

# Invesco SteelPath MLP Select 40 Fund

## Q4 2025

## Key takeaways

- 1 MLPs total return outperformed the broader equity market**

For the quarter, master limited partnerships (MLPs), as measured by the Alerian MLP Index (AMZ), rose 1.81% on a price basis and returned 3.79% when including distributions. The S&P 500 Index rose 2.35% on a price basis and had a total return of 2.66%.
- 2 Better-than-expected operating results**

During the quarter, 62% of midstream sector participants reported third quarter results in line with or better than consensus. Earnings before interest, taxes, depreciation & amortization (EBITDA) were about 5% higher than the second quarter and about 7% above the third quarter of 2024.
- 3 We remain focused on the long-term investment horizon**

We believe valuations remain attractive and fundamentals support expectations for cash flow growth. Further, the rise of artificial intelligence (AI) models has been increasing power demand from data centers, which may meaningfully increase demand for natural gas.

### Investment objective

The fund seeks total return.

### Fund facts

Fund AUM (\$M) 2,011.83

### Portfolio managers

Brian Watson, Stuart Cartner

## Manager perspective and outlook

- West Texas Intermediate (WTI) crude oil priced at the Cushing hub ended the quarter at \$57.42 per barrel, down 8% from the end of the third quarter and 20% lower than one year ago. The price spread between Brent crude, a proxy for international crude prices, and WTI ended at \$3.43 per barrel, narrowing during the quarter. Crude oil priced in Midland, Texas maintained a premium relative to WTI as crude pipeline capacity out of the Permian basin remained sufficient and there appeared to be an incentive for incremental volumes to move toward the Gulf Coast and export markets.
- Henry Hub natural gas prices ended the quarter at \$3.69 per million British thermal units (MMbtu), up 12% from the end of the third quarter and 1% higher than one year ago. Gas pricing in the Permian Basin ended the quarter at negative levels as production growth combined with pipeline maintenance activities reduced available transport from the basin.
- Natural gas liquids (NGLs) priced at Mont Belvieu ended the quarter at \$24.76 per barrel, down 10% from last quarter and 25% lower than one year ago. Prices for all NGL purity products declined during the quarter; propane declined the least while isobutane had the largest price decline for the quarter. Frac spreads, a measure of natural gas processing economics, settled at \$0.24 per gallon, down 37% from the end of the third quarter and 51% lower than one year ago.



## Top equity issuers

(% of total market value)

	Fund	Index
Western Midstream Partners LP	7.12	10.31
MPLX LP	6.83	9.87
Energy Transfer LP	6.51	10.13
Targa Resources Corp	5.38	0.00
Archrock Inc	5.30	0.00
ONEOK Inc	5.06	0.00
Plains All American Pipeline LP	5.01	10.29
Genesis Energy LP	4.88	4.59
Enterprise Products Partners LP	4.84	10.03
Williams Cos Inc/The	4.74	0.00

As of 12/31/25. Holdings are subject to change and are not buy/sell recommendations.

## Portfolio positioning

For the quarter, MLPs were up 1.81% on a price basis and returned 3.79% when including distributions. The S&P 500 Index was up 2.35% on a price basis and had a total return of 2.66%.

No US midstream equity (common or preferred) was issued during the quarter via marketed transactions. We estimate a de minimis amount of equity, if any, was issued through “at-the-market” programs. Many sector participants have continued to buy back stock as attractive valuations have in our view persisted. Buyback disclosures historically and typically accompany earnings reports which trail the quarter end by several weeks (for the third quarter of 2025, approximately \$1.7 billion of buybacks were reported).

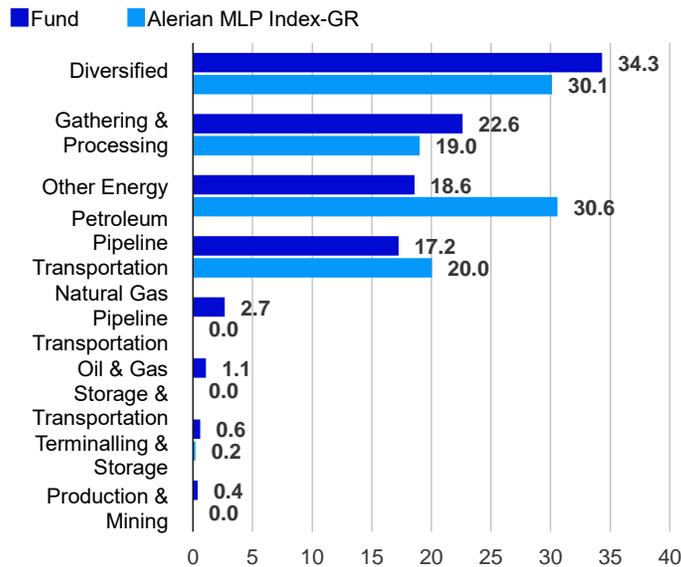
We estimate MLP-focused investment vehicles, including closed-end funds, open-end funds and index-linked products, had approximately \$0.2 billion of net inflows during the quarter.

MLP capital investment included an estimated \$7-8 billion of organic capital spending. Producer growth plans have remained moderate and have kept traditional midstream growth capital spending requirements measured. However, projects serving rising power demand have been adding incremental growth avenues while leaving sector participants with free cash available for debt retirement, unit repurchases and distribution increases in current and future periods.

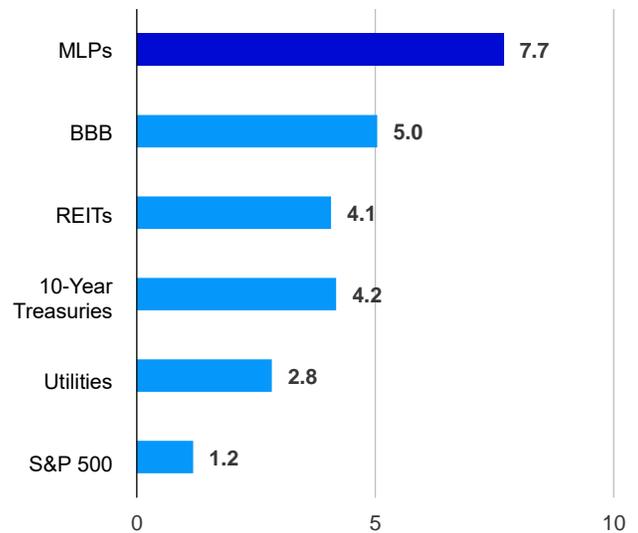
During the quarter, the 10-year US Treasury Bond fell by 0.02% to end the period at 4.18%. The MLP yield spread at quarter end, relative to the 10-year Treasury, narrowed by 0.10% to 3.52%. The long-term average (2000-4Q2025) is 4.33%. At quarter end, the AMZ's yield was 7.69%.

We believe the midstream sector offers investors an attractive distribution yield and an improving outlook for cash flow and distribution growth. In our view, these fundamentals are supported by significant and predictable natural gas volume growth through the end of the decade, alongside stable to modest growth in crude oil volumes. Further, midstream sector leverage and distribution coverage metrics have in our view remained healthy, which we believe insulates sector growth plans from market volatility.

## Sector breakdown (% of total market value)



## Yields by asset class<sup>1</sup> (%)



1. Source: Bloomberg. Data as of December 31, 2025 and is calculated using the most recent annualized distribution. MLPs are represented by the Alerian MLP Index (AMZ). Real Estate Investment Trusts (REITs) are represented by the FTSE NAREIT Equity REIT Index. BBB Bonds (BBB) are represented by the U.S. Corporate Bond BBB yields. Utilities are represented by the Dow Jones Utilities Index. 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.**

## Performance highlights

The propane and diversified sub-sectors provided the best relative returns for the quarter, each benefiting from idiosyncratic factors affecting certain sub-sector members. The other and compression sub-sectors had the lowest average returns. Performance in the other group was weighed down by two companies focused on wholesale refined products; the compression sub-sector was likely affected by merger and acquisition activity.

### Contributors to performance

#### NGL Energy Partners LP (NGL)

NGL outperformed after reporting better-than-expected financial and operating results, increasing its cash flow guidance for 2026 and issuing 2027 guidance that contemplates at least 6.9% growth over 2026. NGL has remained focused on further reducing both leverage and its outstanding preferred stock. NGL operates the largest integrated network of large diameter wastewater pipelines, disposal wells and produced water handling systems in the Delaware Basin.

#### MPLX LP (MPLX)

MPLX outperformed after reporting results that were in line with expectations and announcing a 12.5% increase in its quarterly cash distribution. MPLX has continued to advance its strategy of creating integrated crude oil and natural gas logistics systems.

#### Targa Resources Corp (TRGP)

TRGP outperformed after reporting better-than-expected financial and operating results and reaffirming company expectations for low double-digit volume growth in 2026. During the quarter, TRGP announced two

strategically complementary acquisitions in the Permian Basin that are expected to boost earnings. TRGP provides natural gas and natural gas liquid services via an integrated asset base with a premium footprint in the Permian basin.

### Detractors from performance

#### Cheniere Energy Inc. (LNG)

LNG underperformed as price and volume outlooks for global natural gas appear to be moderating as new liquefaction facilities are expected to add supply at a faster pace than expected demand growth. LNG's contract portfolio historically largely insulates it from moderating global natural gas prices. LNG owns and operates liquefied natural gas (LNG) terminals and pipelines in Louisiana and Texas.

#### Genesis Energy LP (GEL)

GEL underperformed after reporting results that fell below expectations following the delayed startup of two offshore production platforms. Both platforms were online in the fourth quarter and production was above expectations. GEL is a diversified midstream energy service provider focused on offshore pipeline transportation & marine transportation.

#### The Williams Companies Inc (WMB)

WMB underperformed despite reporting financial and operating results generally in line with expectations. WMB advanced several growth project initiatives with its burgeoning power solutions business, as well as new pipeline projects within its core natural gas gathering and transmission segments.

## Standardized performance (%) as of December 31, 2025

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Class A shares inception: 03/31/10	NAV	1.94	8.24	8.24	20.10	24.09	9.22	7.23
	<b>Max. Load 5.5%</b>	-3.64	2.24	2.24	17.85	22.72	8.60	6.85
Class R6 shares inception: 06/28/13	NAV	1.97	8.59	8.59	20.49	24.49	9.56	6.13
Class Y shares inception: 03/31/10	NAV	1.99	8.60	8.60	20.43	24.44	9.50	7.51
Alerian MLP Index-GR		3.79	9.76	9.76	20.00	25.96	8.85	-
Total return ranking vs. Morningstar Energy Limited Partnership category (Class A shares at NAV)		-	-	11% (8 of 92)	21% (21 of 91)	31% (33 of 90)	51% (32 of 65)	-

Expense ratios per the current prospectus: Class A\*\*: Net: 10.29%, Total: 10.29%; Class R6: Net: 9.93%, Total: 9.93%; Class Y\*\*: Net: 10.04%, Total: 10.04%.

\*\* Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least . The fund is structured as a C corporation and may be subject to certain tax expenses that are reflected in the expense ratio. Please refer to the current prospectus for more information.

Performance quoted is past performance and cannot guarantee comparable future results; current performance may be lower or higher. Visit [invesco.com](https://www.invesco.com) for the most recent month-end performance. Performance figures reflect reinvested distributions and changes in net asset value (NAV). Investment return and principal value will vary so that you may have a gain or a loss when you sell shares. Returns less than one year are cumulative; all others are annualized. 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. Index source: RIMES Technologies Corp. Had fees not been waived and/or expenses reimbursed in the past, returns would have been lower. Performance shown at NAV does not include the applicable front-end sales charge, which would have reduced the performance.

Class Y and R6 shares have no sales charge; therefore performance is at NAV. Class Y shares are available only to certain investors. Class R6 shares are closed to most investors. Please see the prospectus for more details.

---

**Performance highlights** (cont'd)

---

**Calendar year total returns (%)**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Class A shares at NAV	18.74	-4.01	-11.80	9.12	-25.19	39.40	21.84	22.49	30.66	8.24
Class R6 shares at NAV	19.02	-3.58	-11.64	9.66	-25.02	39.89	22.18	22.85	31.14	8.59
Class Y shares at NAV	19.06	-3.69	-11.68	9.55	-25.18	40.02	22.02	22.79	30.97	8.60
Alerian MLP Index-GR	18.31	-6.52	-12.42	6.56	-28.69	40.17	30.92	26.56	24.41	9.76

---

**Portfolio characteristics**

	Fund	Index
No. of holdings	45	17
Dividend per share	0.0467	-
Dividend frequency	Monthly	-

---

**Risk statistics (5 year)\***

	Fund	Index
Alpha (%)	1.69	0.00
Beta	0.83	1.00
Sharpe ratio	1.27	1.20
Information ratio	-0.35	0.00
Standard dev. (%)	16.44	19.03
Tracking error (%)	5.38	0.00
Up capture (%)	75.61	100.00
Down capture (%)	84.90	100.00
Max. drawdown (%)	13.06	13.95

Unless otherwise specified, all information is as of 12/31/25. Unless stated otherwise, Index refers to Alerian MLP Index-GR.

The Alerian MLP Index is a market-cap weighted, float-adjusted index created to provide a comprehensive benchmark for investors to track the performance of the energy MLP sector. The Index components are selected by Alerian, LLC ("Alerian"). An investment cannot be made directly in an index.

As it relates to EBITDA, amortization refers to expensing intangible (non-physical) assets, such as patents or trademarks.

---

#### About Risk

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.

In general, stock values fluctuate, sometimes widely, in response to activities specific to the company as well as general market, economic and political conditions.

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.

The opinions expressed are those of the fund's portfolio management, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals.

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.

Note: Not all products available at all firms. Financial professionals, please contact your home office.

\* **Alpha** (cash adjusted) is a measure of performance on a risk-adjusted basis. **Beta** (cash adjusted) is a measure of relative risk and the slope of regression. **Sharpe Ratio** is a risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. A higher Sharpe ratio indicates better risk-adjusted performance. **Information Ratio** is a measurement of portfolio returns beyond the returns of a benchmark, usually an index, compared to the volatility of those returns. **Standard deviation** measures a fund's range of total returns and identifies the spread of a fund's short-term fluctuations. **Tracking Error** is defined as the expected standard deviation of a portfolio's excess return over the benchmark index return. The **up and down capture** measures how well a manager was able to replicate or improve on periods of positive benchmark returns and how severely the manager was affected by periods of negative benchmark returns. **Maximum Drawdown** is the maximum observed loss from a high to a low of a portfolio, before a new high is attained. Maximum drawdown is an indicator of downside risk over a specified time period.

---

#### Morningstar

Source: ©2025 Morningstar Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers. It may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Open-end mutual funds and exchange-traded funds are considered a single population for comparison purposes. Had fees not been waived and/or expenses reimbursed currently or in the past, the ranking would have been lower. Rankings for other share classes may differ due to different performance characteristics.

**Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](https://www.invesco.com/fundprospectus) for a prospectus/summary prospectus containing this information. Read it carefully before investing.**