average performance of the Propane and Natural Gas Pipelines subsectors generated the weakest returns. Propane names were impacted by a slow start to winter and increased propane prices (an input cost), while the Natural Gas Pipelines group was weighed down by idiosyncratic factors at a subsector participant experiencing legal challenges to a pipeline already under construction.

Third quarter midstream operating performance was reported during the period with 88% of sector participants reporting results that were in line or better than consensus. Sector EBITDA was 9.4% higher than the preceding quarter. Third quarter EBITDA was 2.5% higher than the year-ago comparable quarter despite the lingering impact of COVID containment efforts.

No new midstream equity (common and preferred) was issued over the quarter via marketed transactions and we estimate a de minimis amount was issued through "at-the-market" programs in which primary units trade into the market anonymously throughout the normal trading day. We estimate MLP-focused investment vehicles, including closed-end funds, open-end funds and index-linked products, experienced approximately \$0.5 billion of outflows over the quarter.

MLP capital investment over the quarter included no meaningful announced asset acquisitions and we estimate \$3 to \$4 billion of organic capital spending. Given producer drilling and spending plans remain cautious and midstream investor pressure to improve free cash flow metrics, many midstream capital projects have been suspended, deferred, or cancelled which should substantially aid free cash available for debt retirement or unit repurchases in future periods.

West Texas Intermediate (WTI) crude oil priced at the Cushing hub ended the quarter at \$48.52 per barrel, up 21% from the end of the third quarter, but 21% lower than the year-ago period. The spread between Brent crude, a proxy for international crude prices, and WTI ended the quarter at \$3.28 per barrel, tightening modestly over the



period. Crude oil priced in Midland, TX ended the period at a \$1.20 premium to WTI as moderated drilling and completion activity and a new crude pipeline have effectively eliminated capacity constraints out of the Permian basin.

Henry Hub natural gas prices ended the quarter at \$2.54 per million British thermal units (MMbtu), effectively unchanged from the end of the third quarter and 16% higher than the year ago period. Spot pricing in most regions strengthened relative to the Henry Hub over the period, most notably in the Permian basin where a new gas pipeline was recently placed into service alleviating basin congestion. Pricing in Appalachia was extremely weak intra-period as production in the basin approached takeaway capacity, but the onset of winter demand in the region softened egress constraints, allowing pricing to recover by the end of the reporting period.

NGLs priced at Mont Belvieu ended the quarter at \$24.70 per barrel, up 30% from the end of the third quarter and 19% lower than the year-ago period. Prices for all of the NGL purity products rose over the quarter, with propane the strongest, up 49%. Frac spreads, a measure of natural gas processing economics, strengthened over the quarter to settle at \$0.37 per gallon, up 21% from the end of the third quarter and the year-ago period. Generally, the greater the frac spread, the greater the incentive for producers to seek natural gas processing capacity.

The structure of the crude oil futures curve shifted to a predominately backwardated curve (in which future prices are lower than near-term prices) over the reporting period as near-dated prices rose while longer-dated contract prices declined. The natural gas futures curve maintained its backwardated structure for near- and medium-term contracts (through 2023) and a contango shape (in which future prices are higher than near-term prices) for longer-dated contracts, but near-dated contract prices fell over period while longer-dated pricing improved. 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. Generally, providers of storage services prefer a contango market and, therefore, market structure over the period turned negative for contracting available storage for crude oil and was mixed for the storage of natural gas.

*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 23 basis points to end the period at 0.92%. 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 386 basis points to 10.2%. The long-term average (2000-4Q2020) MLP yield spread is 4.21%. At period-end, the AMZ's indicated yield was 11.14%.

REITs and utilities posted total returns of 11.6% and 7.1% respectively, versus the AMZ's 32.3% gain over the period. Performance by these yield-oriented sectors likely reflects the performance seen in the broader equity market. We believe energy market idiosyncrasies over the period wielded a stronger influence on midstream equities than the interest rate environment or broad market performance.

Despite the headwinds presented by COVID-19's impact on demand for petroleum products and the flatter volume trajectory for domestic midstream sector participants, we believe the sector remains well-positioned to provide modest capital appreciation and substantial cash distributions. Notably, most sector participants entered this challenging period with stronger balance sheets and lower capital spending obligations and better distribution coverage metrics than the last commodity cycles. Sector valuations are attractive in absolute terms and relative to historic ranges, and sector yields are substantially higher than other yielding-equity classes.



## Performance attribution

### The most significant contributors to fourth quarter performance included:

#### **1. Targa Resources Corp. (NYSE: TRGP) Contribution: 3.81%<sup>3</sup>**

- TRGP outperformed over the period after reporting better than expected financial results and introducing a \$500 million share buyback program. Market sentiment was also likely bolstered over the period by encouraging vaccine efficacy results and the early stages of vaccine distribution and administration.
- With strategically located assets in the Permian and the Gulf Coast that drive an improving cash flow outlook, TRGP continues to focus on deleveraging while being opportunistic in the repurchase of shares.

#### **2. Western Midstream Partners LP (NYSE: WES) Contribution: 2.69%<sup>3</sup>**

- WES outperformed over the period after posting solid operating results and announcing initial guidance for 2021 that was above expectations. Market sentiment was also likely bolstered over the period by encouraging vaccine efficacy results and the early stages of vaccine distribution and administration.
- We believe the improvement in energy market fundamentals also aided the outlook for WES's largest customer, Occidental Petroleum (NYSE: OXY), which likely also aided WES sentiment.

#### **3. DCP Midstream LP (NYSE: DCP) Contribution: 2.11%<sup>3</sup>**

- DCP outperformed over the period after reporting much better than expected financial results. Market sentiment was also likely bolstered over the period by encouraging vaccine efficacy results and the early stages of vaccine distribution and administration.
- DCP has bolstered its financial position via meaningful reductions in operating and general and administration expenses, a smaller cash distribution, and moderated capital expenditure plans resulting in solid liquidity and a healthy balance sheet.

### The most significant detractors from fourth quarter performance included:

#### **1. NGL Energy Partners LP (NYSE: NGL) Contribution: -0.82%<sup>3</sup>**

- NGL underperformed over the period as negotiations with a Grand Mesa crude pipeline customer in the process of emerging from bankruptcy progressed and amidst credit facility negotiations that could impact borrowing costs.
- While the partnership announced financial results that were consistent with expectations and, late in the quarter, announced a settlement with the Grand Mesa customer, it is still working to reach an agreement on the revolver extension.

#### **2. Equitrans Midstream Corp. (NYSE: ETRN) Contribution: -0.30%<sup>3</sup>**

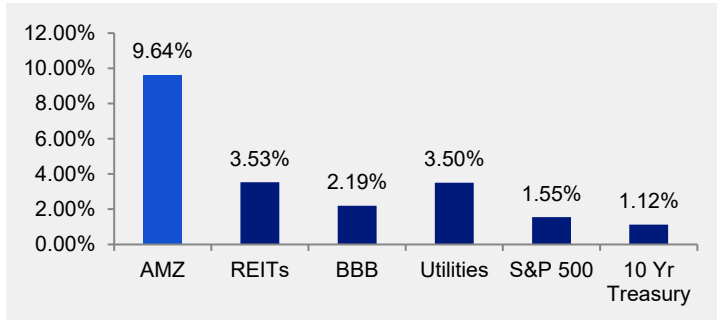
- ETRN underperformed over the period as the company faced continued legal and regulatory risk associated with its nearly completed Mountain Valley Pipeline project. These challenges have repeatedly delayed project completion though management remains confident that the project will ultimately be placed into service.
- ETRN holds an attractive portfolio of gas gathering systems, transmission and storage systems, and water services assets that support natural gas producers across the Appalachian Basin.

#### **3. Suburban Propane Partners LP (NYSE: SPH) Contribution: -0.19%<sup>3</sup>**

- SPH underperformed over the period despite reporting solid financial results, likely due to moderated demand expectations among some market participants given a warmer start to winter. However, the company is seeing an increase in residential propane volumes as people continue to work from home due to efforts to contain the COVID-19 pandemic.
- SPH maintains a strong position in the highly fragmented retail propane gas markets serving residential, commercial, industrial, and agricultural customers. Further, SPH has been investing in renewable propane technologies.



## Yields by Asset Class



Source: Bloomberg. Data as of December 31, 2020 and is calculated using the most recent annualized distribution. MLPs are represented by the AMZ. Real Estate Investment Trusts (REITs) are represented by the FTSE NAREIT Equity REIT Index<sup>4</sup>. BBB Bonds (BBB) are represented by the U.S. Corporate Bond BBB yield. Utilities are represented by the Dow Jones Utilities Index<sup>5</sup>. 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>3</sup>

Issuer	%
MPLX LP	6.94
Westlake Chemical Partners LP	6.91
Targa Resources Corp.	5.75
Sunoco LP	4.91
TC Pipelines LP	4.90
Magellan Midstream Partners LP	4.71
NuStar Energy LP	4.63
USA Compression Partners LP	4.59
Western Midstream Partners LP	4.58
Enterprise Products Partners LP	4.58

## Sector Attribution Analysis<sup>3</sup>

	Invesco SteelPath MLP Select 40 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	9.10	15.50	1.57	10.00	27.35	2.81	0.14	-1.03	-0.89
Gathering & Processing	31.84	61.42	17.38	29.40	56.97	15.11	0.52	0.95	1.47
Natural Gas Transportation & Storage	12.78	11.33	1.52	14.19	17.00	2.50	0.32	-0.83	-0.51
Other Energy	25.52	23.37	6.04	5.53	16.71	1.19	-2.46	0.61	-1.86
Petroleum Transportation & Storage	20.11	27.68	4.08	40.60	25.98	10.79	0.61	-0.46	0.15
Production & Mining	0.09	61.73	0.05	0.00	0.00	0.00	0.08	0.00	0.08
Terminalling & Storage	0.02	22.64	0.00	0.27	15.27	0.06	0.10	0.06	0.17
Cash	0.56	0.02	0.00	0.00	0.00	0.00	-0.42	0.00	-0.42
<b>Total</b>	<b>100.00</b>	<b>30.64</b>	<b>30.64</b>	<b>100.00</b>	<b>32.45</b>	<b>32.45</b>	<b>-1.10</b>	<b>-0.70</b>	<b>-1.81</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

In general, stock values fluctuate, sometimes widely, 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 subject to certain other risks. Please see the current prospectus for more information regarding the risks associated with an investment in the Fund.

## DISCLOSURES

### Past performance does not guarantee future results.

All data and performance sourced from Bloomberg as of 12/31/2020 unless otherwise stated.

1. 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.
2. The S&P 500 Index is a capitalization-weighted index of 500 stocks intended to be a representative sample of leading companies in leading industries within the U.S. economy. Index includes reinvestment of dividends but does not include fees, expenses or taxes.
3. 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.
4. FTSE NAREIT Equity REIT Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs.
5. Dow Jones Utility Index is a stock index that keeps track of the performance of 15 prominent utility companies.

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.

**Shares of Invesco funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.**

The opinions expressed are those of the 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://www.invesco.com/fundprospectus).**