Invesco SteelPath MLP Alpha Fund

Q4 2023

Key takeaways

1 MLP returns, while positive, underperformed the broader market

For the fourth quarter, master limited partnerships (MLPs), as measured by the Alerian MLP Index (AMZ), returned 2.99% on a price basis and 4.98% including distributions. The S&P 500 Index returned 11.23% on a price basis and had an 11.69% total return.

2 Better-than-expected operating results

During the quarter, 89% of midstream sector participants reported third quarter results in line with or better than consensus. Sector earnings before interest, taxes and depreciation (EBITDA) were about 5% higher than the previous quarter and 3% above the same quarter of 2022.

3 We remain focused on the long-term investment horizon

Despite macroeconomic and company fundamental improvements, midstream equities have been trading at valuations far below their five- and 10-year averages. Therefore, we believe the sector may provide an attractive yield and total return over the coming years.

Investment objective

The fund seeks total return.

Fund facts

Fund AUM ($M)	844.61

Portfolio managers

Stuart Cartner, Brian Watson

Manager perspective and outlook

- West Texas Intermediate (WTI) crude oil priced at the Cushing hub ended the quarter at $71.65 per barrel, down 21% from the end of the third quarter and 11% lower than one year ago. The spread between Brent crude, a proxy for international crude prices, and WTI ended the quarter at $5.39 per barrel. Crude oil priced in Midland, TX regained its premium relative to WTI during the quarter as crude pipeline capacity out of the Permian basin has remained ample and there has been incentive to move incremental volumes toward the Gulf Coast and export markets.
- Henry Hub natural gas prices ended the quarter at $2.51 per million British thermal units (MMbtu), down 14% from the end of the third quarter and 44% lower than one year ago.
- Natural gas liquids (NGLs) priced at Mont Belvieu ended the quarter at $28.15 per barrel, down 6% from the end of the third quarter and 8% lower than one year ago. Prices for NGL purity products were mixed over the quarter, with butane the strongest, up another 34% from the end of the third quarter, and ethane the weakest, down 35% during the period. Frac spreads, a measure of natural gas processing economics, fell during the quarter to settle at $0.44 per gallon, down 7% from the end of the third quarter and 10% higher than 2022. Generally, the greater the frac spread the greater the incentive for producers to seek natural gas processing capacity.

Top equity issuers

(% of total net assets)

	Fund	Index
Energy Transfer LP	13.72	10.24
MPLX LP	12.96	10.13
Targa Resources Corp	11.70	0.00
Western Midstream Partners LP	11.06	10.25
Enterprise Products Partners LP	9.30	9.93
Plains All American Pipeline LP	6.40	10.02
ONEOK Inc	6.16	0.00
Williams Cos Inc/The	3.99	0.00
Cheniere Energy Inc	3.48	0.00
EnLink Midstream LLC	2.66	7.34

As of 12/31/23. Holdings are subject to change and are not buy/sell recommendations.

Portfolio positioning

We estimate that MLP-focused investment vehicles, including closed-end funds, open-end funds and index-linked products, experienced approximately $32 million of net inflows during the quarter. MLP capital investment during the quarter included $4.3 billion of asset acquisitions and we estimate $2.0 to $3.0 billion of organic capital spending. As producers' growth plans have remained moderate, midstream capital spending requirements have lessened, increasing the free cash available for debt retirement, unit repurchases and distribution increases in current and future periods.

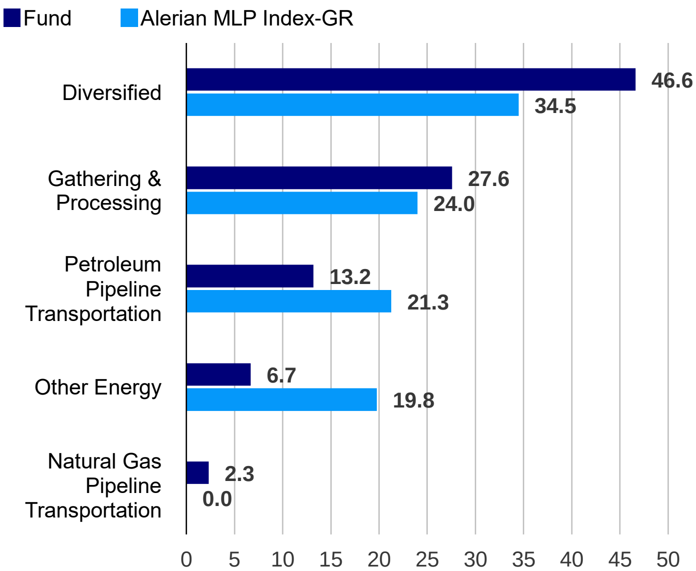
The backward-dated structure of the crude oil futures curve (in which future prices are lower than near-term prices) moderated during the quarter as near-dated prices declined more than pricing for medium-dated contracts, and prices on longer-dated contracts increased.

The contango structure (in which future prices are higher than near-term prices) at the front-end of the natural gas futures curve steepened as pricing on near-dated contracts declined more during the quarter than medium- and longer-dated contracts. Generally, for any commodity, a contango futures market is an incentive for storage because traders can purchase and store the commodity today to sell at a higher hedged price in the future. Since storage services providers generally prefer a contango structure, the market for contracting available storage for crude oil remained negative, while natural gas storage economics improved.

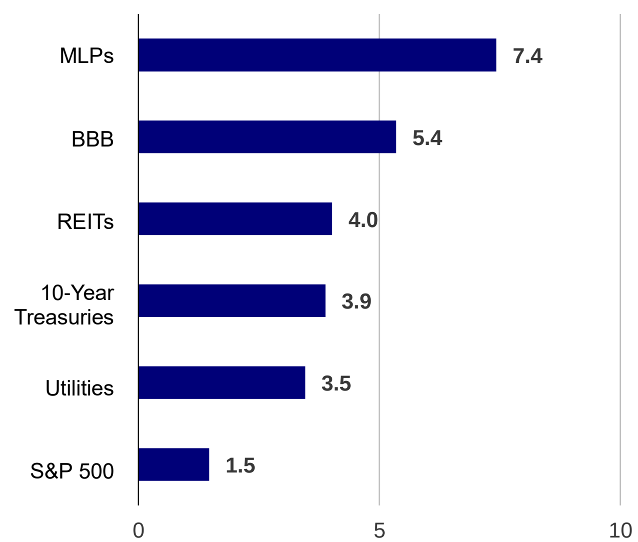
During the quarter, the 10-year US Treasury yield fell by 0.69% to end at 3.88%. The MLP yield spread at quarter end, as measured by the yield of the AMZ Index relative to the 10-year Treasury yield, widened by 0.33% to end at 3.57%. The long-term average (2000-Fourth quarter of 2023) MLP yield spread is 4.44%. At quarter end, the AMZ's yield was 7.45%.

Despite several years of outperforming the S&P 500, we believe midstream equities remain well positioned to provide investors with an attractive yield and total return over the coming years. Valuations have in our view remained attractive and fundamentals support expectations for cash flow growth for most sector participants, particularly those with business segments focused on key producing basins and those that support activities to export crude oil, refined products, liquified petroleum gases (LPGs), and/or liquified natural gas (LNG).

Sector breakdown (% of total net assets)



Yields by asset class[1] (%)



1. Source: Bloomberg. Data as of December 31, 2023 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

All midstream sub-sectors had positive returns in the fourth quarter. The marine and compression sub-sectors had the best relative performance for the quarter. The marine group saw strong performance from two companies, while participants in the compression segment benefited from strong asset utilization factors.

The propane and natural gas pipeline sub-sectors had the smallest returns. The propane group lagged as heating season kicked off with warmer-than-normal temperatures, while the natural gas pipeline sub-sector was weighed down by weak natural gas prices.

Contributors to performance

ONEOK Inc (OKE)
OKE outperformed after reporting higher-than-anticipated operating and financial results and raising guidance for 2024. Based on improving forecasts after the merger with Magellan Midstream closed in September, management expects to achieve its leverage target sooner than anticipated, providing flexibility to return capital to shareholders in 2024. OKE maintains a premier natural gas liquids (NGL) system, connecting supply in the Rocky Mountain, Permian and Mid-Continent with key market centers.

MPLX LP (MPLX)
MPLX outperformed after reporting better-than-expected financial and operating results and delivering a higher-than-anticipated dividend increase. With a strong natural gas and NGL position in Appalachia, MPLX continues to advance its strategy of creating integrated logistics systems from the Permian to the Gulf Coast.

Equitrans Midstream Corp. (ETRN)
ETRN outperformed after reports that it is exploring a potential sale. The company also provided a construction update on its Mountain Valley Pipeline that reiterated confidence in completing the project in the first quarter. ETRN is one of the largest natural gas gatherers and has a significant long-haul transmission footprint in the Appalachian Basin.

Detractors from performance

Enterprise Products Partners (EPD)
EPD underperformed despite reporting financial and operating results in line with expectations. EPD surprised the market with $3.1 billion of new projects focused on capturing robust production volume growth from the Permian basin. EPD is in our view well positioned with one of the largest and most diversified portfolios of natural gas liquids midstream assets in the US.

Cheniere Energy Partners (CQP)
CQP underperformed following the end of buying activity associated with the Alerian indexes' quarterly rebalance. Discussions about temporarily eliminating the variable component of its distribution to reduce debt and prefund capital expenditures for the Sabine Pass Expansion project also weighed on the stock. CQP develops, operates and constructs natural gas liquefaction and regasification facilities, as well as pipelines and LNG terminals.

Crestwood Energy Partners LP (CEQP)
CEQP underperformed as its merger with Energy Transfer (ET) closed on 11/3/2023.

Standardized performance (%) as of December 31, 2023

		Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since inception
Class A shares inception: 03/31/10	NAV	3.69	20.44	20.44	29.40	10.60	1.82	4.57
	Max. Load 5.5%	-2.08	13.82	13.82	27.02	9.34	1.25	4.14
Class R6 shares inception: 06/28/13	NAV	3.73	20.76	20.76	29.79	10.96	2.16	2.48
Class Y shares inception: 03/31/10	NAV	3.62	20.45	20.45	29.65	10.85	2.07	4.82
Alerian MLP Index-GR		4.98	26.56	26.56	32.43	12.03	1.90	-
Total return ranking vs. Morningstar Energy Limited Partnership category (Class A shares at NAV)		-	-	19% (23 of 99)	22% (24 of 98)	51% (43 of 89)	50% (29 of 61)	-

Expense ratios per the current prospectus: Class A**: Net: 2.39%, Total: 2.47%; Class R6**: Net: 2.08%, Total: 2.11%; Class Y**: Net: 2.14%, Total: 2.22%.

** Net = Total annual operating expenses less any contractual fee waivers and/or expense reimbursements by the adviser in effect through at least Mar 31, 2024. 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 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.

Calendar year total returns (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Class A shares at NAV	6.81	-31.59	25.75	-7.46	-14.85	6.96	-28.61	39.39	29.07	20.44
Class R6 shares at NAV	7.24	-31.37	26.28	-7.27	-14.55	7.37	-28.36	39.70	29.61	20.76
Class Y shares at NAV	7.07	-31.40	26.06	-7.30	-14.60	7.24	-28.38	39.76	29.45	20.45
Alerian MLP Index-GR	4.80	-32.59	18.31	-6.52	-12.42	6.56	-28.69	40.17	30.92	26.56

Portfolio characteristics

	Fund	Index
No. of holdings	19	22
Dividend per share	0.0332	-
Dividend frequency	Monthly	-

Risk statistics (5 year)*

	Fund	Index
Alpha (%)	-1.01	0.00
Beta	0.93	1.00
Sharpe ratio	0.23	0.26
Information ratio	-0.27	0.00
Standard dev. (%)	36.60	39.07
Tracking error (%)	5.71	0.00
Up capture (%)	88.59	100.00
Down capture (%)	99.21	100.00
Max. drawdown (%)	59.62	61.00

Unless otherwise specified, all information is as of 12/31/23. Unless stated otherwise, Index refers to Alerian MLP Index-GR.

The Alerian MLP Index is a market-cap weighted, floatadjusted 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.

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 considered non-diversified and may experience greater volatility than a more diversified investment.

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

Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit invesco.com/fundprospectus for a prospectus/summary prospectus containing this information. Read it carefully before investing.