

Wasatch Global Opportunities Fund

SEPTEMBER 30, 2022

Global Equities Declined, But the Fund Outperformed Its Benchmark

OVERVIEW

The Wasatch Global Opportunities Fund—Investor Class declined -3.97% in the third quarter and outperformed its benchmark, the MSCI AC (All Country) World Small Cap Index, which was down -5.27%.

After losing ground for much of 2022, global equities rebounded in July and mid-August. However, stocks turned lower later in the third quarter due to concerns about persistent inflation and rising interest rates in many developed markets. Data pointing to a slowdown for the global economy also weighed on stocks during the period.

On a geographic basis, our overweight position in India contributed to the Fund's performance relative to its benchmark. In addition, the Fund's holdings in the United Kingdom outperformed their benchmark counterparts and contributed to relative performance. However, our holdings in Taiwan and Japan underperformed those of the benchmark and detracted from relative results.

At the sector level, our holdings in the health-care and consumer-discretionary sectors outperformed those of the benchmark. Conversely, our holdings in the consumer-staples sector and our lack of exposure to

FUND MANAGERS



JB Taylor
Lead Portfolio Manager

11 / 26
YEARS ON FUND / YEARS AT WASATCH



Ajay Krishnan, CFA
Lead Portfolio Manager

10 / 28
YEARS ON FUND / YEARS AT WASATCH



Ken Applegate, CFA, CMT
Portfolio Manager

3 / 8
YEARS ON FUND / YEARS AT WASATCH



Paul Lambert
Portfolio Manager

3 / 22
YEARS 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. 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, without which total returns would have been lower. 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 1.46% / Institutional Class—Gross: 1.40%, Net: 1.35%. The Advisor has contractually agreed to limit certain expenses to 1.75% for the Investor Class and 1.35% for the Institutional Class through at least 1/31/2023.***



energy, the only sector within the benchmark to post a positive return, detracted from relative results.

DETAILS OF THE QUARTER

Five Below, Inc. (FIVE) was the top contributor to Fund performance during the third quarter. The company operates a chain of specialty discount stores aimed at “tweens” and teens that sell products that cost up to \$5, plus a small assortment of products priced from \$6 to \$25. While the company lowered guidance for the full year and missed consensus estimates in its most recent quarterly earnings report, guidance for the all-important fourth-quarter holiday season included some positive takeaways. Management also said it expects operating margin expansion due to tight expense controls. In addition, the company is accelerating new store openings, following a pandemic-driven slowdown and construction challenges, which we think will provide future revenue growth.

Paylocity Holding Corp. (PCTY) also contributed. The stock was up substantially after the company reported revenue and earnings that topped consensus expectations. We continue to like the strong recurring revenue streams associated with the company's cloud-based payroll and human-capital-management software targeted at smaller businesses. In addition, since Paylocity holds significant customer cash on its balance sheet, earnings get a boost in a rising interest-rate environment. While that advantage is an attractive sweetener, it's not a reason why we own the company. Instead, we value Paylocity for its core operations.

Another contributor was **CyberArk Software Ltd. (CYBR)**. The company creates security software designed to protect networks from external threats. The stock was up after the firm announced revenues that beat expectations in its most recent quarter, and management raised

fiscal year 2022 guidance. Like many information-technology companies, CyberArk has enjoyed tailwinds in the current environment as organizations shift more of their operations online. We believe CyberArk is already among the leaders in the cybersecurity space and has the potential for years of growth ahead of it, driven by a strong platform attracting a steadily increasing subscriber base.

Ongoing concerns about an excess supply of semiconductor chips weighed on **Silergy Corp.**, the greatest detractor from Fund performance for the quarter. The company manufactures mixed-signal and analog integrated-circuit chips used in a wide array of electronic devices. Long term, we think Silergy's business model—which is based on analog design engineering—is difficult to replicate and is likely to provide the company with meaningful headroom for future growth.

JMDC, Inc. was another significant detractor for the quarter. Management's plan to raise additional capital has weighed on the stock of the Japan-based medical data company, but we continue to like its long-term growth potential. We believe JMDC will play a vital role in helping Japan's health-care system achieve better patient outcomes through the use of data and analytics.

Another detractor was **Voltronic Power Technology Corp.** While the stock was lower, we continue to like the company. Headquartered in Taiwan, Voltronic designs and manufactures power products that include uninterruptible power supplies and inverters. Looking forward, we expect Voltronic's development pipeline of high-power systems to help it capture a growing share of the global market for uninterruptible power supplies. *(Current and future holdings are subject to risk.)*

OUTLOOK

There are an increasing number of concerns impacting markets including inflation, rising



interest rates, the war in Ukraine, and likely recessions in many economies around the world. These forces create uncertainty and have led to significant volatility and weakness in markets.

Wasatch has invested through a variety of market environments over our 47-year history. Our success is founded upon a laser focus on individual companies. We have a deep understanding of our businesses. This enables us to take advantage of volatility, using market weakness to add to our position sizes in companies for which we have a high degree of conviction.

Our investment philosophy is based upon identifying high-quality, long-duration growth companies. Economic downturns and times of uncertainty such as we have encountered recently are when the quality of a company matters most. Firms with strong balance sheets, low debt levels and cash generative business models can weather an economic storm. They can also continue with self-funded growth initiatives, at a time when the rising cost of capital prevents their competitors from doing so.

These high-quality factors should help our companies not only survive an economic downturn

but also thrive in the future. We've seen our companies use the challenging environment to their advantage by consolidating an industry or taking market share from weaker competitors, for example. In turn, we believe these actions should set our companies up for even better growth prospects over the medium to long term.

Looking ahead, we won't try to predict when the economy, or stock markets, will rebound. But markets are already pricing in a dire scenario, with the valuations of many global small-cap companies at or near decade lows.

With a portfolio stacked full of what we believe are exceptional investment opportunities we are extremely excited about the Fund's prospects over the next three to five years.

Thank you for the opportunity to manage your assets.

Sincerely,

JB Taylor, Ajay Krishnan, Ken Applegate and Paul Lambert



AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED SEPTEMBER 30, 2022

	Quarter*	1 Year	3 Years	5 Years	10 Years
Global Opportunities Fund—Investor	-3.97%	-36.97%	5.61%	7.48%	8.97%
Global Opportunities Fund—Institutional	-3.93%	-36.94%	5.71%	7.65%	9.08%
MSCI AC World Small Cap Index**	-5.27%	-24.80%	2.96%	2.32%	7.02%

*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 1.75% for the Investor Class and 1.35% for the Institutional Class through at least 1/31/2023.** 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 2/1/2016 is based on the performance of the

Investor Class. Performance of the Fund's Institutional Class prior to 2/1/2016 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.

Investing in small and micro cap funds will be more volatile and loss of principal could be greater than investing in large cap or more diversified funds. 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. Investments in emerging markets are subject to the same risks as other foreign securities and may be subject to greater risks than investments in foreign countries with more established economies and securities markets.

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 AC (All Country) World Small Cap Index is an unmanaged index and includes reinvestment of all dividends of issuers located in countries throughout the world representing developed and emerging markets. This index is a free float-adjusted market capitalization index designed to measure the performance of small capitalization securities. Indexes are unmanaged. Investors cannot invest directly in this or any index.*

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The Wasatch Global Opportunities 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.

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

GLOBAL OPPORTUNITIES FUND — TOP 10 HOLDINGS

AS OF JUNE 30, 2022

Security Name	Percent of Net Assets
AU Small Finance Bank Ltd.	4.8%
BayCurrent Consulting, Inc.	4.4%
Ensign Group, Inc.	3.1%
Abcam PLC	3.1%
Globant SA	3.0%
Voltronic Power Technology Corp.	3.0%
JMDC, Inc.	2.9%
Five Below, Inc.	2.9%
Silergy Corp.	2.9%
HealthEquity, Inc.	2.7%
Total	32.7%
<i>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.</i>	