WASATCH GLOBAL INVESTORS

Quarterly Commentary

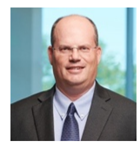
Investor FMIEX / Institutional WILCX

Wasatch Global Value Fund

JUNE 30, 2020

Unprecedented Stimulus and Steps to Reopen Economy Spurred Rebound

FUND MANAGER



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Lead Portfolio Manager

6 YEARS ON FUND / 6 YEARS AT WASATCH

OVERVIEW

Entering the quarter, market sentiment was bolstered by the unprecedented level of support from policy makers globally in response to the Covid-19 pandemic. In the attempt to stimulate economies, major central banks slashed interest rates while engaging in asset purchases and implementing emergency lending facilities. The U.S. Federal Reserve signaled that it expected to leave its benchmark overnight lending rate at near zero for several quarters to come. In addition, as the quarter progressed and economies took steps to reopen, investors became increasingly optimistic that the coronavirus-driven downturn would yield to a rebound sooner rather than later. Taken together, the extreme policy support and green shoots of a normalization in activity resulted in a surge in risk sentiment. This environment benefited equities in general but created a stronger tailwind for growth stocks over value stocks, particularly at the end of the quarter.

Global equities posted a strong positive return for the quarter, with the majority of gains occurring in April and May. During June, equities traded within a choppy range as concerns arose over climbing Covid-19 cases in the U.S. The Wasatch Global Value Fund—Investor Class gained

Data show past performance and is not indicative of future performance. Current performance may be lower or higher than the data quoted. For the most recent month-end performance data, visit wasatchglobal.com. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost. The Advisor may absorb certain expenses, leading to higher total shareholder returns. Wasatch Funds will deduct a 2% redemption fee on Fund shares held 60 days or less. Performance data does not reflect this redemption fee or taxes. ***Total Expense Ratio: Investor Class—Gross: 1.19%, Net: 1.10% / Institutional Class—Gross: 1.23%, Net: 0.97%. The Advisor has contractually agreed to limit certain expenses to 1.10% for the Investor Class and 0.95% for the Institutional Class through at least 1/31/2021.***

11.79% for the second quarter, trailing the more growth-oriented MSCI AC (All Country) World Index, which rose 19.22%. The Fund slightly lagged the MSCI AC World Value Index, which gained 12.74%.

Returns in the MSCI AC World Index were broad-based, with all 11 sectors posting positive returns for the quarter. Even more remarkably, all 49 countries in the Index were up. On a sector basis, benchmark performance was led by information technology, consumer discretionary and materials, while utilities and consumer-staples stocks posted more modest single-digit gains. With the exception of the United Kingdom, European countries generally posted double-digit gains, as did the U.S.

Fund performance relative to the benchmark was constrained by stock selection within the information-technology, communications-services and energy sectors, as well as by an overweight to and selection within utilities. Selection within financials, materials and consumer staples contributed to relative performance. The Fund's holdings in Germany and the Netherlands outperformed their Index counterparts, and our overweight positions in both countries benefited results versus the benchmark. Our companies in the U.K. and Switzerland underperformed.

DETAILS OF THE QUARTER

Leading contributors to Fund performance for the quarter included **PulteGroup, Inc. (PHM)** within consumer discretionary. We purchased U.S. homebuilder Pulte as its stock suffered along with most other cyclicals in late March and early April when coronavirus concerns crested. Management provided a mid-quarter update indicating that earnings were tracking to come in well above expectations. It appears that Pulte benefited as the combination of very low interest rates, steps toward reopening and improvement in key employment and manufacturing indicators over the quarter supported surprising resilience in housing activity.

Within financials, U.S. regional bank **Bank OZK (OZK)** and Dutch multinational bank **ING Groep N.V. (ING)** were notable contributors. As a leading lender to the construction industry, Bank OZK benefited from the dynamic of a mending U.S. economy. Credit fundamentals for construction companies have held up to a much greater degree than initially expected as reflected in loan performance. While Bank OKZ has had to increase loan-loss provisions, the increases have been in keeping with the broader banking segment.

ING is a relatively "high beta" stock, meaning it has above-average sensitivity to market movements. The bank's shares were punished in the wake of escalating Covid-19 concerns as investors discounted slowing loan growth and rising loan losses. However, ING reported interest income, fee income and loan quality in the quarter that were significantly above expectations. Sentiment with respect to the stock has also benefited from Europe's relative success in tamping down the coronavirus and the selection of an internal candidate to succeed ING's longtime CEO.

Our biggest detractor in the quarter was **China Mobile Ltd.**, which operates the world's largest mobile network based on its strong hold on the Chinese wireless market. While the company has invested heavily in next-generation 5G technology, which we expect should provide benefits for years to come, investors have reflected concerns over how long it will take for these capital expenditures to show up in China Mobile's profitability. Moreover, the heated rhetoric around China coming from the Trump administration along with the situation surrounding Hong Kong have weighed on investor sentiment. While we trimmed the position in the first quarter following good performance, it remains a significant holding in the Fund.

Within energy, oil and gas multinational **BP plc (BP)** was a notable laggard. The broader segment was severely impacted as energy demand fell sharply in the first quarter and Saudi Arabia and Russia launched an ill-timed oil-price war. BP carries a relatively high debt load for an integrated oil company and took a large write-off on its inventory with the decline in oil prices, weighing on its book value and debt ratios. That BP will need to engage in asset sales, while possibly cutting its dividend, is now well understood by the marketplace.

Sentiment with respect to utility **Duke Energy Corp. (DUK)** and the broader utilities sector suffered from concerns over the impact of the pandemic on commercial and industrial energy consumption. Regulated utilities such as Duke carry significant leverage and are not able to adjust their pricing quickly. Moreover, the sector not only did not display its historical defensive characteristics as the market plummeted in the first quarter, but it has lagged in the recent rally. The abandonment of a major pipeline project in the face of environmental concerns also has not helped bolster Duke's shares. We added to the position late in the quarter, as Duke's stock is historically inexpensive based on the spread between its dividend yield and that of the 10-year Treasury bond. *(Current and future holdings are subject to risk.)*

OUTLOOK

For some time, we have been positioning the Fund relatively defensively, with a tilt toward larger, higher-quality, less market-sensitive stocks on the view that the economy was in a late-cycle phase. In the wake of the coronavirus-driven recession, we believe a new cycle has begun and that the economy is likely to slowly mend and gain strength from here. This view is supported by global central bank stimulus, much of which has yet to take full effect, as well as the fiscal spending already in the pipeline and likely to be forthcoming. While Covid-19 has been spiking in the U.S., progress has been made world-wide in managing the crisis and more than 100 vaccines are in development with discussion around one or more being broadly available in early 2021.

Against this backdrop, we have shifted toward smaller, more cyclical companies within our investment universe and raised the Fund's overall market sensitivity. We continue find international companies more attractive because valuations are better than in the U.S. Many of the companies we have shifted into were trading at depressed post-crisis valuations in our view. Moreover, the performance disparity between growth and value stocks in recent years has led to the widest style valuation gap in more than two decades. The recent outperformance of growth stocks has been driven by investors seeking companies positioned to grow earnings even when the economy is slowing. Should the market adapt a more pro-cyclical tone, as the headlines around the pandemic begin to improve, we believe value has the potential to outperform.

Thank you for the opportunity to manage your assets.

Sincerely,

David Powers

WASATCH
GLOBAL INVESTORS

AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED JUNE 30, 2020

	Quarter*	1 Year	3 Years	5 Years	10 Years
Global Value Fund—Investor	11.79%	-14.94%	-1.52%	2.12%	6.88%
Global Value Fund—Institutional	11.85%	-14.83%	-1.37%	2.25%	6.99%
MSCI AC (All Country) World Index**	19.22%	2.11%	6.14%	6.46%	9.16%

**Returns less than one year are not annualized.*

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Total Annual Fund Operating Expenses include operating expenses, including the management fee, before any expense reimbursements by the Advisor. **The Advisor has contractually agreed to limit certain expenses to 1.10% for the Investor Class and 0.95% for the Institutional Class through at least 1/31/2021.** See the prospectus for additional information regarding Fund expenses.

Wasatch Funds will deduct a 2.00% redemption fee on Fund shares held 60 days or less. Performance data does not reflect the deduction of fees or taxes, which if reflected, would reduce the performance quoted. For more complete information including charges, risks and expenses, read the prospectus carefully.

Performance for the Institutional Class prior to 1/31/2012 is based on the performance of the Investor Class. Performance of the Fund's Institutional Class prior to 1/31/2012 uses the actual expenses of the Fund's Investor Class without any adjustments. For any such period of time, the performance of the Fund's Institutional Class would have been substantially similar to, yet higher than, the performance of the Fund's Investor Class, because the shares of both classes are invested in the same portfolio of securities, but the classes bear different expenses.

Investments in value stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the market for long periods of time. Loss of principal is a risk of investing.

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, containing this and other information, visit wasatchglobal.com or call 800.551.1700. Please read the prospectus carefully before investing.

***The MSCI (All Country) World Index captures large- and mid-cap representation across 23 developed-market and 26 emerging-market countries. With 2,852 constituents, the Index covers approximately 85% of the global investable equity opportunity set. You cannot invest in this or any index.*

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The Wasatch Global Value Fund's investment objectives are to seek capital appreciation and income.

Beta is a quantitative measure of the volatility of a given stock relative to the overall market. A beta above one is more volatile than the overall market, while a beta below one is less volatile.

Book value is the value of a security or asset as entered in a company's books.

Dividend yield is a company's annual dividend payment divided by its market capitalization, or the dividend per share divided by the price per share. For example, a company whose stock sells for $30 per share that pays an annual dividend of $3 per share has a dividend yield of 10%.

The MSCI AC (All Country) World Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 developed-market countries and 26 emerging-market countries. You cannot invest directly in this or any index.

Valuation is the process of determining the current worth of an asset or company.

GLOBAL VALUE FUND — TOP 10 HOLDINGS

AS OF MARCH 31, 2020

Security Name		Percent of Net Assets
China Mobile Ltd. (China)		6.0%
Johnson & Johnson		5.0%
Exelon Corp.		4.5%
Duke Energy Corp.		4.1%
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen (Germany)		4.1%
Samsung Electronics Co. Ltd. (South Korea)		4.1%
Pfizer, Inc.		3.7%
BP plc (United Kingdom)		3.7%
Eaton Corp. plc		3.5%
Suncor Energy, Inc. (Canada)		3.3%
	Total	41.9%

Portfolio holdings are subject to change at any time. References to specific securities should not be construed as recommendations by the Fund or its Advisor. Current and future holdings are subject to risk.