WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAEMX / Institutional WIEMX

Wasatch Emerging Markets Small Cap Fund

MARCH 31, 2024

A Catalyst Such as Declining Interest Rates May Create a Tailwind for Indian Financials

OVERVIEW

Equity markets in developing nations were somewhat higher during the first quarter of 2024 as stocks linked to artificial intelligence (AI) rallied and an economic soft landing in the U.S. became the consensus view. Confidence in India's growth prospects improved investor sentiment toward emerging markets. The benchmark MSCI Emerging Markets Small Cap Index rose 1.05% for the quarter. Underperforming the benchmark, the Wasatch Emerging Markets Small Cap Fund—Investor Class was down -2.97%.

Taiwan was the primary source of underperformance in the Fund as enthusiasm about AI reached a fever pitch. Likening the situation to "a swarm of bees," Taiwan's central-bank governor Yang Chin-long urged investors to "think calmly." Despite a solid gain in the Taiwanese component of the Index, the market advance in Taiwan was narrow, with a considerable portion of stocks finishing down for the quarter. Weakness in the Fund's Taiwanese holdings was the overwhelming factor in its underpeformance.

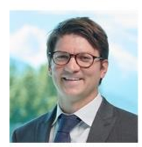
Stocks in Korea benefited from government efforts to make the boards of corporations more accountable to shareholders. President

FUND MANAGERS

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

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

Scott Thomas, CFA
Portfolio Manager
9 YEARS ON FUND / 12 YEARS AT WASATCH



Kevin Unger, CFA
Associate Portfolio Manager
6 YEARS ON FUND / 8 YEARS AT WASATCH

Anh Hoang, CFA
Associate Portfolio Manager
2 YEAR ON FUND / 12 YEARS AT WASATCH

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—1.96% / 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 1/31/2025.***

Yoon Suk Yeol has made corporate-governance reform a high priority ahead of parliamentary elections in April. A failure of his People Power Party to win a majority in the National Assembly would be a major setback for Yoon, who has faced low approval ratings on issues ranging from the high cost of living to political corruption. Korea was the Fund's biggest source of strength against the benchmark as our Korean stocks substantially outgained those in the Index.

China remained mired in a real-estate slump that's created a liquidity crisis for developers struggling to service debt and complete construction projects. Prices for both new and existing homes continued to fall in January and February, adding to the deflationary pressures that are weighing on demand and dampening growth throughout the economy. Because Chinese stocks did poorly during the first quarter, the Fund's underweight positioning in China improved performance.

Mexico was one of the top-returning countries in the Index. High interest rates and easing inflation in Mexico have burnished the peso's appeal to international investors. The peso appreciated 2.3% against the U.S. dollar in the quarter, boosting dollar-equivalent prices of Mexican assets. As a result, overweight positioning in Mexico was a tailwind for the Fund.

Other sources of strength against the benchmark included India, where the Fund's holdings finished modestly ahead of the Indian component of the Index. Small-cap stocks in India trimmed early-quarter gains after a warning from the securities regulator triggered a selloff. Citing signs of froth in the small- and mid-cap segments of the equity market, the Securities and Exchange Board of India directed the nation's mutual funds to take steps to protect investors.

Our on-the-ground research indicated healthy business momentum in India, driven in large part by infrastructure projects and industrialization. During a recent visit, the companies we met with reported a healthy pipeline of new orders. Some of them are expanding abroad as their products earn higher grades for quality and value in overseas markets. The Reserve Bank of India (RBI) forecasts growth of 7% in the coming fiscal year, putting India on track to remain one of the fastest-expanding economies in the world.

DETAILS OF THE QUARTER

The strongest contributor to Fund performance for the quarter was Trent Ltd. The company operates a leading chain of retail stores in India specializing in fashion apparel, cosmetics, perfumes and toiletries. We visited several of Trent's stores during a recent research trip and believe the company's retail formats, store layouts and attractively priced product offerings provide meaningful competitive advantages. Net profit soared 139% in Trent's most recent quarter on 50.5% revenue growth compared to the same quarter a year ago. The company has continued to execute its expansion strategy, adding 56 new stores during the reported quarter.

LEENO Industrial, Inc. was also a top contributor. Based in Korea, the company produces pins and sockets used in the testing of semiconductor chips. LEENO is benefiting from the potential for wider adoption of on-device AI. The company's products are important for developing the chips needed to run AI applications in low-voltage operating environments, such as those found in smartphones and tablet computers.

Another strong stock in the Fund was Action Construction Equipment Ltd. The company manufactures hydraulic mobile cranes, mobile tower cranes and other construction equipment in India. The current wave of infrastructure spending and industrialization is creating robust demand for Action's products. In the company's most recently completed quarter, consolidated profit after tax jumped 89% as revenue increased 35% from the year-ago period.

The greatest detractor from Fund performance for the quarter was AU Small Finance Bank Ltd. The company primarily targets unbanked and underbanked low- and middle-income borrowers in India. Net profit was down -4.5% year over year in AU's most recent quarter as higher funding costs pressured the company's net interest margins. Management said the operating environment continued to witness higher interest rates with tight liquidity and persistent competition for deposits.

Silergy Corp. was also a significant detractor. A Taiwanese company, Silergy manufactures mixed-signal and analog integrated-circuit chips used in a wide array of electronic devices. During the first quarter, shares of Silergy gave back some of the previous quarter's robust gain. Additionally, the company's co-CEO, who was also the head of research and development, unexpectedly resigned. This management change, along with a disappointing earnings report, weighed on the stock. On the plus side, an overhang of inventory in supply channels has largely been cleared, and management expects to see revenue growth in the final three quarters of 2024.

Another weak stock in the Fund was Globant SA. Headquartered in Luxembourg, Globant is an information-technology services firm with a presence in 33 countries. The company's stock price fell sharply in February after management issued disappointing first-quarter and full-year guidance. *(Current and future holdings are subject to risk and change.)*

OUTLOOK

Recent pro-business reforms have greatly enhanced India's attractiveness as a global manufacturing hub. Through a series of tax cuts, rebates, funding assistance and other incentives, the government under Prime Minister Narendra Modi's direction has been encouraging manufacturers to set up shop in India. In January, for example, import taxes on several components used in mobile devices were slashed in a move designed to boost domestic production of smartphones. India's stable political and regulatory environments offer additional advantages for manufacturers seeking to diversify supply chains away from China as part of a "China Plus One" strategy.

Slowly but surely, India is gaining ground in global electronics markets long dominated by China. As a percentage of China's electronics exports to the U.S., India's export share increased from 2.51% in November 2021 to 7.65% in November 2023. In the U.K., the percentage rose from 4.79% to 10%. India's gains at the expense of China were smaller in other countries, where tensions with China tend to be less pronounced.

With industrialization in India well underway, investors around the world have taken notice. In our view, enthusiasm about India's growth story has driven sentiment and valuations for many industrial firms to levels we consider quite elevated. Moreover, top-line growth at some of these companies has now begun to decelerate. Rather than chase these stocks at a time when prices may be getting ahead of fundamentals, we intend to closely monitor future developments with an eye toward capturing opportunities that are potentially more attractive.

For the time being, at least, India's stock market has tended to reward industrials and other companies with stable or expanding profit margins that allow revenue gains to pass directly to the bottom line. While that's generally the case for industrials in India, margin pressures have been ongoing headwinds for financial firms given the higher interest-rate backdrop. Meanwhile, deteriorating sentiment toward some financials has dropped their valuations to levels we consider attractive. These conditions now create the potential for a suitable catalyst—interest-rate cuts from the RBI, for example—to trigger a potential reversal in sentiment and a tailwind for Indian financial stocks.

Similarly, China's stock market has become quite undervalued compared to historical multiples of price to earnings. Expectations are so low and conditions are so poor that investors might view even minor improvements as reasons to buy. From a macroeconomic perspective, we note that China's official purchasing managers index showed expansion in March, which bodes well for manufacturing. We don't try to predict potential "turning points" or "market bottoms," preferring instead to seek reasonably valued companies with attractive long-term prospects. In this regard, we're seeing solid investment opportunities in China—and, selectively, we're looking to increase our weight there.

As far as AI is concerned, we see a great deal of promise—and also a great deal of hype. Our job in managing the Fund is to identify opportunities that are real as opposed to imaginary, durable as opposed to fleeting and likely to generate attractive investment returns over time. Toward that end, we believe Wasatch's fundamentals-based investment approach is well-suited to the Fund's objective of long-term capital growth.

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 MARCH 31, 2024

	Quarter*	1 Year	3 Years	5 Years	10 Years
Emerging Markets Small Cap Fund—Investor	-2.97%	9.29%	-3.15%	7.51%	4.89%
Emerging Market Small Cap Fund—Institutional	-2.93%	9.56%	-3.08%	7.60%	5.02%
MSCI Emerging Markets Small Cap Index**	1.05%	20.56%	4.23%	8.51%	5.09%
MSCI Emerging Markets Index**	2.37%	8.15%	-5.05%	2.22%	2.95%

**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—1.96% / 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 1/31/2025.** 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.

CFA® is a trademark owned by the CFA Institute.

***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.

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)

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

EMERGING MARKETS SMALL CAP FUND — TOP 10 HOLDINGS

AS OF DECEMBER 31, 2023

Security Name	Percent of Net Assets
AU Small Finance Bank Ltd.	6.6%
Globant SA	6.2%
Voltronic Power Technology Corp.	6.0%
Persistent Systems Ltd.	5.5%
Trent Ltd.	4.9%
Qualitas Controladora SAB de CV	4.5%
Silergy Corp.	4.3%
LEENO Industrial, Inc.	4.2%
Raia Drogasil SA	3.1%
Baltic Classifieds Group PLC	2.8%
Total	48.1%

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.