WASATCH GLOBAL INVESTORS

Quarterly Commentary

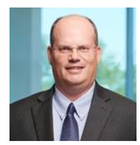
Investor FMIEX / Institutional WILCX

Wasatch Global Value Fund

MARCH 31, 2024

Stocks Move Higher on Hopes for Rate Cuts and a Soft Landing

FUND MANAGER



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Lead Portfolio Manager

10 YEARS ON FUND / 10 YEARS AT WASATCH

OVERVIEW

Global equities moved higher in the first quarter, with many indexes finishing the period near record highs. Sentiment was supported as the world economy continued to expand despite the past series of interest-rate hikes from leading central banks. In addition, the U.S. Federal Reserve (Fed) continued to signal that it planned to begin cutting rates in 2024, bolstering hopes that the economy would avoid recession. Equity performance was strong in the U.S., particularly among large-cap growth stocks, although leadership began to broaden to include areas that had lagged in 2023, such as more economically sensitive sectors.

The Wasatch Global Value Fund—Investor Class returned 4.37% in the first quarter of 2024, underperforming the MSCI AC World Value Index, which returned 6.85%. The market's focus on growth stocks was a headwind to our more defensive positioning, which we believe is prudent given the growing signals that we think indicate the economy is slowing more than expected. We talk more about this in the *Outlook* section below.

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 1.18%, Net 1.11% / Institutional Class—Gross 1.12%, Net 0.96%. 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 1/31/2025.***

Within the Index, performance was led by the financials sector, followed by energy and industrials. The real-estate sector was the biggest laggard, posting a modest negative return, followed by materials.

Contributions to the Fund's performance relative to the benchmark were led by positioning within financials and information technology, while positioning within health care, real estate and energy weighed most heavily on performance.

DETAILS OF THE QUARTER

Leading individual contributors to the Fund's relative performance included Taiwan-based Hon Hai Precision Industry Co. Ltd., which builds components and performs assembly for a range of products, including handsets, PCs, electric vehicles and servers. The company has emerged as a prime beneficiary of the rapid rise in demand from customers such as Microsoft and Nvidia for graphical processing units and other components used in artificial intelligence (AI) servers. As a result, Hon Hai's server business is projected to increase from approximately 5% of the company's overall business mix to the 15-20% range.

Citigroup Inc. (C) saw its shares benefit over the quarter from the emergence of a turnaround narrative. The bank has underperformed its peers with respect to growth and earnings for a number of years. Under a new CEO, Citigroup has demonstrated it's on course to cut costs, sell assets and tighten its focus on more profitable businesses. In addition, sentiment with respect to the broader banking segment has benefited from expectations of a "soft landing" for the economy. We believe the stock has further upside as the new management team implements its plan to drive efficiencies and increase profitability.

Specialty insurance company Axis Capital Holdings Ltd. (AXS) was another notable contributor. Expectations that Axis would need to take a charge against earnings in order to strengthen its reserves had weighed on the stock price. The stock was boosted in the quarter as a new CEO announced a significant charge against the company's insurance and reinsurance business lines, removing the overhang to sentiment and setting the stage for improved results going forward. More broadly, insurers have been supported by a strong pricing environment along with favorable reinvestment rates, given Treasury yields that are attractive by the standard of recent years.

On the downside, the biggest detractors included mining company BHP Group Ltd. within materials. BHP experienced a pair of sizable write-downs in the quarter in conjunction with two events—a 2015 dam failure in Brazil that led to a several-billion-dollar damage award and the closing of a mine in Australia in the wake of a sharp decline in nickel prices. Perhaps most important, roughly 70% of the company's earnings are derived from producing iron ore, which has experienced declining prices driven in large part by China's efforts to shift its economy away from property construction and towards exports. We used the weakness in BHP shares to add to our position on the belief that prices for iron ore and copper have already bottomed and the company will benefit as their prices normalize.

Pharmaceutical company Pfizer, Inc. (PFE) also detracted. The health-care company's post-Covid performance has been weak, and the market has been looking for signs of a turnaround. However, Pfizer's drug pipeline has proven slow to deliver any kind of meaningful catalyst to earnings, as highlighted by the prior quarter's abandonment of efforts to commercialize an obesity treatment pill due to its side effects. In addition, because the stock carries a high dividend and is viewed as a defensive position, the rationale for holding it has been undercut by the current level of Treasury yields and soft-landing narrative. We sold the stock in the quarter in favor of more attractively valued opportunities.

Kimco Realty Corp. (KIM) is a REIT focused on grocery-anchored shopping malls located in "first-ring" suburbs. Relatively high Treasury yields have weighed on REIT valuations as the group is viewed as a bond surrogate. In addition, the company guided slightly lower in the quarter, in keeping with its generally conservative approach. We believe the lower guidance was primarily driven by a recent acquisition that will eventually be accretive to Kimco's bottom line. We maintained our position. *(Current and future holdings are subject to risk and change.)*

OUTLOOK

In our view, the market is fully pricing in a successful soft landing for the economy. Valuations are elevated relative to historical levels, even after adjusting for the generally higher-quality composition of indexes today. Price momentum has been a significant driver of returns, which has been a headwind for the Fund given our focus on fundamentals.

We wouldn't be surprised to see the economy and corporate earnings slow more than the market currently anticipates as the lagging effect of past interest-rate hikes is felt. Under this scenario, when the Fed ultimately begins to cut rates, it may not be greeted with enthusiasm by investors, but rather viewed as a cause for concern. As such, the Fund continues to be defensively positioned. We remain focused on relatively inexpensive, lower-volatility stocks of larger-cap companies with high free cash flows, strong balance sheets and attractive dividend yields. Holdings are broadly diversified across regions and sectors.

As always, we'll continue to adhere to our stock-selection discipline 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 MARCH 31, 2024

	Quarter*	1 Year	3 Years	5 Years	10 Years
Global Value Fund—Investor	4.37%	9.89%	6.29%	8.52%	7.43%
Global Value Fund—Institutional	4.53%	10.20%	6.50%	8.70%	7.59%
MSCI AC (All Country) World Value Index**	6.85%	18.01%	6.67%	7.64%	5.98%

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—Gross 1.18%, Net 1.11% / Institutional Class—Gross 1.12%, Net 0.96%.**

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 1/31/2025.** 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. 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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Diversification is a strategy that mixes a variety of investments within a portfolio in an attempt to reduce risk. Diversification does not eliminate the risk of experiencing investment losses.

Dividend yield is a company's annual dividend payment divided by its market capitalization, or the dividend per share divided by the price per share. For example, a company whose stock sells for $30 per share that pays an annual dividend of $3 per share has a dividend yield of 10%.

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 DECEMBER 31, 2023

Security Name		Percent of Net Assets
TotalEnergies SE		4.9%
Johnson & Johnson		4.8%
Duke Energy Corp.		4.5%
Novartis AG		4.3%
KT&G Corp.		4.2%
Union Pacific Corp.		3.8%
Exelon Corp.		3.7%
Muenchener Rueckversicherungs-Gesellschaft AG		3.4%
Pfizer, Inc.		3.2%
JPMorgan Chase & Co.		3.1%
	Total	39.9%

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.