WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAGCX / Institutional WGGCX

Wasatch Greater China Fund

DECEMBER 31, 2022

Chinese Equities Rallied Broadly as Pandemic Restrictions Eased

OVERVIEW

The Wasatch Greater China Fund—Investor Class was up 13.05% during the fourth quarter but underperformed the benchmark MSCI China Index, which ended the period with a gain of 13.52%.

Negative economic data weighed on Chinese equities early in the period, but as the Chinese government began easing pandemic-related restrictions, stocks rallied sharply in anticipation of what that would mean for the economy.

While the Fund was up substantially, it slightly trailed the Index. The underperformance was due largely to an overweight in the consumer-staples sector. Stocks within that sector did not rise as sharply as those in many other sectors did during the quarter, because consumer-staples companies benefited less from China's broad reopening than other businesses.

Over the course of the quarter, we pared back the consumer-staples overweight to marginally tilt our portfolio toward more companies that may benefit from China's reopening. However, we did not make

FUND MANAGERS

Dan Chace, CFA
Lead Portfolio Manager
2 YEAR ON FUND / 20 YEARS AT WASATCH

Allison He, CFA
Associate Portfolio Manager
2 YEAR ON FUND / 9 YEARS AT WASATCH

Pedro Huerta, CFA
Associate Portfolio Manager
2 YEAR ON FUND / 6 YEARS AT WASATCH

Kai Pan, PhD
Associate Portfolio Manager
2 YEAR ON FUND / 3 YEARS AT WASATCH

Kevin Unger, CFA
Associate Portfolio Manager
2 YEAR ON FUND / 7 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: 3.76%, Net: 1.51% / Institutional Class—Gross: 3.09%, Net: 1.26%. The Advisor has contractually agreed to limit certain expenses to 1.50% for the Investor Class and 1.25% for the Institutional Class through at least 1/31/2023.***

wholesale changes and continue to like the long-term growth potential of our consumer-staples companies.

DETAILS OF THE QUARTER

The largest detractor from Fund performance during the period was Yunnan Botanee Bio-Technology Group Co. Ltd., Class A. Earnings results for the cosmetics maker were below expectations and the stock had become expensive, in our view, so we trimmed the position. By trimming Botanee and a few other positions we have been able to shift the Fund's holdings, on the margin, toward companies that may get a tailwind from China's loosening pandemic restrictions.

Kweichow Moutai Co. Ltd., Class A was another detractor. The company is a leading seller of premium baijiu, a Chinese alcoholic spirit. The stock was down due to concerns China may regulate government spending on the beverage. We believe those concerns are overdone. Experts estimate government spending accounts for less than 10% of total baijiu spend. Further, spirit makers could be poised to benefit from an increase in social gatherings and business meetings as pandemic restrictions ease.

Also detracting from Fund performance was Foshan Haitian Flavouring & Food Co. Ltd., Class A. The company produces soy sauce, oyster sauce and other condiments. Weaker earnings results weighed on the stock this quarter, but we continue to like the company. Inventory in some of Haitian's distribution channels has built up and sales to the catering industry have been weak due to lockdowns, but we expect revenue to pick up in the coming quarters as those headwinds ease. Over the long term, we expect the company to do well amid consolidation of the condiment market and a growing consumer preference for premium condiment brands in China.

Chailease Holding Co. Ltd. was a top contributor to Fund performance during the month. The Taiwan-domiciled company provides financing for the leasing and purchase of commercial equipment. The stock has been up as nonperforming loans have stabilized, an early sign that the company has withstood economic challenges related to Covid-19. While there is some cyclicality to the business, we like Chailease's long-term growth potential. The company has built up niche expertise serving small- and medium-sized enterprises across a variety of industries. Management has well-established lending and monitoring procedures, and we believe its reputation will lead Chailease to better funding opportunities than its competitors.

AIA Group Ltd. was another top contributor. The stocks of many Chinese financial companies were up in the fourth quarter in anticipation of reopening, and AIA Group was no exception. The Hong Kong-based company provides insurance products and financial services throughout China, and we believe it stands to benefit considerably as China's rising middle class seeks to protect its wealth.

Another top contributor was H World Group Ltd. The company is the leading hotel chain in mainland China, and we anticipate a sharp increase in demand—and revenue—as China reopens. The stock was up this quarter on similar expectations from investors. Over the longer term, we believe H World will be a large beneficiary as China's fractured hotel industry consolidates. *(Current and future holdings are subject to change and risk.)*

OUTLOOK

Chinese stocks have lagged other markets considerably over the last two years, due to a host of factors including a struggling property sector, rising geopolitical tensions, regulatory uncertainty and, most of all, pandemic-related restrictions that hampered growth. With those restrictions finally easing, there could still be negative news from

China as the population faces a large surge in the virus. But we believe there are reasons to be optimistic about Chinese equities in 2023.

Those reasons start with reopening. China's zero-Covid policies have kept its economy stuck in low gear since early 2020. Now that the government has decided to forego restrictions, we don't believe it will turn back, despite the health consequences, because societal pressure against lockdowns has been too great. A return to normalization would be a boon to consumption. And as activity normalizes, we also wouldn't be surprised if the government launches stimulus measures.

Another reason to be constructive on Chinese equities is potential for momentum and inflows to the Chinese market as the economy improves. With developed markets tilting toward recession, a reopening China could be attractive to many investors who shunned Chinese equities over the last couple of years and are now underinvested in the world's second-largest equity market.

Other factors that could support Chinese equities are hard to predict over the long term. But Chinese stocks would become more attractive if the government does more to support its property market or if tensions with the United States ease. We saw progress on both fronts in the fourth quarter.

There are of course arguments against Chinese equities as well. While it seems unlikely the government would dial up restrictive Covid-era policies again, that could change if hospitals are overwhelmed from the virus' spread. There is also an argument that reopening could cause rapid inflation, as it did in developed markets. However, we view the latter point as less of a risk in China because the government did not overwhelm its population with fiscal support the way many Western governments did. The savings rate among Chinese consumers is also generally higher than in the West, so while Chinese consumers will spend as the economy reopens, it may not fuel the excessive demand it did in the U.S.

For our part, we've never tried to time entry into Chinese equities. We believe the reasons for investing in the Chinese market are the same as we've shared since opening the Fund. China is the world's second-largest economy and equity market as well as a considerable source of innovation. Chinese equities are also relatively uncorrelated to developed- and emerging-market equities, providing potential diversification benefits for investors. Finally, China's equity market remains inefficient, giving active investors like Wasatch considerable opportunity to add value for shareholders.

For these reasons, we remain committed to Chinese stocks for the long term. But the near-term case for investing in the market is also starting to look more attractive.

Thank you for the opportunity to manage your assets.

Dan Chace, Allison He, Pedro Huerta, Kai Pan and Kevin Unger

AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED DECEMBER 31, 2022

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
Greater China Fund—Investor	13.05%	-30.09%	N/A	N/A	-17.12%
Greater China Fund—Institutional	13.23%	-30.14%	N/A	N/A	-17.19%
MSCI China Index†	13.52%	-21.93%	N/A	N/A	-20.01%

Returns less than one year are not annualized.

***The Wasatch Greater China Fund's inception date was November 30, 2020.*

Data show past performance, which is not indicative of future performance. Current performance may be lower or higher than the data quoted. To obtain the most recent month-end performance data available, please visit wasatchglobal.com. The Advisor may absorb certain Fund expenses, without which total returns would have been lower. Investment returns and principal value will fluctuate and shares, when redeemed, may be worth more or less than their original cost. **Total Expense Ratio: Investor Class—Gross: 3.76%, Net: 1.51% / Institutional Class—Gross: 3.09%, Net: 1.26%**

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 1.50% for the Investor Class and 1.25% 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 small 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 markets, entails special risks, such as unstable currencies, highly volatile securities markets and political and social instability, which are described in more detail in the prospectus.

The Fund is subject to risks associated with investments in China and countries in the greater China region that could affect the value of your investment in the Fund, including government control over currencies, economic conditions, industries and specific issuers, as well as continued strained international relations, uncertainty regarding taxes, and limits on credible corporate governance and accounting standards. Because of its exposure to greater China, including mainland China and China's special administrative regions, such as Hong Kong, the Fund is subject to greater risk of loss as a result of volatile securities markets, adverse exchange rates and social, political, military, regulatory, economic or environmental developments, or natural disasters that may occur in the China region. The imposition of tariffs or other trade barriers by the U.S. or foreign governments on exports from China may also have an adverse impact on Chinese issuers. The Fund may invest in the securities of Chinese issuers through the China Stock Connect program. Trading through the Stock Connect Programs is currently subject to a daily quota, which limits the maximum net purchases by all purchasers using the Stock Connect Programs each day. While the daily quotas are relatively large, there is the possibility that the quotas could be reduced or exceeded, meaning buy orders for China A-shares would be rejected, affecting the Fund's ability to efficiently execute on its investment strategy.

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 China Index captures large- and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). The index covers about 85% of this China equity universe. Currently, the index includes large-cap A shares and mid-cap A shares represented at 20% of their free float adjusted market capitalization. Indexes are unmanaged. Investors cannot invest directly in this or any index.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties or originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

CFA® is a trademark owned by the CFA Institute.

The Wasatch Greater China Fund's investment objective is long-term growth of capital.

Correlation, in the financial world, is a statistical measure of how asset classes, securities, markets, or countries move in relation to each other.

Diversification does not eliminate the risk of experiencing investment losses.

GREATER CHINA FUND — TOP 10 HOLDINGS
AS OF SEPTEMBER 30, 2022

Security Name		Percent of Net Assets
Chailease Holding Co. Ltd.		6.0%
Proya Cosmetics Co. Ltd. Class A		6.0%
Shenzhen Mindray Bio-Medical Electronics Co. Ltd. Class A		4.9%
Kweichow Moutai Co. Ltd. Class A		4.4%
Silergy Corp.		4.3%
Hangzhou Tigermed Consulting Co. Ltd. Class A		4.1%
SG Micro Corp. Class A		4.0%
Foshan Haitian Flavouring & Food Co. Ltd. Class A		3.9%
Wuxi Biologics Cayman, Inc.		3.8%
Sino Wealth Electronic Ltd. Class A		3.7%
	Total	45.1%

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.