WASATCH GLOBAL INVESTORS

Quarterly Commentary

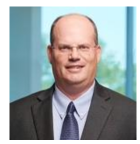
Investor FMIEX / Institutional WILCX

Wasatch Global Value Fund

SEPTEMBER 30, 2023

“Higher for Longer” Rate Outlook Replaces “Soft Landing” Narrative

FUND MANAGER



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Lead Portfolio Manager

10 YEARS ON FUND / 10 YEARS AT WASATCH

OVERVIEW

After opening the quarter on a positive note, stocks world-wide headed lower as rising oil prices added to concerns that global central banks would feel compelled to keep interest rates “higher for longer” in order to tamp down inflation. In addition, softening economic data in the United States and Europe, along with continued instability in China’s overleveraged property sector, raised the prospect of slowing global growth. Much of the market’s decline occurred in the latter part of September as U.S. Treasury yields spiked on the outlook for tighter-than-expected monetary policy from the Federal Reserve, with U.S. inflation remaining comfortably above the central bank’s 2% target.

The Wasatch Global Value Fund—Investor Class lost -1.77% in the third quarter of 2023, performing in line with the MSCI AC (All Country) World Value Index, which was down -1.76%. Index performance was led by the energy sector, which was up about 10%, while the interest-rate-sensitive utilities sector was the biggest laggard with a loss of nearly -9%. Contributions to the Fund’s performance relative to the benchmark were led by positioning within energy and industrials, where our holdings significantly outperformed their benchmark counterparts. Health care

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. Performance data do not reflect this redemption fee or taxes. ***Total Expense Ratio: Investor Class—Gross 1.20%, Net 1.10% / Institutional Class—Gross 1.14%, Net 0.95%. The Advisor has contractually agreed to limit certain expenses to 1.10% for the Investor Class and 0.95% for the Institutional Class through at least 1/31/2024.***

and communication services detracted most significantly due to a combination of stock-price weakness and our overweight positions in those sectors.

DETAILS OF THE QUARTER

Leading contributors to Fund performance for the third quarter included TotalEnergies SE. The French energy company benefited from the sharp rise in global crude-oil prices over the quarter, as well as from strength in European natural-gas prices. In addition, the company's results have benefited from historically wide refining margins, given capacity constraints in the wake of the Ukraine conflict. Finally, the company's annual Investor Day presentation was well-received, featuring plans for additional share buybacks and dividend increases.

Within financials, insurer Axis Capital Holdings Ltd. (AXS) was another strong contributor. Axis has been executing a shift away from reinsurance and exposure to natural catastrophes and toward the less-volatile specialty property & casualty business. Results have been supported by improved underwriting, a strong pricing environment and lower catastrophe-related losses, along with significant increases in gross premiums.

Industrials conglomerate Eaton Corp. PLC (ETN) was another contributor. As a provider of electrical components and systems, Eaton has been a prime beneficiary of a secular increase in infrastructure investment, including those spurred by the Inflation Reduction Act, which provides incentives to shift toward clean energy and upgrade the electrical grid. In addition, Eaton's results have been boosted by a pick-up in corporate spending on data centers and other information-technology projects. Investors have also looked favorably upon Eaton's strong pipeline of orders. We trimmed the position on strength in the quarter.

On the downside, Eversource Energy (ES), a regulated utility focused on Connecticut, Massachusetts and New Hampshire, was the largest individual detractor for the period. Regulated utilities are viewed by many investors as bond surrogates, and the increase in Treasury yields seen over the quarter weighed on the segment broadly. In addition, Eversource's reported earnings suffered from a $200 million-plus charge-off in relation to the sale of its interest in an offshore wind project. We added to the position on weakness as we expect the relative performance of utilities to benefit if the economy slows and interest rates ultimately decline.

Similarly, shares of telecommunications company Verizon Communications, Inc. (VZ) were negatively impacted by the rise in Treasury yields over the quarter. In addition, the larger telecom segment suffered from headlines in early July around potential liability for groundwater contamination related to lead-sheathed underground cables. We initially trimmed the position on the news before adding back on weakness on the view that the risk from the cables was overstated and more than reflected in the stock price. With the bulk of Verizon's investment in upgrading to a 5G network complete, the company's cash flow should increase, supporting its ability to pay down debt and increase the dividend.

Koninklijke Ahold Delhaize NV is a grocer with a presence in the Netherlands, Belgium and Germany. The company also operates more than 2,000 stores in the U.S. under such brands as Giant, Hannaford and Stop & Shop. Sentiment with respect to the broader grocery segment was constrained during the quarter by recession fears, given the higher-for-longer outlook for interest rates. So far, grocers have mostly been able to pass along cost increases in a high-inflation environment to consumers. However, should consumers begin to trade down to less-expensive, lower-margin brands, this would weigh on grocer margins. We continue to like the stock as the company is well-run, and we think the consumer-staples sector—including grocers—should hold up relatively well if the economy slows or tilts into recession. (*Current and future holdings are subject to risk and change.)*

OUTLOOK

We've been skeptical for some time of the "soft landing" narrative that prevailed for much of the prior quarter. As such, we continue to view a recession at some point in 2024 as more likely than not as the economy digests the impact of the increases in borrowing costs already implemented by central banks. Given this outlook, we've adopted an increasingly defensive stance, moving into less-expensive areas of the market that feature more stable earnings and higher dividends. This stance worked against us to some degree in the third quarter as the rise in Treasury yields weighed on high-dividend, bond-surrogate sectors such as utilities and real estate, but we believe it leaves us well-positioned for what we think will be an inevitable economic slowing.

In this vein, the Fund is overweight to the utilities, consumer-staples, communication-services and health-care sectors, and underweight to the financials, industrials, materials, consumer-discretionary and information-technology sectors. More broadly, the Fund's holdings are high quality based on strong free cash flow and sound balance sheets, while also featuring larger market capitalizations, less-expensive valuations, above-average dividends and lower beta (market sensitivity) relative to the Fund's benchmark.

As always, we'll continue to adhere to our discipline in selecting stocks regardless of the short-term direction of the markets in response to a shifting macroeconomic and geopolitical backdrop.

Thank you for the opportunity to manage your assets.

Sincerely,

David Powers

TOTAL RETURNS

FOR PERIODS ENDED SEPTEMBER 30, 2023

	Quarter*	1 Year	3 Years	5 Years	10 Years
Global Value Fund—Investor	-1.77%	16.16%	15.42%	5.88%	7.17%
Global Value Fund—Institutional	-1.73%	16.23%	15.58%	6.02%	7.31%
MSCI AC (All Country) World Value Index**	-1.76%	16.98%	9.72%	3.97%	5.27%

**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 1.10% for the Investor Class and 0.95% 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. Performance data do 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.

Investments in value stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the market for long periods of time. Investing in foreign securities, especially in emerging and frontier markets, entails special risks, such as currency fluctuations and political uncertainties, which are described in more detail in the prospectus. Loss of principal is a risk of investing.

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 Global Value Fund's investment objectives are to seek capital appreciation and income.

** The MSCI AC (All Country) World Value Index captures large- and mid-cap securities exhibiting overall value style characteristics across 23 developed-market countries and 24 emerging-market countries.

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

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Beta is a quantitative measure of the volatility of a given stock relative to the overall market. A beta above one is more volatile than the overall market, while a beta below one is less volatile.

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.

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

GLOBAL VALUE FUND — TOP 10 HOLDINGS

AS OF JUNE 30, 2023

Security Name	Percent of Net Assets
Johnson & Johnson	5.3%
TotalEnergies SE	4.8%
Novartis AG	4.3%
Duke Energy Corp.	4.1%
Exelon Corp.	4.1%
Union Pacific Corp.	4.0%
KT&G Corp.	3.8%
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	3.3%
Bristol-Myers Squibb Co.	3.3%
Koninklijke Ahold Delhaize NV	3.2%
Total	40.2%

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.