WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAGCX / Institutional WGGCX

Wasatch Greater China Fund

JUNE 30, 2023

China's Economic Recovery Remains a Work in Progress

OVERVIEW

The Wasatch Greater China Fund—Investor Class was down -17.83% during the second quarter of 2023, underperforming the benchmark MSCI China Index, which dropped -9.71% during the period.

Chinese equities lagged other markets after economic data showed the country's economy was not rebounding as sharply as expected once the government lifted pandemic-related lockdowns. The Chinese government's economic stimulus measures also proved disappointing.

The Fund's underperformance relative to the benchmark was due largely to stock selection in the information-technology (IT) and consumer-staples sectors. Overweight positions in both sectors were also a headwind to relative performance. Within the IT sector, the Fund is overweight in software and semiconductor companies. The stocks of these companies struggled due to concerns about slowing IT spending and the ongoing semiconductor cycle.

DETAILS OF THE QUARTER

Glodon Co. Ltd., a Beijing-based provider of construction, design and engineering software, was the largest detractor from Fund performance for the quarter. The stock was down after company management reported disappointing quarterly earnings results. The lackluster results came amid an ongoing slump in China's housing market but were also

FUND MANAGERS

Dan Chace, CFA
Lead Portfolio Manager
2 YEAR ON FUND / 21 YEARS AT WASATCH

Allison He, CFA
Associate Portfolio Manager
2 YEAR ON FUND / 10 YEARS AT WASATCH

Pedro Huerta, CFA
Associate Portfolio Manager
2 YEARS ON FUND / 6 YEARS AT WASATCH

Kai Pan, PhD
Associate Portfolio Manager
2 YEARS ON FUND / 4 YEARS AT WASATCH

Kevin Unger, CFA
Associate Portfolio Manager
2 YEARS ON FUND / 7 YEARS AT WASATCH

Data show past performance, which is not indicative of future performance. 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 3.56%, Net 1.62% / Institutional Class—Gross 2.61%, Net 1.36%. The Advisor has contractually agreed to limit certain expenses to 1.50% for the Investor Class and 1.25% for the Institutional Class through at least 1/31/2024.***

attributable to a reorganization of Glodon's sales channels. Although we can't predict when China's housing market will return to full strength, we view Glodon's setback during the quarter as transient. The company continues to have significant opportunity in an underpenetrated construction-software market, and it offers builders effective ways to cope with rising costs and increased safety and environmental regulations.

Hangzhou Tigermed Consulting Co. Ltd., which provides clinical testing and research to pharmaceutical and medical device makers, was another detractor. Concern about a potential slowdown in pharmaceutical spending on research and development weighed on the stock. However, we're taking a longer-term view of the company's growth potential. China is the world's second-largest pharmaceutical market after the U.S., and the government is emphasizing domestic innovation and the development of a strong domestic pharmaceutical industry as the population becomes older and wealthier. Tigermed, which also works with pharmaceutical giants outside China, has a strong management team that we believe has done a good job of structuring incentives to attract and retain managers and skilled technicians.

Silergy Corp. also detracted from Fund performance. Silergy produces integrated-circuit chips used in a wide array of electronic devices. The company's shares struggled amid competitive pressures and a weak demand environment, which we believe is cyclical and temporary. Lowered short-term expectations for the automotive segment of the business may also have dampened enthusiasm for the stock. Even so, Silergy's value proposition remains attractive in our view, and we think the company could emerge from the current semiconductor cycle in a stronger competitive position.

Sinbon Electronics Co. Ltd. was the top contributor to the Fund's performance. The company continues to produce solid earnings and revenue growth, which has pushed the stock higher in recent months. Based in Taiwan, Sinbon makes custom cables, wires and connectors. We continue to believe the company has a long runway for growth. Our research indicates that the management team has done a good job of carving out long-term relationships with businesses in many high-growth verticals, including the green energy, medical and automotive industries. Further, we believe the company's highly variable manufacturing processes, which allow it to produce various cables with unique specifications, is a differentiator for the firm.

Techtronic Industries Co. Ltd., a Hong Kong-based maker of cordless power tools and vacuum cleaners for the global consumer and professional markets, was another bright spot in the quarter. Techtronic's products are sold under the popular brand names Milwaukee, Ryobi, Hoover and Dirt Devil, among others. The company has benefited from momentum in the U.S. housing market, which has stayed strong despite high mortgage rates. Techtronic remains one of our largest position sizes and highest-conviction holdings. We believe the company has solid brand recognition and a strong lead over competitors in the growing market for cordless tools. (*Current and future holdings are subject to risk and change.)*

OUTLOOK

Despite the largely pandemic-related headwinds that China has faced in recent years, we believe the long-term case for investing in Chinese companies remains solid. China is the world's second-largest economy and stock market after the U.S., and is an increasingly pivotal player in the global economy and geopolitics. The country is also a considerable source of innovation.

In addition, we believe that investment in China's equity markets provides investors with some diversification benefits, as these markets remain relatively uncorrelated with other major developed and emerging markets. These markets are also relatively inefficient in terms of stock coverage by analysts, which creates more opportunities for bottom-up, research-focused active managers like Wasatch to add value.

Even after recent cuts to economic growth forecasts, it's worth noting that China's economy is still growing at a solid rate. We believe the government knows that efforts to bolster the economy have fallen short and it's motivated to do more. It's also worth bearing in mind that China only emerged from pandemic lockdowns a few months ago, and the recovery is still a work in progress.

While economic data following China's reopening has been somewhat disappointing thus far, a silver lining is that we've been able to visit the country and conduct research in person again. In May, we visited China for two weeks, meeting with the management teams of most companies that we own. The trip also gave us a chance to delve into a few new opportunities that could soon make their way into the portfolio. Fresh off that visit, we're excited about the growth potential of the businesses held in the Fund, and we look forward to seeing how these companies perform in the months ahead.

Thank you for the opportunity to manage your assets.

Sincerely,

Dan Chace, Allison He, Pedro Huerta, Kai Pan and Kevin Unger

AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED JUNE 30, 2023

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
Greater China Fund—Investor	-17.83%	-26.66%	N/A	N/A	-19.98%
Greater China Fund—Institutional	-17.76%	-26.44%	N/A	N/A	-20.01%
MSCI China Index†	-9.71%	-16.82%	N/A	N/A	-18.30%

**Returns less than one year are not annualized.*

***The Wasatch Greater China Fund's inception date was November 30, 2020.*

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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 1.50% for the Investor Class and 1.25% 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.

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. Investing in foreign securities, especially in emerging markets, entails special risks, such as unstable currencies, highly volatile securities markets and political and social instability, which are described in more detail in the prospectus. 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.

The Fund is subject to risks associated with investments in the Greater China Region that could affect the value of your investment. The Fund may invest in securities through the China Stock Connect programs, which subject the Fund to unique accessibility risks affecting the Fund's ability to efficiently execute its strategy. These risks are described in more detail in the prospectus.

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.

The Wasatch Greater China Fund's investment objective is long-term growth of capital.

†The MSCI China Index captures large- and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). The index covers about 85% of this China equity universe. Currently, the index includes large-cap A shares and mid-cap A shares represented at 20% of their free float adjusted market capitalization.

Indexes are unmanaged. Investors cannot invest directly in an index.

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)

Diversification does not eliminate the risk of experiencing investment losses.

Earnings growth is a measure of growth in a company's net income over a specific period, often one year.

GREATER CHINA FUND — TOP 10 HOLDINGS
AS OF MARCH 31, 2023

Security Name	Percent of Net Assets
H World Group Ltd.	5.7%
Chailease Holding Co. Ltd.	5.0%
Silergy Corp.	4.6%
Glodon Co. Ltd., Class A	4.5%
Tencent Holdings Ltd.	4.3%
Airtac International Group	4.0%
Sino Wealth Electronic Ltd., Class A	3.9%
Shenzhen Mindray Bio-Medical Electronics Co. Ltd.	3.8%
SG Micro Corp., Class A	3.7%
Sinbon Electronics Co. Ltd.	3.6%
Total	43.2%

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.