WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAIGX / Institutional WIIGX

Wasatch International Growth Fund

DECEMBER 31, 2022

If the Economy Enters a Recession, We Believe Our Companies Are Well-Positioned to Manage It

FUND MANAGERS

Ken Applegate, CFA, CMT
Lead Portfolio Manager

6 YEARS ON FUND / 8 YEARS AT WASATCH

Linda Lasater, CFA
Portfolio Manager

8 YEARS ON FUND / 16 YEARS AT WASATCH

Derrick Tzau, CFA
Associate Portfolio Manager

2 YEARS ON FUND / 4 YEARS AT WASATCH

OVERVIEW

For the fourth quarter of 2022, the Wasatch International Growth Fund—Investor Class gained 10.23% but trailed the benchmark MSCI AC (All Country) World ex USA Small Cap Index, which was up 13.31%.

After losing ground for much of 2022, international 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 campaigns of interest-rate increases.

On a geographic basis, the Fund's holdings in Japan and the United Kingdom underperformed and detracted from results relative to the benchmark. Conversely, stock selection in Canada and Korea contributed to relative performance.

At the sector level, our holdings in the health-care and financials sectors detracted the most from relative performance. However, stock selection in the communication-services sector and the Fund's underweight to the real-estate sector contributed to relative results.

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 1.41% / Institutional Class—1.32%. 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.***

DETAILS OF THE QUARTER

Pet Center Comercio e Participacoes SA was the largest detractor from Fund performance. The company sells food, medicines, toys, beds and other products for pets in Brazil through its digital platform and retail stores. Pet Center's third-quarter earnings results were disappointing, and margin expansion has not been what many expected. However, we still like the economic resiliency of the pet business. We also like the way management has positioned the company as more shopping takes place online and digitally.

Another large detractor was CyberArk Software Ltd. (CYBR). the company creates security software to protect networks from external threats. While the stock was down nothing has fundamentally changed for the business and our views on the company remain the same. 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.

JCR Pharmaceuticals Co. Ltd. also detracted. The Japanese company's products include growth hormones and stem cell-based treatments. JCR reported earnings in late October and the stock was down afterward because revenue was lower than for the same period last year. The difference was largely a timing issue. In the prior period, JCR received revenue for specific partnership milestones with large pharmaceutical companies that didn't reoccur in the most recent period. Over the long term, we remain optimistic about the company's J-Brain Cargo® technology, which enables drug delivery across the blood-brain barrier. We're also optimistic about JCR's ability to monetize a now-approved drug for Hunter syndrome.

CTS Eventim AG & Co. KGaA was the largest contributor to Fund performance during the quarter. Based in Germany, the company specializes in live-event services, including its online-ticketing platform, and has been described as the "Ticketmaster of Europe." After missing out during lockdowns, consumers have been eager to attend live events, driving higher demand for CTS' platform. This has been evident in the company's earnings results. Despite weak demand in the first quarter of 2022 due to lingering pandemic-related restrictions, management expects annual revenue to exceed 2019, the last year of normal results before COVID-19 shuttered most events. Over the long term, we believe CTS will continue to benefit from the growth of live events and from event-goers increasingly purchasing their tickets online.

Another large contributor was Diploma PLC. Like some of the Fund's other top contributors, the U.K.-based industrial distributor continues to grow at a steady rate, with revenue up 29% over its most recent fiscal year. Going forward, we continue to like Diploma's position as a global, value-added distributor of specialized products and services in the seals, controls and life-sciences markets. Additionally, we like the management team's history of deploying excess capital to acquire complementary businesses.

BayCurrent Consulting, Inc. was also a large contributor. In its most recent quarterly earnings announcement, the company grew revenue 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. The pandemic and work-from-home environment underscored its need to catch up. As Japanese enterprises undertake large-scale digitalization projects, we believe domestic information-technology (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

While recent data suggests inflation may have peaked for some countries, markets haven't yet climbed a "wall of worry." The potential for a recession continues to loom over international equities, and markets could stay volatile until there is a clearer picture about the global economy.

As bottom-up investors, we tend to spend less time predicting the likelihood or length of a recession, and more time focusing on how our companies can steer through it. On that front, we feel confident for two reasons.

First, the companies in our portfolio provide products and services that are typically essential in nature. For example, some of our largest holdings include: a company providing the ingredients that are the backbone of biologic drug discovery; global industrial distributors that help companies navigate supply-chain challenges and achieve price discovery in an inflationary environment; a cybersecurity firm whose software protects companies' critical networks; and a Japanese medical-data provider that we believe will play a key role helping doctors and hospitals achieve better patient outcomes. Demand for such services could slow marginally during a recession, but given the essential nature of these services, we don't think it would substantially deteriorate.

Second, we believe the high-quality nature of our companies puts them in a good position to weather an economic downturn. We've mentioned it in prior commentaries, but key characteristics we seek in companies include strong balance sheets, high levels of return on invested capital and a long history of steady free-cash-flow growth. In addition, these businesses are typically managed by teams we know well, and who have a history of steering businesses through an economic cycle.

We believe these high-quality traits don't just enable our companies to withstand a downturn. They allow our businesses to go on the offensive when their competitors are back on their heels. We've seen this throughout 2022, in what's been a challenging and uncertain operating environment. Over the course of the year, we've seen our firms make acquisitions to consolidate an industry or grow their sales staff to grab market share. As another example, our industrial distributors absorbed the costs of higher inventory to meet customers' needs amid supply-chain disruptions, which should further establish their reputations as reliable partners.

If the world enters a recession next year, we believe many of our companies would have the strength to stay on the offensive. This should set them up for better growth coming out of the downturn.

Thank you for the opportunity to manage your assets.

Sincerely,

Ken Applegate, Linda Lasater and Derrick Tzau

AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED DECEMBER 31, 2022

	Quarter*	1 Year	3 Years	5 Years	10 Years
International Growth Fund—Investor	10.23%	-36.64%	-4.39%	-0.95%	4.40%
International Growth Fund—Institutional	10.20%	-36.58%	-4.30%	-0.85%	4.47%
MSCI AC World ex USA Small Cap Index**	13.31%	-19.97%	1.07%	0.67%	5.24%
MSCI World ex USA Small Cap Index†	15.21%	-20.58%	-0.15%	0.45%	5.77%

**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 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.

***The MSCI AC (All Country) World ex USA 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, excluding securities of U.S. issuers. This index is a free float adjusted market capitalization index designed to measure the performance of small capitalization securities.*

†The MSCI World ex USA Small Cap Index is a free float adjusted market capitalization weighted index designed to measure the equity market performance of developed markets, excluding the United States.

Indexes are unmanaged. Investors cannot invest in these or any indexes.

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The Wasatch International Growth Fund's investment objective is long-term growth of capital.

Free cash flow is a measure of a company's financial performance, calculated as operating cash flow minus capital expenditures. It is the cash a company generates after spending the money required to maintain or expand its asset base.

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

INTERNATIONAL GROWTH FUND — TOP 10 HOLDINGS

AS OF SEPTEMBER 30, 2022

Security Name		Percent of Net Assets
Abcam PLC		4.1%
BayCurrent Consulting, Inc.		3.3%
Descartes Systems Group, Inc.		3.1%
RS GROUP PLC		2.9%
AU Small Finance Bank Ltd.		2.5%
Voltronic Power Technology Corp.		2.4%
CyberArk Software Ltd.		2.4%
JMDC, Inc.		2.3%
Kinaxis, Inc.		2.3%
Reply SpA		2.3%
	Total	27.4%

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.