



Investor / Institutional  
WAGSX / WGGSX

# Wasatch Global Select Fund

JUNE 30, 2020

## Every Company Contributed to Fund Performance as Global Markets Rebounded in the Second Quarter

### OVERVIEW

The Wasatch Global Select Fund—Investor Class finished the second quarter of 2020 up 27.70%, outperforming the benchmark MSCI AC (All Country) World Index, which gained 19.22%. Year-to-date through June 30, the Fund’s Investor Class was up 4.94%, while the benchmark finished the same period down -6.25%.

Investors endured a first quarter of the year that was marked by fairly unprecedented volatility. Markets reacted violently to the emergence of the coronavirus as it swept across the globe, bringing societal shutdowns and economic repose in its immediate wake. As dramatic as the first quarter’s negative events were, the second quarter played host to similar drama, but in a positive direction, as most major global markets whipsawed upward and partially regained what they lost in the first quarter. In the second quarter, equity indexes in the U.S. came close to or actually surpassed their pre-coronavirus highs.

### FUND MANAGERS



**Ken Applegate, CFA, CMT**  
Portfolio Manager

<1 / 6  
YEAR ON FUND / YEARS AT WASATCH



**Ken Korngiebel, CFA**  
Portfolio Manager

<1 / 4  
YEAR ON FUND / YEARS AT WASATCH



**Paul Lambert**  
Portfolio Manager

<1 / 20  
YEAR ON FUND / YEARS AT WASATCH



**Linda Lasater, CFA**  
Portfolio Manager

<1 / 13  
YEAR ON FUND / YEARS AT WASATCH



**Mike Valentine**  
Portfolio Manager

<1 / 3  
YEAR ON FUND / YEARS AT WASATCH

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](http://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: 1.86%, Net: 1.35% / Institutional Class—Gross: 1.55%, Net: 0.95%. The Advisor has contractually agreed to limit certain expenses to 1.35% for the Investor Class and 0.95% for the Institutional Class through at least 1/31/2021.**

Investor optimism was fueled by actions from the U.S. Federal Reserve and other central banks to support asset prices and enhance liquidity. Governments around the world also provided direct relief to unemployed workers and vulnerable businesses. Beyond these unprecedented monetary and fiscal measures, investors were periodically encouraged by news of economic reopenings and multiple reports of progress on potential coronavirus therapeutics and vaccines.

## DETAILS OF THE QUARTER

Fund performance for the second quarter was driven by our holdings in the U.S., which outperformed their benchmark counterparts by a wide margin. India came in as the next best contributor to the Fund's return, and our group of Indian holdings outgained the benchmark's position in India. None of the countries in which the Fund was invested subtracted anything from its return.

As we approached the midpoint of the year, it seemed clear to us that information-technology (IT) companies have been among those that have fared well in the current environment. Trends that might otherwise have taken decades to play out—including widespread adoption of e-commerce, social media and other technologies that replace person-to-person contact with digital content—gained significant traction in recent months as the coronavirus kept people sheltering at home. Many of the Fund's top contributors during the quarter were IT companies. In general, we believe our IT companies should be well-positioned to capitalize on these emergent trends, which we expect are here to stay.

The Fund is overweight in the IT sector at about 39% of net assets versus approximately 20% for the benchmark. In keeping with our long-held optimism for the space, **DocuSign, Inc. (DOCU)** was the top contributor to Fund performance for the second quarter in a row. The company offers e-signature software that enables businesses to

digitally prepare and execute agreements. The company has been experiencing rapid sales gains and improved prospects for future growth. With the coronavirus pandemic scattering corporate operations to home offices and curtailing business travel, DocuSign is positioned to benefit as more companies sign contracts electronically over the internet.

Another strong IT contributor was **Paylocity Holding Corp. (PCTY)**, a developer of cloud-based human-capital-management software for payroll, health benefits, retirement plans, time tracking, tax filing, recruitment, screening and training. Paylocity is a good example of a company taking advantage of the ongoing shift from on-premises legacy software to cloud-based Software-as-a-Service (SaaS), which offers many benefits to all stakeholders. Since Paylocity charges subscription fees for its software, revenues and earnings are largely recurring.

The second-largest contributor was **MarketAxess Holdings, Inc. (MKTX)**, a U.S.-based international financial-technology company that offers a range of brokerage services, including an electronic trading platform for fixed-income securities and corporate bond services. In the company's most-recent financial report, thanks in part to record trading volume on the company's platform, MarketAxess saw a record revenue increase of 36% over the year-ago period, as well as a record increase in operating income. In addition to strong fundamentals, we believe the company's in-demand product offerings are well-suited to benefit from tailwinds supportive of online services.

Underperforming Fund holdings—those with gains that were less than the benchmark's overall return—included **Tsuruha Holdings, Inc.** (Japan), **Assa Abloy AB** (Sweden) and **Coloplast A/S** (Denmark). We remain confident in the business prospects of these holdings.



Each sector in which the Fund was invested produced a double-digit gain for the quarter and outperformed its benchmark peer, although our modest weighting in the consumer-discretionary sector weighed slightly on performance relative to the benchmark as did our small cash position. *(Current and future holdings are subject to risk.)*

## OUTLOOK

The first six months of 2020 have emphatically reaffirmed our long-held conviction that attempting to predict macro events, much less to invest on the basis of such predictions, tends to be a fool's errand. In the words of baseball legend Yogi Berra, "It's tough to make predictions, especially about the future."

However, the second quarter generally provided a welcome influx of positive news. With a pandemic still looming over global markets and a prospective U.S. presidential election on the horizon, we recognize that the potential for further unwelcome surprises in the second half of the year seems, at the very least, plausible. Yet we remain

hopeful that the positive trend will hold for the remainder of the year. Importantly, though, even in the event that "the worst is yet to come," we take solace in the fact that the strategy has demonstrated resilience in a time of crisis.

Now, more than ever, it remains our sincere conviction that quality companies that can grow steadily over the long term represent an ideal bulwark against short-term insecurity. Our ongoing commitment is to ensure that the Global Select Fund is as fully populated with such companies as is within our power. The year, thus far, has been truly unusual in every sense. We believe the best antidote to unusual times is a portfolio of individually exceptional companies.

Thank you for the opportunity to manage your assets.

Sincerely,

Ken Applegate, Ken Korngiebel, Paul Lambert,  
Linda Lasater and Mike Valentine



## TOTAL RETURNS

FOR PERIODS ENDED JUNE 30, 2020

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
Global Select Fund—Investor	27.70%	N/A	N/A	N/A	14.80%
Global Select Fund—Institutional	27.75%	N/A	N/A	N/A	15.10%
MSCI AC (All Country) World Index*	19.22%	N/A	N/A	N/A	2.14%

**A fund's performance for very short time periods may not be indicative of future performance.**

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

*\*\*The Wasatch Global Select Fund's inception date was October 1, 2019.*

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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 1.35% 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.*

Investing in foreign securities, especially in emerging and frontier markets, entails special risks, such as currency fluctuations and political uncertainties, which are described in more detail in the prospectus. Investing in small cap funds will be more volatile and loss of principal could be greater than investing in large cap or more diversified funds.

**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](http://wasatchglobal.com) or call 800.551.1700. Please read the prospectus carefully before investing.**

Being non-diversified, the Fund can invest a larger portion of its assets in the stocks of a limited number of companies than a diversified fund. Non-diversification increases the risk of loss to the Fund if the values of these securities decline.

*The Fund is new and has a limited operating history.*



<sup>†</sup>The MSCI AC (All Country) World Index is a free float-adjusted market capitalization index designed to measure the equity market performance of mid-cap and large-cap securities across 23 developed-market and 26 emerging-market countries. You cannot invest directly in this or any index.

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The Wasatch Global Select Fund's investment objective is long-term growth of capital.

The "cloud" is the internet. Cloud-computing is a model for delivering information-technology services in which resources are retrieved from the internet through web-based tools and applications, rather than from a direct connection to a server.

## GLOBAL SELECT FUND – TOP 10 HOLDINGS AS OF MARCH 31, 2020

Security Name	Percent of Net Assets
Coloplast A/S (Denmark)	4.9%
Old Dominion Freight Line, Inc.	4.7%
Pool Corp.	4.6%
Tsuruha Holdings, Inc. (Japan)	4.5%
Tyler Technologies, Inc.	4.5%
Copart, Inc.	4.4%
Assa Abloy AB, Class B (Sweden)	4.3%
ICON plc (Ireland)	4.0%
Roper Technologies, Inc.	3.7%
Cochlear Ltd. (Australia)	3.6%
Total	43.2%

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.