

Investor
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Wasatch Global Select Fund

DECEMBER 31, 2022

If the Global Economy Slows, High-Quality Companies Should Press Their Advantage

OVERVIEW

For the fourth quarter of 2022, the Wasatch Global Select Fund—Investor Class gained 7.92% but trailed the benchmark MSCI AC (All Country) World Index, which was up 9.76%.

After losing ground for much of 2022, global equities rallied in the fourth quarter. Gains were driven by signs that inflation may have peaked in some economies, leading investors to hope that central banks would slow their campaigns of interest-rate increases. Shares also rallied after news that China would loosen Covid-19 restrictions, which could boost growth in the world's second-largest economy.

On a geographic basis, the Fund's overweight position in India and stock selections in the United Kingdom detracted from results relative to the benchmark. Conversely, stock selections in the U.S. and Taiwan contributed to the Fund's relative performance.

At the sector level, our holdings in the health-care and financials sectors detracted the most from relative performance. However, stock selections in the consumer-discretionary sector and our lack of exposure to communication-services companies contributed to relative results.

FUND MANAGERS



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



Linda Lasater, CFA
Portfolio Manager

3 / 16
YEARS ON FUND / YEARS AT WASATCH



Mike Valentine
Portfolio Manager

3 / 6
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—Gross: 2.17%, Net: 1.35% / Institutional Class—Gross: 1.56%, 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 1/31/2023.***

DETAILS OF THE QUARTER

Bajaj Finance Ltd. was the greatest detractor from Fund performance in the quarter. A non-bank financial company, Bajaj offers a broad spectrum of lending services. Pent-up demand during the pandemic and an economic upturn have been driving strong credit growth in India. As loan volumes swell, private-sector banks are outpacing their state-owned peers. In the third quarter, India's private-sector banks increased their share of total credit to 38.4%—up from 37.5% in the same quarter in 2021 and 29.6% in the same quarter five years ago. The success of India's large private-sector banks has attracted growing interest from investors and drawn investment flows away from Bajaj at the margins.

Another large detractor was Japanese medical-data company **JMDC, Inc.** While nothing fundamentally changed for the business, Japanese growth stocks sold off broadly after the Bank of Japan surprised markets with an announcement that it would tweak its bond-yield control, a change which could allow long-term interest rates to rise. Looking ahead, we continue to 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.

Five9, Inc. (FIVN) was another detractor. The stock was down after the company announced that the CEO had resigned to lead a new company. While we appreciated the outgoing CEO's leadership, we believe there's still a lot to like about the company. Five9 offers cloud-based software for contact centers, including customer-relationship-management integrations that include real-time (and historical) reporting, recording and quality monitoring. We believe there's a long runway of growth for the company, as the contact center becomes the key point of customer engagement in a "remote" world and as companies seek to move their contact center records and

operations to the cloud. We believe the new CEO, who is Five9's chairman and former CEO, can help the company continue to carry out its strategic growth initiatives.

Roper Technologies, Inc. (ROP) was the largest contributor to Fund performance during the quarter. The stock was up after the company released strong third-quarter financial results, including revenue and earnings growth that exceeded consensus expectations. Roper is a technology company that develops software and other engineered products for a variety of niche markets and industries. The company owns 26 independent businesses, most of which enjoy strong barriers to entry and leadership positions in their respective markets. In our view, Roper's management team has done an exceptional job of improving the operating performance and free cash-flow generation of the businesses in its portfolio, then deploying that cash into acquiring new businesses that fit a similar profile. Roper's ability to put up strong results in what's been a challenging operating environment for many businesses speaks to its durability, in our view.

Another large contributor was **Five Below, Inc. (FIVE)**. The company's stock price rose sharply in early December after Five Below reported better-than-expected financial results and management provided guidance suggesting higher revenues and earnings. The upbeat news cheered investors, who had been concerned about Five Below's ability to attract shoppers during the upcoming inflation-marred holiday season. We think the company's debt-free balance sheet, substantial free cash flows, expanding store count and new Five Beyond format—in which prices can go as high as \$25 in a designated section of the store—leave Five Below well-positioned for growth even in a potentially difficult retail environment.



BayCurrent Consulting, Inc. was another stock that was up sharply. In its most recent quarterly earnings announcement, the Japan-based business management and information-technology (IT) consultant announced that revenues had grown by 32.6% year-over-year. Heading into 2023, we continue to believe BayCurrent has a long runway for growth. Japan is behind many countries when it comes to digitalization, and the pandemic and work-from-home environment underscored its need to catch up. As Japanese enterprises undertake large-scale digitalization projects, we believe domestic IT consultants such as BayCurrent have a strong home-country advantage relative to global consulting firms. *(Current and future holdings are subject to change and risk.)*

OUTLOOK

In recent months, investors' biggest macroeconomic concern has shifted from inflation to the potential for a recession. Those concerns seem justified. While we don't believe an economic crisis is on the horizon, many indicators suggest the global economy is slowing down.

A weaker economic backdrop coupled with rising costs of capital would pose a challenge for many businesses. But this is an environment in which high-quality companies can distinguish themselves.

At Wasatch, high-quality companies have always been our focus. The companies we invest in

tend to have high levels of return on invested capital, a history of strong free cash flow generation and low leverage. Such characteristics position a business to not just withstand an economic downturn but to also use it to their advantage. With a strong balance sheet and steady cash flow, a company can pull more levers to protect margins. It can also continue with strategic growth initiatives at times when rising capital costs prevent weaker competitors from growing.

In what's already been a challenging operating environment in 2022, we've seen many of what we consider high-quality companies improve their competitive positioning amid the uncertainty. For example, some of our firms made acquisitions to consolidate their industries, while others increased their sales staff to help grab market share.

If the global economy enters a recession, we wouldn't be surprised if many of our companies stay on the offensive, making more moves to set themselves apart from the competition. We believe such initiatives will set our companies up for even better growth prospects coming out of a downturn.

Thank you for the opportunity to manage your assets.

Ken Applegate, Paul Lambert, Linda Lasater and Mike Valentine



AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED DECEMBER 31, 2022

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
Global Select Fund—Investor	7.92%	-33.10%	-0.89%	N/A	1.96%
Global Select Fund—Institutional	7.94%	-32.86%	-0.50%	N/A	2.32%
MSCI AC (All Country) World Index†	9.76%	-18.36%	4.00%	N/A	6.46%

*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 1/31/2023.** 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.

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 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 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 27 emerging-market countries. Indexes are unmanaged.

Indexes are unmanaged. Investors 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.

Return on invested capital (ROIC) is a way to assess a company's efficiency at allocating the capital under its control to profitable investments.

GLOBAL SELECT FUND – TOP 10 HOLDINGS

AS OF SEPTEMBER 30, 2022

Security Name	Percent of Net Assets
Bajaj Finance Ltd.	5.3%
Bank OZK	4.8%
Abcam PLC	4.7%
HDFC Bank Ltd.	4.6%
Amphenol Corp. Class A	4.3%
Morningstar, Inc.	4.2%
Roper Technologies, Inc.	4.2%
Copart, Inc.	4.1%
HealthEquity, Inc.	4.0%
BayCurrent Consulting, Inc.	3.8%
Total	44.0%

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.