



Introducing the Wasatch Long/Short Alpha Fund

A directional approach to long/short investing purely developed by Wasatch

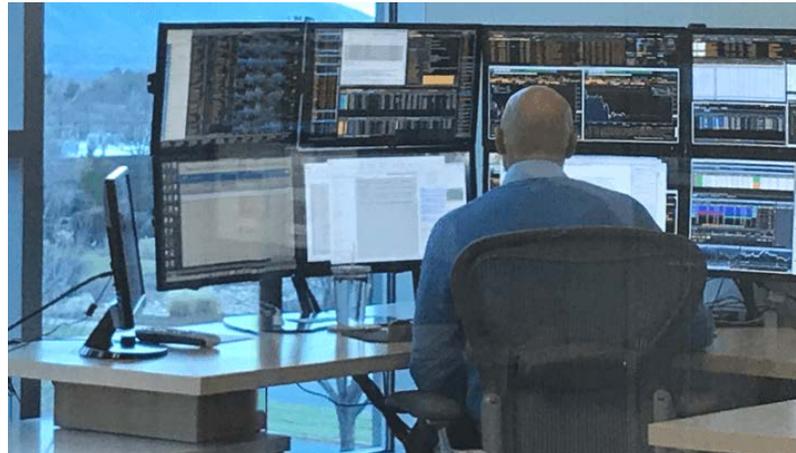
OCTOBER 1, 2021

THE WASATCH APPROACH TO LONG/SHORT INVESTING

As a learning organization for over 45 years, we work tirelessly to find ways to improve our investment process. To help us maintain a firm grasp on the overall quality of our investment portfolios, we've developed multi-factor quantitative methods that work hand in hand with the bottom-up, fundamental approach for which Wasatch is well-known. The Wasatch Long/Short Alpha Fund, launched on October 1, 2021, is designed to take advantage of our qualitative and quantitative research in a new way.

The Fund's long equity positions are small- and mid-cap U.S. companies that have high-quality characteristics—such as significant returns on capital, relatively low debt, great management teams, expanding markets, and innovative products, services and business models—and long-term growth potential, as determined by our in-depth, fundamental research. This is Wasatch's time-tested approach to investing and makes excellent use of our stock-picking expertise.

In addition to quality and growth, we expect the Fund's stocks to provide appropriate diversification across sector, industry, market cap, revenue- and earnings-growth rates, profitability, economic cyclicality, inflation and interest-rate sensitivity, momentum and volatility. In employing a *directional* long/short approach, the Fund's long positions outweigh our shorts. Our long positions often carry portfolio weights of approximately 2.5% at the time of purchase.



Key Takeaways

- The Long/Short Alpha Fund employs an approach that was purely developed by Wasatch.
- Investments are primarily in U.S. small- and mid-cap companies, with a bias toward growth and high quality.
- We seek to keep the Fund's volatility and beta at about half that of the benchmark Russell 2500® Index by using short positions to hedge market exposure.
- The Fund employs *directional* long/short investing, which means it will have positive net exposure to market fluctuations.
- On the long side, we utilize our stock-picking expertise to choose U.S. stocks with high-quality characteristics—including significant returns on capital, relatively low debt, great management teams, expanding markets, and innovative products, services and business models.
- On the short side, we've developed highly quantitative methods—with qualitative overlays—to pick stocks that are especially *complementary* with our long positions.
- Our goal is to *optimize* risk-reduction—rather than to *maximize* risk-reduction.
- The Fund may be right for you if you want a generally increased level of exposure to Wasatch's small- and mid-cap stock-picking with a generally reduced level of exposure to overall market fluctuations.

“Because attractive returns generally aren’t possible without some level of risk, our goal is to *optimize* risk-reduction—rather than to *maximize* risk-reduction.”

— Mick Rasmussen
Portfolio Manager
Wasatch Long/Short Alpha Fund

For our short equity positions, we choose growth stocks that we believe are vulnerable as determined mainly by our Wasatch-developed quantitative methods—with a qualitative overlay. In contrast to the stocks we hold as long positions, the stocks we short tend to be lower quality, lower on the market-cap spectrum and more speculative. By using short positions to offset long positions, our goal is to keep the Fund’s volatility and beta at about half that of the benchmark Russell 2500 Index. Short-position portfolio weights are usually around 1.0% and are almost never allowed to run past 2.5%. Another risk-control measure is that we generally avoid heavily shorted names—which we define as stocks where more than 20% of the outstanding shares are sold short.

KEY FACTS WASATCH LONG/SHORT ALPHA FUND		
	Investor Class	Institutional Class
TICKER	WALSX	WGLSX
CUSIP	936793546	936793538
MINIMUM INITIAL INVESTMENT	\$2,000	\$100,000
INCEPTION DATE—October 1, 2021		
TYPE—Directional Long/Short Fund (Not Market Neutral)		
BENCHMARKS—Russell 2500® Index and Citigroup 3-Month U.S. Treasury Bill Index		
MARKET CAPITALIZATION—All Cap With Small/Mid-Cap Focus (Market Cap Usually Greater Than \$2 Billion)		
HOLDINGS—30 to 60 Long Positions / 0 to 60 Short Positions		
TARGET BETA—0.5 (One-Half the Russell 2500’s Volatility and Beta)		

Upon completion of a full market cycle, we’d be pleased if the Fund achieved over 80% of the benchmark’s return with under 50% of the volatility and risk.

The Wasatch Long/Short Alpha Fund has three major characteristics: (1) the Fund attempts to reduce market exposure (beta); (2) the Fund seeks to increase the portion of returns from stock selection (alpha); (3) the Fund tries to preserve a high-quality, growth orientation but lessen the effects of investment styles coming in and out of favor.

ABOUT THE PORTFOLIO MANAGER



Mick Rasmussen, CFA
Portfolio Manager and
Quantitative Analyst

7
YEARS AT
WASATCH

Mr. Rasmussen is the Portfolio Manager of the Wasatch Long/Short Alpha Fund. He joined Wasatch Global Investors in 2014 as a Quantitative Analyst on the U.S. small/mid cap and global research teams.

Prior to joining Wasatch, Mr. Rasmussen studied at the University of Southern California, earning a Bachelor of Science in Finance. While in college, he held various internships with companies including eBay, Cincinnati Financial Corporation and Moreton & Company. Along with studying business, he earned a degree in Music Production and worked as a DJ in the Los Angeles area. He is also a CFA charterholder.

Mick enjoys music and travel. He is also an avid golfer and skier.

RISKS AND DISCLOSURES

Equity investing involves risks, including potential loss of the principal amount invested.

Short selling incurs significant unique risks, including potentially unlimited downside risk, high short-sale related expenses, and unavailability of securities to sell short, among others, all of which could negatively impact the performance of the Fund. Additionally, the Fund may not be able to borrow the securities it intends to sell short.

Because the Fund invests in both long and short equity positions, the Fund has overall exposure to changes in the value of securities, which far exceeds the value of the Fund’s assets. This may magnify gains and losses and increase the volatility of the Fund’s returns. Investment in the Fund will involve market risks associated with different types of investment decisions than those made for a typical “long only” fund. There is no guarantee that the use of long and short positions will succeed in limiting the Fund’s exposure to market movements, sector swings or other risk factors.

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.

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.

Portfolio holdings are subject to risk and may change at any time. Securities in the Fund are generally added to the portfolio as long or short positions based upon security rankings provided by multi-factor quantitative models and on fundamental analysis of securities. The reliance on quantitative models entails unique risks, including the risk that a model may be limited or incorrect, that the data on which a model relies may be incorrect or incomplete and the risk that the Advisor may not be successful in selecting companies for investment or determining the weighting of particular stocks in the Fund's portfolio. The Advisor will generally sell a security if, among other things, the rankings provided by the quantitative models decline and/or research analysis reveals deterioration in company fundamentals.

The Covid-19 health pandemic has negatively affected and may continue to affect the economies of many nations, individual companies, and the global securities markets. This has impacted and may continue to impact the issuers of securities held by the Fund.

Wasatch Advisors, Inc., trading as Wasatch Global Investors ARBN 605 031 909, is regulated by the U.S. Securities and Exchange Commission under U.S. laws which differ from Australian laws. Wasatch Global Investors is exempt from the requirement to hold an Australian financial services licence in accordance with class order 03/1100 in respect of the provision of financial services to wholesale clients in Australia.

The Wasatch Long/Short Alpha Fund's investment objective is long-term growth of capital.

Wasatch Advisors, Inc., doing business as Wasatch Global Investors, is the investment advisor to Wasatch Funds.

Wasatch Funds are distributed by ALPS Distributors, Inc. (ADI). ADI is not affiliated with Wasatch Global Investors.

CFA® is a trademark owned by the CFA Institute.

DEFINITIONS

Alpha is a risk-adjusted measure of the so-called "excess return" on an investment. It is a common measure of assessing an active manager's performance as it is the return in excess of a benchmark index or "risk-free" investment. The difference between the fair and actually expected rates of return on a stock is called the stock's alpha.

Beta is a measurement of a fund's trailing return in relation to the overall market (or appropriate market index). A beta of 1 indicates the share price will typically move with the market. A beta of more than 1 indicates the share price will typically be more volatile than the market. A beta of less than 1 indicates the share price will typically be less volatile than the market.

Diversification does not eliminate the risk of experiencing investment losses.

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

Return on capital is a measure of how effectively a company uses the money, owned or borrowed, that has been invested in its operations.

The **Russell 2500 Index** is a market-cap weighted index that includes the smallest 2,500 small- and mid-cap stocks covered in the broad-based Russell 3000 Index of U.S.-based listed equities.

The Wasatch Long/Short Alpha Fund has been developed solely by Wasatch Global Investors. The Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies. All rights in the Russell 2500 vest in the relevant LSE Group company which owns the Index. The Russell 2500® Index is a trademark of the relevant LSE Group company and is used by any other LSE Group company under license. TMX® is a trademark of TSX, Inc. and is used by the LSE Group under license. The Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Fund or the suitability of the Index for the purpose to which it is being put by Wasatch Global Investors.

The **Citigroup 3-Month U.S. Treasury Bill Index** measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indexes consist of the last three three-month Treasury bill issues.

You cannot invest directly in these or any indexes.

Wasatch Global Investors
505 Wakara Way, 3rd Floor
Salt Lake City, UT 84108

Financial Advisors
p: 800.381.1065
advisorservices@wasatchglobal.com

Institutional Investors
p: 800.381.1065
institutionalinfo@wasatchglobal.com

Individual Investors
p: 800.551.1700
shareholderservice@wasatchfunds.com