WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAEMX / Institutional WIEMX

Wasatch Emerging Markets Small Cap Fund

DECEMBER 31, 2023

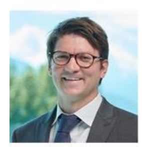
The Fund Surpassed the Benchmark Amid Optimism That Central Banks Have Largely Reached the End of Monetary Tightening

FUND MANAGERS

Ajay Krishnan, CFA
Lead Portfolio Manager
4 YEARS ON FUND / 29 YEARS AT WASATCH

Dan Chace, CFA
Portfolio Manager
4 YEARS ON FUND / 21 YEARS AT WASATCH

Scott Thomas, CFA
Portfolio Manager
8 YEARS ON FUND / 11 YEARS AT WASATCH



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Associate Portfolio Manager
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Associate Portfolio Manager
1 YEAR ON FUND / 11 YEARS AT WASATCH

OVERVIEW

Stock markets in most developing nations ended 2023 on a positive note. The benchmark MSCI Emerging Markets Small Cap Index shook off early losses to finish 8.95% higher during the fourth quarter of the year. The Wasatch Emerging Markets Small Cap Fund—Investor Class surpassed the benchmark with a 12.64% return. Optimism that central banks have largely reached the end of their tightening cycles helped create a favorable backdrop for global financial markets.

Investors cheered as U.S. economic data showed receding inflation and a cooling labor market. The softer-than-expected readings raised hopes that the Federal Reserve was finished hiking interest rates. As the narrative surrounding rates shifted from "higher for longer" to "higher for long enough," bond yields fell sharply amid growing expectations for

The performance data quoted represents past performance. Past performance does not guarantee future results. 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. The performance data does not reflect this redemption fee or taxes. ***Total Expense Ratio: Investor Class—1.91% / Institutional Class—1.78%. The Advisor has contractually agreed to limit certain expenses to 1.95% for the Investor Class and 1.80% for the Institutional Class through at least 1/31/2024.***

interest-rate cuts in 2024. Meanwhile, annual inflation in the eurozone dropped to 2.4% in November—down from 2.9% in October and 4.3% in September.

The prospect of lower interest rates in the U.S. weighed on the dollar, boosting dollar-equivalent prices of assets denominated in other currencies. Currency appreciation against the dollar added about 2.4 percentage points to the Fund's total return during the fourth quarter. In the Index, currency effects accounted for approximately 2.5 percentage points of the total return. In addition to its direct effects on performance, a cheaper dollar makes riskier assets in emerging markets more attractive to international investors and makes dollar-denominated commodities less costly for developing nations to import.

Korea and India were the Fund's biggest sources of outperformance relative to the benchmark. Our information-technology (IT) stocks drove gains in Korea as the nation's overseas shipments of semiconductor chips rose 12.9% in November and 21.8% in December from year-ago levels. The return of chip exports to growth after 15 straight months of declines boded well for Korea's trade-dependent economy. Outperformance in India was largely attributable to the IT and consumer-discretionary sectors.

China's economy continued to disappoint. Consumer and business confidence remained weak as government efforts to revive the nation's slumping property sector failed to produce meaningful results. Foreign direct investment swung to outflows earlier this year, and a major U.S. ratings service in December cut its outlook to negative for China's sovereign debt. Because China was one of the lowest-returning countries in the Index during the fourth quarter, underweight positioning in China was a tailwind for the Fund.

Poland, Brazil and the Philippines were minor sources of weakness against the benchmark. The Fund's holdings in these countries produced returns that trailed the corresponding components of the Index.

DETAILS OF THE QUARTER

The strongest contributor to Fund performance for the quarter was Silergy Corp. A Taiwanese company, Silergy manufactures mixed-signal and analog integrated-circuit chips used in a wide array of electronic devices. Shares of the company had struggled over the past several quarters amid competitive pressures and a weak demand environment. Though sales are still down from year-ago levels, they've been trending upward for several months, with smaller year-over-year shortfalls. An upturn in demand for smartphones ahead of the holiday shopping season has bolstered optimism that a sustained recovery in revenues is underway.

Trent Ltd. was also a top contributor. The company operates a leading chain of retail stores in India specializing in fashion apparel, cosmetics, perfumes and toiletries. Consolidated profit after tax jumped 189% in Trent's most recent quarter on a 52.7% increase in revenue from operations compared to the same quarter a year ago. Management cited strong volume growth at the company's Star brand locations, driven by fresh food, general merchandise and apparel. Trent has continued to execute its expansion strategy, opening 38 new stores during the reported quarter.

Another strong stock in the Fund was Persistent Systems Ltd. Based in India, the company provides outsourced software development to clients across a range of industries. Despite an uncertain macroeconomic environment, Persistent experienced strength in its health-care and technology verticals, fueled by the company's digital engineering and enterprise modernization capabilities. Consolidated after-tax profit grew 19.7% in the company's most recent quarter on revenue gains of 17.7% versus the year-ago period. The company stands to benefit from its strategic partnerships with hyperscaler cloud providers, which include Amazon Web Services (AWS), Microsoft and Google Cloud.

The greatest detractor from Fund performance for the quarter was Grupo Aeroportuario del Centro Norte SAB de CV. Known as OMA, the company operates international airports in the northern and central regions of Mexico under concession agreements with the government. Shares of OMA and other Mexican airport operators fell in October following reports that a coming federal overhaul of the airline industry will raise the concession charges the companies must pay. The government's unexpected action rattled investors and sent the peso tumbling amid worries of additional intervention. That said, we believe OMA remains a solid holding for the long term.

Aavas Financiers Ltd. also detracted. A non-bank financial company (NBFC), Aavas specializes in housing loans for low- and middle-income borrowers in India. To ward off risks to financial stability, the Reserve Bank of India (RBI) in November tightened restrictions on unsecured consumer lending. The surprise move triggered a selloff in Indian financials as investors feared higher funding costs for lenders would eat into profits. NBFCs such as Aavas were hit especially hard because, unlike banks, they have no deposit bases and must obtain their funding by borrowing from external sources. For risk-management purposes, we trimmed Aavas to a smaller position size.

Another weak stock in the Fund was H World Group Ltd. Known previously as Huazhu Group Ltd., the company operates and franchises hotels primarily in China. H World's stock price declined following the outbreak of a mysterious respiratory illness among children in northern China, which temporarily sparked fears of a new pandemic. The story gained attention after a group led by Senator Marco Rubio wrote a letter to President Biden urging him to ban travel from China to prevent the disease from reaching the U.S. Although H World has improved its operations, the macro problems in China have been more significant than we had anticipated. *(Current and future holdings are subject to risk and change.)*

OUTLOOK

A new year offers not only a reason to look ahead but also a chance to review the year just completed. The Fund's Investor Class generated a total return of 21.20% in 2023, lagging the benchmark's gain of 23.92%. Even though a return of over 20% would be considered attractive under most circumstances, we're always looking for ways to do better.

In seeking to refine our investment approach and improve future results, we analyze errors of commission (holdings that performed poorly) and errors of omission (missed opportunities). We present some highlights below (though our internal analysis is much more detailed and extensive).

Sources of outperformance relative to the benchmark during 2023

- Mexico and China contributed the most to the Fund's results relative to the benchmark in 2023.
- It would have been hard to do much better in Mexico without increasing the Fund's above-benchmark exposure even further and taking on additional risk.
- China was one of the worst-performing countries in both the Fund and the Index. On balance, however, underweight positioning in China aided the Fund's relative performance.
- Going forward, we believe China will eventually offer many attractive investment opportunities. However, we expect to remain underweighted in Chinese stocks until signs of improvement in the economy and in equity markets become clearer.

Sources of weakness relative to the benchmark during 2023

- Taiwan and, to a lesser extent, India hurt the Fund's relative performance for the year. Although our stocks generated strong gains in both countries, they trailed the corresponding components of the Index.
- In Taiwan, our errors were mainly of omission. The Fund was underinvested in companies benefiting from the upswell of enthusiasm surrounding artificial intelligence (AI). We have some AI holdings within the Fund and we'll continue to watch AI over time, but we'll also continue to tread cautiously in the field. Errors of commission consisted mainly of holding firms tied to e-commerce and China's economic recovery.
- Errors of omission also drove underperformance in India, primarily in industrials. This was especially disappointing given that India's industrialization is an investment theme at Wasatch. However, many of the benchmark companies that performed well are companies we wouldn't own because they don't meet our standards for growth and quality. For example, the stock of alternative-energy (wind) company Suzlon Energy gained about 260% in 2023, but this was also the first time in six years that Suzlon generated positive earnings.
- We also gave up some relative performance in India because we weren't invested in state-run enterprises such as Oil India Ltd. and REC Ltd. (formerly Rural Electrification Corporation Ltd.). In our experience, state-run firms in India and other emerging markets tend to operate in the interests of governments instead of shareholders. For that reason, we tend to avoid investing in them, focusing instead on businesses that we believe can generate more-attractive returns over time.
- Looking ahead, our Taiwanese companies have seen some improvement in business conditions, while investors' optimism about AI may have become overdone. With respect to India, we've fine-tuned some of our screening methodologies in a way that we believe will result in fewer missed opportunities. From a longer-term perspective, we believe the RBI's tighter loan requirements may benefit our Indian banks by reducing competition from upstart fintech firms.

Thank you for the opportunity to manage your assets.

Sincerely,

Ajay Krishnan, Dan Chace, Scott Thomas, Kevin Unger and Anh Hoang

TOTAL RETURNS

FOR PERIODS ENDED DECEMBER 31, 2023

	Quarter*	1 Year	3 Years	5 Years	10 Years
Emerging Markets Small Cap Fund—Investor	12.64%	21.20%	-1.14%	10.32%	4.89%
Emerging Market Small Cap Fund—Institutional	12.45%	21.34%	-1.00%	10.48%	5.01%
MSCI Emerging Markets Small Cap Index**	8.95%	23.92%	6.45%	9.92%	5.34%
MSCI Emerging Markets Index**	7.86%	9.83%	-5.08%	3.68%	2.66%

Returns less than one year are not annualized.

The performance data quoted represents past performance. Past performance does not guarantee future results. 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—1.91% / Institutional Class—1.78%**

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 1.95% for the Investor Class and 1.80% for the Institutional Class through at least 1/31/2024.** 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. The 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 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. 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.

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.

Information in this document regarding market or economic trends, or the factors influencing historical or future performance, reflects the opinions of management as of the date of this document. These statements should not be relied upon for any other purpose.

The Wasatch Emerging Markets Small Cap Fund's investment objective is long-term growth of capital.

***The MSCI Emerging Markets and Emerging Markets Small Cap indexes are free float adjusted market capitalization indexes designed to measure the equity market performance of emerging markets.*

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

EMERGING MARKETS SMALL CAP FUND — TOP 10 HOLDINGS

AS OF SEPTEMBER 30, 2023

Security Name	Percent of Net Assets
AU Small Finance Bank Ltd.	6.6%
Voltronic Power Technology Corp.	5.8%
Globant SA	5.7%
Persistent Systems Ltd.	4.7%
Grupo Aeroportuario del Centro Norte SAB de CV	4.2%
LEENO Industrial, Inc.	3.9%
Trent Ltd.	3.6%
Qualitas Controladora SAB de CV	3.6%
Aavas Financiers Ltd.	3.2%
Raia Drogasil SA	3.1%
Total	44.4%

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.