WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAISX / Institutional WGISX

Wasatch International Select Fund

SEPTEMBER 30, 2020

U.S. and Japan Among Top Contributors in Volatile, Positive Third Quarter

OVERVIEW

The Wasatch International Select Fund—Investor Class gained 7.41% for the third quarter of 2020. The Fund outperformed its benchmark, the MSCI EAFE Index, which finished the same period up 4.80%. Year-to-date, the Fund rose 12.59% and outperformed the benchmark's decline of -7.09%.

During the quarter, we were disappointed by the announcement that Japanese Prime Minister Shinzo Abe would be resigning due to lingering health issues. From a market standpoint, we believe Abe's legacy—which includes the implementation of numerous shareholder-friendly reforms under "Abenomics"—will be a positive one.

In September, new Japanese Prime Minister Yoshihide Suga was sworn in and, having served as one of Abe's closest advisors, is widely expected to continue a similar policy agenda that we believe should continue to support a fertile investment environment for the many exciting companies we have been able to find in Japan.

Despite the sudden transition to a new prime minister, the continued effects from the pandemic and an ongoing trade war, Japan's market

FUND MANAGERS

Ken Applegate, CFA, CMT
Lead Portfolio Manager
1 YEAR ON FUND / 6 YEARS AT WASATCH

Linda Lasater, CFA
Lead Portfolio Manager
1 YEAR ON FUND / 14 YEARS AT WASATCH

Derrick Tzau, CFA
Associate Portfolio Manager
<1 YEAR ON FUND / 2 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. 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: 2.03%, Net: 1.30% / Institutional Class—Gross: 1.79%, Net: 0.90%. The Advisor has contractually agreed to limit certain expenses to 1.30% for the Investor Class and 0.90% for the Institutional Class through at least 1/31/2021.***

made a strong showing in the third quarter. Our Japanese holdings outperformed the benchmark's Japanese positions driven by stock selection. In addition to being the Fund's heaviest-weighted country, Japan was the top contributor to performance on a country basis for the quarter.

DETAILS OF THE QUARTER

Japan's **M3, Inc**. was the top individual contributor to Fund performance and is a great example of the type of company in which we seek to invest for the International Select Fund. M3 provides medical-related services online, including portals through which medical professionals can easily access up-to-date medical news (including journal articles) and communicate with other medical professionals and patients, among other functions.

We previously held M3 in our International Growth Fund and first bought shares in 2007 when the company's market capitalization was about US$1 billion. We believed the business model, which initially focused on helping pharmaceutical companies reliably deliver drug information to doctors, was innovative. M3 subsequently leveraged its technology platform to expand into adjacent markets, which drove the company's growth in the years that followed and ultimately carried M3's market cap well beyond the small-cap mandate of our International Growth Fund. The Wasatch International Select Fund was created to capture precisely these sorts of "graduates"—companies that we know and like, but whose growth has carried them beyond the small-cap realm.

Sartorius Stedim Biotech was another contributor that seemingly benefited from tailwinds favoring health-care companies. The company is based in France and manufactures products used in biopharmaceutical manufacturing and life-sciences research, including cell lines, cell-culture media, laboratory services and a data-analytics tool that aids in the development and production of biopharmaceuticals. We believe the company possesses deep expertise and a strong position, both of which are invaluable competitive advantages in a rapidly expanding segment of the $1.25 trillion-plus pharmaceuticals market. As a result, we think Sartorius still has considerable growth ahead of it.

Because the International Select Fund is significantly overweighted relative to the benchmark in the information-technology (IT) sector and because technology stocks generally have seen strong returns during the coronavirus pandemic, we want to say a few words about the types of IT companies we own. First, we invest in companies that we consider high quality with excellent management teams, innovative business models and expanding markets. Second, we own a balance of some fast growers that have been firing on all cylinders and some more moderately priced companies.

Adyen N.V., which was among the Fund's top-five contributors during the third quarter, is one IT company that provides an excellent lens into our investment process. Adyen is a Dutch company that was founded in 2006 to provide payment-processing solutions around the world. By enabling businesses to streamline payments coming from multiple channels, we believe Adyen is timely in addressing a broad operational need of companies seeking to modernize.

Through the first half of 2020, the company reported a 27% increase in net revenue and growth in processed transactions of 23% compared to the same period a year ago. We believe these results and the stock's solid gain for the quarter support our thesis that Adyen's management team is taking the right steps to enable the company to continue its growth trajectory.

A relatively new position within the Fund, the company surfaced from Wasatch's cross-organization analysis of the global payment value chain that involved our developed-market, emerging-market and U.S. teams. In keeping with our "Multiple Eyes" approach, these teams collaborated to conduct numerous, thorough channel checks with a wide variety of Adyen's customers and partners, each of which was subsequently discussed and analyzed prior to our final investment decision.

Through that instructive process, we found that the company possessed many of the key attributes we seek. For starters, we believed Adyen's management team, including its founder and CEO, were creative thinkers with both the desire and the ability to build an excellent company. We liked that, as a founder-run company, there was an obviously vested interest in growth—one example being the involvement of the CEO and board in the talent-acquisition process. Despite being an organization with more than 1,100 employees, every new hire is vetted by the company's six-person management board.

That same attention to detail seemed to be apparent in the company's intense focus on its customers and in its iterative innovation cycle, which we believed to be unique compared to its larger competitors. We prefer to invest in companies that not only think about scaling their businesses, but that also think about *how* they will scale them. Adyen is focused on growing organically, thus innovating to achieve scale rather than attempting to buy it by acquiring other companies. We believe this is a prudent approach that can lower growth risks, as well as benefit customers through lower processing fees.

Because Adyen is a relatively new entrant that has been building its payment-processing business from scratch in a market that is heavily dependent on legacy technology, we believe the company can be nimbler than its competitors in responding to its customers' demands. And unlike many global payment processors, the company has made in-house control of its architecture and software a high priority, which tends to lead to greater expertise and a better end-product. As a result, the company has been able to rapidly address complex regulatory bottlenecks (such as processing and settling in separate currencies and accommodating widely varying regulations unique to different countries).

For Adyen, this attention to detail and in-house control has resulted in a payment platform built on a single code base across all channels and all countries. We believe Adyen has a long path of profitable growth ahead of it as the company continues to evolve and add new revenue streams. Moreover, we believe Adyen is well-positioned to take advantage of opportunities to increase its market share in the current pandemic environment.

Temenos AG was the largest individual detractor from Fund performance. This Swiss company provides software designed to manage administrative tasks within financial institutions. We believe secular trends have favored software companies that enable their business customers to shift to the more centralized, cloud-based framework that has quickly become the standard across innumerable industries. We expect this trend to continue and believe Temenos has the potential to be among the long-term beneficiaries.

Likewise, **TeamViewer AG** is another company that we think is well-positioned to benefit from the dramatic increase in remote-work arrangements—and the corresponding increase in demand for tools that facilitate seamless, efficient collaboration from any location. A German company, TeamViewer offers software that enables remote access to and remote control of electronic devices, as well as other integral device-management and monitoring capabilities. Although the company detracted from Fund performance during the third quarter following solid performance in the second quarter, we do not believe our investment thesis is impaired. TeamViewer is a known player in its industry (its software has been installed on more than two billion devices). This is among the positive factors we see as favoring the company as it seeks to solidify its global presence over the long term. *(Current and future holdings are subject to risk.)*

OUTLOOK

Through three quarters, this year has been an unprecedented one, to say the least, both from a market perspective and otherwise. The unforeseen emergence of the Covid-19 pandemic has combined with other macro factors—an election year in many countries (including the U.S.), increased discussion of climate change and social issues, to name a few—to create a uniquely volatile and uncertain environment. We are grateful that, for the seemingly ever-present instability that has marked 2020, the Fund has generally provided a counterpoint of stability.

The pandemic has also changed the way people are doing business. While that has often been a positive for the Fund—it has often benefited from the contributions of companies making it easier to work remotely—it is nonetheless a noticeable change in the day-to-day realities of most.

As for us at Wasatch Global Investors, we certainly recognize that these solutions, however vital, are not direct replacements for the in-person visits and communication that normally mark our research and due diligence when considering companies in which we might invest.

We are nonetheless committed to maintaining the same diligent research standards by using every tool at our disposal. For now, this means replacing on-the-ground meetings with phone calls and videoconferences. So far this year, Wasatch has conducted more than 1,300 calls or virtual meetings with company management teams and analysts all across the world.

As we navigate the current environment, we feel confident in the companies we hold. We also believe that irrational reactions to market volatility can lead to great buying opportunities for the long-term-oriented investor. By applying our due-diligence process to companies we see as having the strongest underlying fundamentals and management teams and by making thoughtful tactical decisions, we believe we can continue to make our portfolio of companies even stronger over the five-year-plus time horizon toward which we prefer to invest.

Thank you for the opportunity to manage your assets.

Sincerely,

Ken Applegate, Linda Lasater and Derrick Tzau

TOTAL RETURNS

FOR PERIODS ENDED SEPTEMBER 30, 2020

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
International Select Fund—Investor	7.41%	26.10%	N/A	N/A	26.10%
International Select Fund—Institutional	7.54%	26.90%	N/A	N/A	26.90%
MSCI EAFE Index†	4.80%	0.49%	N/A	N/A	0.49%

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 International 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 1.30% for the Investor Class and 0.90% 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 frontier and emerging 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 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.

†The MSCI EAFE Index is an unmanaged index and includes reinvestment of all dividends of issuers located in 21 developed-market countries, excluding the U.S. and Canada. This index is a free float-adjusted market capitalization index designed to measure the performance of mid-cap and large-cap securities.

You cannot invest in this or any index.

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The Wasatch International 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.

INTERNATIONAL SELECT FUND — TOP 10 HOLDINGS

AS OF JUNE 30, 2020

Security Name		Percent of Net Assets
Fisher & Paykel Healthcare Corp. Ltd. (New Zealand)		5.5%
Xero Ltd. (New Zealand)		4.0%
Tsuruha Holdings, Inc. (Japan)		4.0%
Dassault Systemes SE (France)		3.7%
Coloplast A/S, Class B (Denmark)		3.7%
Halma plc (United Kingdom)		3.7%
Assa Abloy AB, Class B (Sweden)		3.6%
Sartorius Stedim Biotech (France)		3.6%
Temenos AG (Switzerland)		3.6%
Chr. Hansen Holding A/S (Denmark)		3.5%
	Total	39.0%

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.