WASATCH GLOBAL INVESTORS

Quarterly Commentary

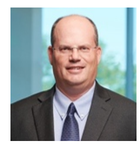
Investor FMIEX / Institutional WILCX

Wasatch Global Value Fund

DECEMBER 31, 2019

Stocks Gained on Stimulus, Reduced Trade Concerns

FUND MANAGER



David Powers, CFA, CAIA, CPA
Lead Portfolio Manager

6 YEAR ON FUND / 6 YEARS AT WASATCH

OVERVIEW

The Wasatch Global Value Fund—Investor Class returned 5.44% in the fourth quarter of 2019, trailing the benchmark MSCI AC World Index, which returned 8.95%. The Fund also lagged the MSCI AC World Value Index, which returned 7.31%.

The substantial returns for global equities seen in the quarter capped a strong 2019 for the market. Investor sentiment was supported by signs of improving economic growth globally, an apparent de-escalation in the U.S.-China trade war, and substantial monetary policy support in the form of low interest rates from leading central banks.

Within the global equity universe, performance was led for the quarter by information-technology and health-care stocks, while the more defensive utilities, consumer-staples and real-estate sectors were the biggest laggards. The Fund's performance relative to the benchmark was constrained by a relatively conservative stance overall and by underweighting the U.S. market in favor of exposure to emerging markets where we see more value. In terms of sectors, selection within information technology was the biggest constraint on relative performance, while our outperformance in health care benefited results versus the benchmark as did the Fund's overweight position in financials.

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: 1.11% / Institutional Class—Gross: 1.58%, Net: 0.95%. 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 1/31/2020.***

DETAILS OF THE QUARTER

Leading contributors for the quarter included consumer electronics and semiconductor company **Samsung Electronics Co. Ltd.** Prior to the fourth quarter, slowing demand for memory chips from smartphone manufacturers and data centers had been weighing on the stock. Sentiment with respect to Samsung and other semiconductor manufacturers improved over the quarter as signs emerged that the memory chip cycle had bottomed out. We see Samsung as positioned to be a key beneficiary as 5G-capable smartphones are rolled out over the coming quarters. We view the stock as relatively inexpensive within the technology space and maintained the position.

Among large banks, we believe **Citigroup, Inc. (C)** is the most tied to the global economy. Citigroup shares climbed in the quarter on optimism over the global growth outlook driven by central bank stimulus and improved forward-looking data including stabilization in purchasing-manager indexes. Investor sentiment with respect to the banking industry more broadly benefited from the steepening of the yield curve between two and 10 years, which should help improve net interest margins. We trimmed our Citigroup position on strength but maintained the position.

The stock price of **Centene Corp. (CNC)**, a new name added in the quarter, rose along with those of other managed-care organizations. Concerns over the prospect of "Medicare for all" that have overhung the broader health-care sector receded in the quarter. In addition, Centene management expressed confidence in the timetable for completing the acquisition of WellCare Health Plans which, if approved, will give the provider of government subsidized health care a presence in all 50 states. Finally, Centene was awarded an expanded Medicaid contract in Texas that included two new service areas.

Leading detractors included Korean tobacco company **KT&G Corp.** While KT&G is primarily focused on its domestic market, the company has experienced declining export volumes driven largely by softening demand from the Middle East. In addition, there are concerns about the need to respond to competition from e-cigarettes. While KT&G recently launched a "heat-not-burn" product it faces significant competition within that segment. In addition, the well-publicized health issues experienced by some users of vaping products have negatively impacted demand globally for tobacco alternatives. Finally, in December Japan Tobacco ended its strategic partnership with KT&G by selling its stake of a little over 2% in the company, sending KT&G's share price lower. We maintained our weighting. KT&G has a strong balance sheet that features more cash than debt and we believe it is positioned to return to topline growth and margin improvement in coming quarters.

Exposure to specialty real-estate investment trust (REIT) **EPR Properties (EPR)** also detracted from Fund performance. EPR owns a range of recreational and entertainment properties including megaplex theaters, amusement parks and ski areas. In addition, EPR has owned properties leased by charter schools, private schools and early education providers. In November, EPR announced the sale of its school-related assets and a tightened focus going forward on "experiential" properties, including a move into casinos. Investors seemed uncertain about this new direction and concerned about earnings dilution pending reinvestment of the asset-sale proceeds.

Utility company **Duke Energy Corp. (DUK)** also detracted. Rising Treasury yields proved to be a headwind for "bond surrogate" sectors such as utilities over the quarter. In addition, there were concerns among some investors over earnings dilution given Duke's plans to raise equity in order to finance capital expenditures. Uncertainty around the timeline for completion of the Atlantic Coast Pipeline also weighed on the stock. The project, which has been mired in legal challenges, is a joint venture of four utility companies designed to better enable the transportation of natural gas extracted from the Marcellus Shale through the Virginias into North Carolina. In our opinion, Duke is one of the more attractively valued utilities. We added to the position on the view that any concerns were more than fully reflected in the stock price. *(Current and future holdings are subject to risk.)*

OUTLOOK

The global economy is being supported by an enormous amount of stimulus, mostly in the form of central-bank rate cuts. While we would expect to see the impact on growth of this monetary easing most immediately overseas, the U.S. equity market appears to have already discounted this improvement based on current, relatively expensive valuations.

The dollar has held up well despite the U.S. Federal Reserve (Fed) cutting rates three times in 2019. We attribute this to rates being low everywhere and the U.S. dollar's place as a safe-haven asset. With further Fed rate cuts now presumably on hold, companies' earnings growth will have to drive stock price gains rather than price/earnings multiple expansion in our view.

Global trade concerns seem to be receding, manufacturing appears to have bottomed out and the consumer is strong against a backdrop of tight labor markets. These conditions should support modest earnings growth in the mid-single-digit range for large companies in 2020. Geopolitical developments continue to be a wild card for risk sentiment pertaining to the global equity markets.

The Fund remains tilted toward higher-quality companies within the large-cap value universe, as gauged by strong and sustainable free cash flow, high dividends and solid balance sheets. The Fund has slightly increased its cyclical exposure, finding more value in sectors such as energy and materials. In addition, the Fund's weighting in financials and health care has increased as our holdings have appreciated in value. We're comfortable with our weightings in these sectors given our conviction in our holdings. We continue to overweight international markets relative to the benchmark, on the view that valuations are more attractive outside the U.S. market. This particularly has been the case in emerging markets, where growth has been strong but stock prices have trailed those in developed markets for some time.

Thank you for the opportunity to manage your assets.

Sincerely,

David Powers

AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED DECEMBER 31, 2019

	Quarter*	1 Year	3 Years	5 Years	10 Years
Global Value Fund—Investor	5.44%	17.25%	7.20%	6.84%	8.14%
Global Value Fund—Institutional	5.48%	17.45%	7.41%	6.98%	8.25%
MSCI AC (All Country) World Index**	8.95%	26.60%	12.44%	8.41%	8.79%

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

Data show past performance, which is not indicative of future performance. Current performance may be lower or higher than the data quoted. To obtain the most recent month-end performance data available, please visit wasatchglobal.com. *The Advisor may absorb certain Fund expenses, without which total return would have been lower. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost.* **Total Expense Ratio: Investor Class—Gross: 1.19%, Net: 1.11% / Institutional Class—Gross: 1.58%, Net: 0.95%**

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 1/31/2020.** 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.

WASATCH GLOBAL INVESTORS

***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.*

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

Earnings growth is a measure of growth in a company's net income over a specific period, often one year.

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.

The price/earnings (P/E) ratio, also known as the P/E multiple, is the price of a stock divided by its earnings per share.

The yield curve is a line on a graph that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares three-month, two-year, five-year and 30-year U.S. Treasury securities. This yield curve is used as a benchmark for other interest rates, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth.

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

GLOBAL VALUE FUND — TOP 10 HOLDINGS

AS OF SEPTEMBER 30, 2019

Security Name	Percent of Net Assets
Exelon Corp.	4.4%
AT&T, Inc.	4.3%
China Mobile Ltd. (China)	4.3%
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen (Germany)	4.2%
Pfizer, Inc.	4.1%
Wells Fargo & Co.	3.9%
Suncor Energy, Inc. (Canada)	3.8%
Royal Dutch Shell plc ADR, Class A (United Kingdom)	3.2%
EPR Properties	3.1%
Axis Capital Holdings Ltd.	3.1%
Total	38.3%

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.