

Wasatch International Opportunities Fund

SEPTEMBER 30, 2022

Although International Equities Lost Ground, The Fund Outperformed Its Benchmark

OVERVIEW

For the third quarter of 2022, the Wasatch International Opportunities Fund—Investor Class declined -6.69%, outperforming the benchmark MSCI AC (All Country) World ex USA Small Cap Index, which lost -8.37%. These returns are denominated in U.S. dollars. As such, a very strong U.S. dollar has weakened performance for both the Fund and the benchmark.

After turning lower for much of 2022, international equities rebounded from July through mid-August. However, equities 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.

While stocks were down broadly, the Fund fared better than its benchmark, due largely to the outperformance of our holdings in the health-care, industrials and financials sectors. Conversely, our holdings in

FUND MANAGERS



Linda Lasater, CFA
Lead Portfolio Manager

6 / 16
YEARS ON FUND / YEARS AT WASATCH



Dan Chace, CFA
Portfolio Manager

2 / 20
YEARS ON FUND / YEARS AT WASATCH



Allison He, CFA
Associate Portfolio Manager

4 / 9
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—1.91% / Institutional Class—1.89%. The Advisor has contractually agreed to limit certain expenses to 2.25% for the Investor Class and 1.95% for the Institutional Class through at least 1/31/2023.***

the information-technology sector detracted from performance relative to the benchmark. On a geographic basis, the Fund's companies in Japan, India and Australia also contributed to relative performance, as did an overweight position in India. The Fund's holdings in Sweden and Canada detracted from relative results.

DETAILS OF THE QUARTER

Some of our Japanese holdings were top contributors to Fund performance during the third quarter. Among them was **Premium Group Co. Ltd.**, an intermediary of financial products including car loans, used-car warranties and mobility services. Supply-chain shortages have limited the number of new cars available to consumers, which has led to more used-car purchases and loans.

While that has driven stronger results in recent quarters, we believe Premium Group has significant headroom for growth after the automotive-sales market normalizes. The company continues to win contracts to provide financing for used-car dealers throughout Japan. We also like that Premium Group takes very little balance-sheet risk and generally reinsures most of its loan book.

Another large contributor to Fund performance was **Japan Elevator Service Holdings Co. Ltd.** As the company's name suggests, it provides elevator maintenance, repair and renewal services to building owners throughout the country. Strong operating results drove the company's stock higher in the third quarter, as the firm reported solid growth for its renewals business. Looking ahead, we like the resiliency of the company's business model, but also see ample headroom for growth. Japan has more than 600,000 elevators built prior to 1997 that are approaching the end of their normal lifespan and that will need to be renewed or replaced. We believe Japan Elevator will be the service operator of choice for most building managers, as the company can offer less expensive

services due to a lower cost structure than the service companies of elevator manufacturers.

Australia-based **Pro Medicus Ltd.** was another contributor. The medical-imaging specialist reported another strong quarter of revenue growth and announced new contracts with a few large hospital systems. Our thesis on the stock is unchanged. Pro Medicus offers new technology that makes it easier for hospital professionals to archive and retrieve digital images much quicker than prior technologies allow. The company has already won contracts for its digital imaging and storage solutions with some of the world's preeminent hospitals and clinics, and we believe more hospital systems will follow.

Vitec Software Group AB was one of the largest detractors from Fund performance in the third quarter. The company is a vertical market software conglomerate focused on the Nordic Region. Vitec reported a strong first quarter, but second quarter results were a little weaker than some had expected, which weighed on the stock. The company's selling, general and administrative expenses rose during the period and crimped margins. We're less concerned with the rising costs, which were partially due to acquisition expenditures and an increase in travel as Covid-19 restrictions eased. Going forward, we continue to like Vitec's strategy of acquiring cash-generative software businesses that serve specialized niches and then redeploying the cash they generate to make other acquisitions. The specialized focus of each business acquired by Vitec creates a high degree of pricing power, in our view.

The stock of **Future PLC** was down after news broke that the CEO of the United Kingdom-based multimedia company will be retiring. We like the company's history of creating or acquiring highly trafficked websites and niche publications, which help advertisers reach a very targeted audience.



We are currently assessing the implications of the CEO's departure and her future replacement.

ValueCommerce Co. Ltd. was another detractor. This Japanese communication-services firm specializes in online media and online marketing tools. The stock was down after ValueCommerce reported a slowdown in its affiliate marketing and e-commerce business, which has been one of its most profitable segments. The slowdown was due in part to the fact that an online platform using one of the company's e-commerce tools had developed a similar tool of its own. Due to concerns about the competitive environment for the e-commerce business, we have trimmed the position. *(Current and future holdings are subject to risk.)*

OUTLOOK

Inflation, rising interest rates, the war in Ukraine and slowing growth in Europe and China present considerable headwinds for the global economy, and make a recession likely. But these factors won't undermine our focus on individual company fundamentals.

In the current environment, where the global economy seems to be stumbling and the cost of capital is rising, it has become even more critical to identify and invest in high-quality growth companies. At Wasatch, this has always been our focus. Our companies typically have strong balance sheets and are highly cash-generative businesses.

They also typically provide products or services that are indispensable to the customers that use them, which we expect should make earnings and revenue for our firms more resilient than those of most businesses.

These factors should help our companies to not only weather a softer economy but to use the challenging environment to their advantage—by consolidating an industry or taking market share from weaker competitors, for example. In turn, we believe this should set them up for even better growth when the economy reaccelerates.

Looking ahead, we won't try to predict when the economy or stock markets will rebound. But already, stock valuations in Japan and the U.K., our two largest geographic weights, are at their most inexpensive levels since 2014. The Fund's price/earnings ratio, based on 12-month forward earnings, is also near its lowest level since that same year. Given the starting point of lower valuations, and what we expect from our companies both during and coming out of an economic downturn, we feel good about the Fund's return potential over the medium term and long term.

Thank you for the opportunity to manage your assets.

Sincerely,

Linda Lasater, Dan Chace and Allison He



AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED SEPTEMBER 30, 2022

	Quarter*	1 Year	3 Years	5 Years	10 Years
International Opportunities Fund—Investor	-6.69%	-45.24%	-5.26%	-0.93%	5.44%
International Opportunities Fund—Institutional	-6.59%	-45.21%	-5.20%	-0.86%	5.56%
MSCI AC World ex USA Small Cap Index**	-8.37%	-28.93%	0.38%	-0.56%	4.44%
MSCI World ex USA Small Cap Index†	-9.46%	-30.80%	-1.27%	-1.24%	4.78%

*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 2.25% for the Investor Class and 1.95% 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.

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 micro 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 Opportunities Fund's investment objective is long-term growth of capital.

The price/earnings (P/E) ratio, also known as the P/E multiple, is the price of a stock divided by its earnings per share.

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

INTERNATIONAL OPPORTUNITIES FUND — TOP 10 HOLDINGS

AS OF JUNE 30, 2022

Security Name	Percent of Net Assets
SIGMAXYZ Holdings, Inc.	2.9%
Qualitas Controladora SAB de CV	2.9%
Aavas Financiers Ltd.	2.9%
YouGov PLC	2.8%
Voltronic Power Technology Corp.	2.5%
DiscoverIE Group PLC	2.4%
LEENO Industrial, Inc.	2.4%
Ideagen PLC	2.3%
Nexus AG	2.2%
Johns Lyng Group Ltd.	2.2%
Total	25.5%

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.