WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAFMX / Institutional WIFMX

Wasatch Frontier Emerging Small Countries Fund

DECEMBER 31, 2023

Frontier and Emerging Markets Ended 2023 on a Positive Note, And the Fund Outperformed Its Benchmark

FUND MANAGER

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

OVERVIEW

The Wasatch Frontier Emerging Small Countries Fund—Investor Class posted an increase of 9.79% during the fourth quarter of 2023, outperforming the benchmark MSCI Frontier Emerging Markets Index, which added 7.46%.

Frontier and emerging market equities were boosted by a risk-on, or bullish, sentiment during the quarter. Investors were encouraged by the prospect of lower interest rates in the coming months and easing inflation data.

In the fourth quarter, the Fund's outperformance of its benchmark was primarily driven by our holdings in the consumer-discretionary, information-technology (IT) and consumer-staples sectors. On a geographic basis, the portfolio benefited from its Mexico holdings, a few of which experienced strong stock returns during the quarter.

As 2023 ended, we wanted to provide an update on annual performance. For calendar year 2023, the Fund outperformed its

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—Gross 2.29%, Net 2.19% / Institutional Class—Gross 2.08%, Net 1.99%. The Advisor has contractually agreed to limit certain expenses to 2.15% for the Investor Class and 1.95% for the Institutional Class through at least 1/31/2024.***

benchmark, with a return of 28.16% for the Investor Class while the benchmark was up 11.83%. Much of our outperformance for the year was due to stock selection in the consumer-staples and financials sectors. Our overweight position in the IT sector also helped performance relative to the benchmark. Geographically, stock selection in Vietnam was a large contributor to relative results, while stock selection in Peru, where the Fund owns one stock, detracted. Our holdings in Mexico, a country which the benchmark doesn't include, also made a strong contribution to absolute and relative performance.

Beyond sector and geographic positioning, the Fund's outperformance of the benchmark in 2023 was due to our conviction in the underlying fundamentals of the companies in which we invested, which enabled us to stay the course with our investment process during a challenging 2022. Our "North Star" for investing has always been company-specific fundamentals. When the Fund was underperforming its benchmark in 2022, we pointed out that the vast majority of the Fund's losses stemmed from price/earnings (P/E) multiple contraction as growth stocks fell out of favor with investors in a rising interest-rate environment. Throughout that difficult period, our research continued to indicate that fundamentals of the companies in which we invested remained strong. Moreover, for the vast majority of companies in the portfolio, the long runways for growth we saw in their businesses remained intact. As such, we maintained our conviction in 2022, holding or increasing position sizes in our favorite companies at attractive prices when their stocks lost ground. In 2023, that conviction paid off, as investors showed their appreciation for the strong fundamentals of these companies by pushing up their stock prices.

DETAILS OF THE QUARTER

Qualitas Controladora SAB de CV, an automotive insurer based in Mexico, was a top performer during the fourth quarter of 2023. The stock was up after the company reported strong quarterly operating results, including strong premium growth of more than 30% above the same period last year. The auto insurer has been rebounding from a difficult period when mobility trends and accident frequency returned to pre-pandemic levels while inflation simultaneously increased the cost of spare parts for vehicle repairs. As the company and industry raise prices and inflation settles down, we think profitability could recover on the back of improving underwriting results and the company's investment portfolio benefiting from higher interest rates. Looking ahead, we continue to like the company's long-term growth potential and stability as the market leader in an underpenetrated Mexican insurance market. Surging new car sales in Mexico are another factor favoring the company. Finally, Qualitas is expanding geographically and diversifying into Mexico's attractive and growing health-insurance industry.

Another top contributor was MercadoLibre, Inc. (MELI). The U.S.-traded company operates an online e-commerce, payments and credit system in 18 Latin American countries. MercadoLibre's stock was up after the company reported stronger-than-expected quarterly earnings results, including nearly 40% revenue growth on a year-over-year basis. We continue to like MercadoLibre's growth potential as it expands its digital payments ecosystem. In a part of the world where many consumers don't have bank accounts, MercadoLibre has been leveraging its online strength to expand lending to small businesses and consumers that the region's traditional banks tend to ignore or reject.

NU Holdings Ltd (NU), a Brazilian digital-banking company, was also a large contributor to Fund performance. A surging stock market in Brazil supported the company's performance. Brazilian equities climbed higher in the fourth quarter as investors responded positively to reforms of tax regulations that had been considered unduly onerous for both individuals and businesses. We believe that NU Holdings has strong long-term growth prospects. It courts Brazil's large population of middle-class consumers, a segment that the country's traditional banks have often ignored in favor of only the wealthiest citizens. NU Holdings has been growing rapidly in the huge Brazilian market and is expanding into other promising markets, including Mexico.

Bajaj Finance Ltd. was the largest detractor from Fund performance. A non-bank financial company, Bajaj offers a broad spectrum of lending services to customers in India. During the quarter, the Reserve Bank of India (RBI) tightened restrictions on unsecured consumer lending, which weighed on the stock. Alleging non-adherence to digital lending guidelines, the RBI also directed Bajaj to temporarily halt new disbursements on two of its lending products. Bajaj's management team indicated they are immediately working to take corrective actions to address the RBI's concerns.

Despite the near-term setbacks, we continue to like Bajaj's long-term growth potential. Bajaj is outpacing the stodgy traditional banks and their notoriously poor customer service by lending to affluent urban and semi-urban consumers and offering credit cards, mortgages and loans for durable goods. The company is a leader in employing sophisticated data analytics to identify opportunities and reduce credit risk, all while lowering its own broader risk profile as it reinvests its fee income from higher-risk products into lower-risk areas like mortgage lending.

Another detractor was the Bank for Foreign Trade of Vietnam JSC (also known as VCB Bank). The bank's earnings results disappointed investors during the quarter. The stocks of VCB Bank and other banks in Vietnam were also pressured by fraud occurring at competitor Saigon Commercial Bank. We maintain our conviction in the fundamental value and quality of VCB Bank. The company is state-owned and maintains a position as a leading retail and corporate bank. It is the largest bank in Vietnam, specializing in foreign exchange and industrial trade, and operates in a country we believe has immense, long-term investment potential.

Grupo Aeroportuario del Centro Norte SAB de CV, a Mexico-based airport operator more commonly called OMA, was another holding that detracted. The stocks of Mexican airport operators fell in unison in October following news that Mexico's civil aviation regulator will change tariff rules on airports. Later in the month, operators agreed to new rules that would increase the contribution of revenues they pay to the government. We reduced our position given the likely impact on earnings, an increased risk premium and uncertainty over the extent of the government's future involvement. *(Current and future holdings are subject to risk and change.)*

OUTLOOK

Heading into 2024, we like how the Fund is positioned. That positioning is always a byproduct of our company-specific, fundamental analysis rather than a top-down economic view. Nevertheless, our largest geographic weights are within countries that we believe are experiencing a few favorable macroeconomic or secular trends. For example, our largest country weight is in Vietnam, a nation that has been ahead of many developed markets in its efforts to tame inflation. The State Bank of Vietnam cut interest rates four times in 2023. Inflation in Vietnam tumbled from 4.9% at the start of 2023 to about 3.6% as of the end of December.

Going forward, we believe Vietnam has the potential to benefit from several economic and demographic tailwinds. It enjoys one of the highest global gross domestic product growth rates, and its population is growing in concert with its economy. This has yielded a budding domestic consumer market, more skilled workers and an attractive investment environment for foreign companies. In the next decade, we believe Vietnam will be a prime beneficiary of global companies' efforts to diversify their supply chains by adding manufacturing capabilities outside of China.

Additionally, more than a quarter of the Fund's geographic exposure is in Latin America through our investments in companies in Peru, Mexico and Brazil. We expect Mexico to experience robust economic growth in 2024, and we're already seeing Mexico-based companies benefit from "nearshoring," or the relocation of manufacturing plants to Mexico for proximity to customers in the U.S.

Meanwhile, Brazil enjoys a large, diverse economy, ample natural resources, a dynamic consumer market, skilled labor and recent tax regulation reforms that have boosted investor sentiment. Brazil also appears to be ahead of the curve in battling inflation. In December, Brazil's central bank cut its key interest rate by half a point for the fourth straight time in 2023, and its annual inflation rate fell to 4.68% in November. This rate is within the central bank's current target range of 1.75% to 4.75%.

In last quarter's commentary, we mentioned that we were considering investment opportunities in Saudi Arabian companies. Our research team was on the ground in the country during the fourth quarter, and we were impressed with Saudi Arabia's efforts to diversify its economy away from sole dependence on the cyclical oil and gas industry. We believe these efforts could lead to a self-perpetuating cycle of rising consumption and investment.

While we see opportunity within the portfolio heading into 2024, we're still aware of the risks. An economic slowdown in the U.S. and other developed markets would deliver a palpable headwind for frontier and emerging markets. Nonetheless, we believe the individual companies in which we have invested are relatively well-positioned to withstand potentially tougher macroeconomic conditions. The firms in the Fund's portfolio tend to have strong balance sheets and low levels of debt, and many have a history of generating high levels of return on invested capital. We believe such traits should help these companies withstand an economic slowdown better than many of their competitors. Further, many of these businesses are tied to innovative secular trends that we believe could continue to gain momentum even if the economic environment deteriorates. We look forward to watching how these companies grow and operate in the year ahead.

Thank you for the opportunity to manage your assets.

Sincerely,

Scott Thomas

TOTAL RETURNS

FOR PERIODS ENDED DECEMBER 31, 2023

	Quarter*	1 Year	3 Years	5 Years	10 Years
Frontier Emerging Small Countries Fund—Investor	9.79%	28.16%	-6.41%	5.86%	0.39%
Frontier Emerging Small Countries Fund—Institutional	9.97%	28.51%	-6.10%	6.20%	0.59%
MSCI Frontier Emerging Markets Index†	7.46%	11.83%	-1.55%	1.17%	0.54%
MSCI Frontier Markets Index†	3.97%	11.63%	-0.52%	3.33%	2.00%

**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 2.15% for the Investor Class and 1.95% 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 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. 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 Frontier Emerging Small Countries Fund's investment objective is long-term growth of capital.

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†The MSCI Frontier Emerging Markets and MSCI Frontier Markets indexes are free float adjusted market capitalization indexes designed to measure equity market performance in the global frontier and emerging markets.

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

Someone who is "bullish" or "a bull" is optimistic with regard to the stock market's prospects.

Gross domestic product (GDP) is a basic measure of a country's economic performance and is the market value of all final goods and services made within the borders of a country in a year.

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.

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

"Risk-on" is when investors are seeking the potentially higher returns of riskier assets and put money back in the market willing to risk the money, thus risk on.

FRONTIER EMERGING SMALL COUNTRIES FUND — TOP 10 HOLDINGS

AS OF SEPTEMBER 30, 2023

Security Name		Percent of Net Assets
FPT Corp.		10.8%
Bajaj Finance Ltd.		9.2%
MercadoLibre, Inc.		8.2%
Qualitas Controladora SAB de CV		6.4%
Bank for Foreign Trade of Vietnam JSC		6.4%
NU Holdings Ltd., Class A		6.4%
Globant SA		4.5%
WEG SA		3.9%
Raia Drogasil SA		3.8%
DCVFMVN Diamond ETF		3.7%
	Total	63.3%

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.