WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAGCX / Institutional WGGCX

Wasatch Greater China Fund

DECEMBER 31, 2023

Chinese Equities Continued To Lose Ground, but the Fund Fared Better Than Its Benchmark

OVERVIEW

The Wasatch Greater China Fund—Investor Class was down -1.81% during the fourth quarter of 2023 but fared better than the benchmark MSCI China Index, which dropped -4.22% during the period.

Chinese equities lost ground in the fourth quarter. Investor sentiment toward the country remained low due to concerns about a real-estate bubble, geopolitical tensions and generally softer-than-expected economic data.

In this environment, the Fund lost ground but did not decline as much as the benchmark. Stock selection among information-technology (IT) companies and an overweight position in the IT sector contributed the most to performance relative to the benchmark. Within the IT sector, the Fund owns several companies tied to the semiconductor supply chain. The stocks of those companies rebounded moderately in the fourth quarter on signs that the semiconductor demand cycle may be picking up.

FUND MANAGERS

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

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

Pedro Huerta, CFA
Associate Portfolio Manager
3 YEARS ON FUND / 7 YEARS AT WASATCH

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

Kevin Unger, CFA
Associate Portfolio Manager
3 YEARS ON FUND / 8 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—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.***

As 2023 ended, we also wanted to provide an update on annual performance. For the year, the Fund's Investor Class was down -25.09%, while the benchmark lost -11.20%. Much of our underperformance for the period was due to stock selection in the IT, consumer-discretionary and financials sectors. While investing in China has been frustrating this year, we continue to like the long-term growth potential of the companies held in the Fund's portfolio. We share more on those views in the outlook section below.

DETAILS OF THE QUARTER

Silergy Corp. was the top contributor to the Fund's performance during the fourth quarter. The company manufactures integrated-circuit chips used in a wide array of electronic devices. Silergy's stock price advanced as investors anticipated a recovery in demand for semiconductor chips. Looking ahead, Silergy's long-term growth prospects remain attractive in our view.

Another top contributor was Techtronic Industries Co. Ltd., a Hong Kong-based maker of cordless power tools and vacuum cleaners. The company reported strong sales in its third quarter and management expressed confidence that the company would reach growth targets for the first half of 2024. Declining U.S. interest rates also played a role in driving Techtronic's stock higher. Lower interest rates could lead to a pickup in U.S. homebuilding activity, which would benefit Techtronic's lead U.S. brand, Milwaukee Tool. We continue to have a high degree of conviction in Techtronic's potential, which is why it's one of the largest positions in the Fund. We believe the company has solid brand recognition and a strong market position in the growing market for cordless tools.

Yifeng Pharmacy Chain Co. Ltd. also contributed to Fund performance. The stock of the retail pharmacy chain operator was up after the company reported an acceleration in same-store sales growth in October and November. We anticipate increasing demand at Yifeng pharmacies due in part to changing insurance regulations and also as Chinese society continues to open up from Covid-19 pandemic restrictions. Beyond those near-term tailwinds, we see a much longer runway for Yifeng's growth. The Chinese pharmacy market remains extremely fragmented, with the 10 largest companies accounting for less than a quarter of total market share and retail pharmacies accounting for only about 10% of prescriptions filled. More than three-quarters of prescriptions are instead filled at state-run hospitals. Yifeng is increasing the number of its stores organically and continues to make bolt-on acquisitions that give the company more scale and purchasing power within the fragmented pharmacy market. Yifeng's moves come at a time when the retail pharmacy industry appears poised to take market share away from state-run hospital drug dispensaries.

Wuxi Biologics Cayman, Inc. was the largest detractor from the Fund's performance during the fourth quarter. Wuxi helps create biological medicines and provides value-added services to other pharmaceutical companies. Wuxi's stock price fell sharply after the company announced that revenue growth would fall short of management's target in 2023. Funding for biologic drugs in China has been weak, which has impacted demand for Wuxi's services. In addition, tension between China and the U.S. has been a headwind for Wuxi's partnerships with U.S. pharmaceutical and biologic companies. Despite the stock's fourth-quarter selloff, we continue to like Wuxi. We believe the company plays an important role in the complex process of researching, developing and manufacturing biologic treatments. Over the long-term, we believe demand for Wuxi's services should continue to be strong as health-care innovation pushes forward.

Meituan was another detractor. The company is best known for its food-delivery platform that links consumers and merchants, though it also connects consumers with other services in their local markets. Meituan produced solid operating results in its most recently reported quarter, but management warned that revenue growth for its food-delivery business was likely to slow, which weighed on the stock. Competitive intensity is ramping up for Meituan, as large internet companies compete to take share in the food delivery and local services market. We are concerned about heightened competition and continue to monitor the competitive landscape and the company.

Another detractor was **Contemporary Amperex Technology Co. Ltd.**, the world's largest electric vehicle battery maker. Electric vehicle sales have slowed in China lately, which has affected near-term revenue growth for Contemporary Amperex. Despite the near-term headwinds, the company's battery technology is still cutting edge in our view. We believe Contemporary Amperex continues to have a long runway for growth as electric vehicles gain traction both domestically and internationally. *(Current and future holdings are subject to risk and change.)*

OUTLOOK

Investor sentiment toward China is at an undeniable low point. And some investors' concerns are well-founded. The country is experiencing a real-estate downturn, rising geopolitical tensions, high youth unemployment, a stifling of innovation among private enterprises due to government meddling, and weaker-than-expected consumer spending coming out of the pandemic. But at this point, sentiment is so low that we wouldn't be surprised to see stocks have a short-term rebound if there's even a whiff of positive economic news concerning China.

For a stock-market rally to be sustainable, however, the Chinese government needs to address some of its country's economic headwinds. We think officials are keenly aware of the task at hand. At China's Central Economic Work Conference in December, just about every speech from a government official acknowledged the need to do more to stimulate growth. We anticipate bolder action from the government in 2024 than we saw in 2023.

For our part, we try to look past short-term market sentiment, whether it's positive or negative, and focus on the long-term growth prospects of the companies in the Fund. And as we look across our holdings, we believe many of the companies held by the Fund could be world leaders in their respective products and technologies.

Many firms in the Fund are tied to secular growth tailwinds within China. For example, we own companies that benefit from China's push toward factory automation. We have also invested in companies that are central to the government's creation of a domestic semiconductor supply chain or that provide the building blocks for biological and pharmaceutical innovations. Still other companies in which we invest are key to China's efforts to ramp up electric vehicle production, and others are creating insurance products designed to protect the wealth of a rising middle class. We believe these themes will play out over years or even decades.

While we can't predict when short-term investor sentiment toward China will turn positive, we continue to have solid conviction in the long-term growth prospects of our companies. In 2024, we'll continue to focus on the businesses in which we invest and their strategic execution. In time, we believe investors will reward these companies if they produce the revenue and earnings growth we expect.

Thank you for the opportunity to manage your assets.

Sincerely,

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

TOTAL RETURNS

FOR PERIODS ENDED DECEMBER 31, 2023

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
Greater China Fund—Investor	-1.81%	-25.09%	-22.12%	N/A	-19.79%
Greater China Fund—Institutional	-1.82%	-25.05%	-22.15%	N/A	-19.82%
MSCI China Index†	-4.22%	-11.20%	-18.43%	N/A	-17.25%

**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. 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.

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.

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

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WASATCH GLOBAL INVESTORS

†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.

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GREATER CHINA FUND — TOP 10 HOLDINGS

AS OF SEPTEMBER 30, 2023

Security Name	Percent of Net Assets
H World Group Ltd.	5.9%
Kweichow Moutai Co. Ltd., Class A	5.5%
Airtac International Group	5.3%
Shenzhen Inovance Technology Co. Ltd., Class A	5.1%
Tencent Holdings Ltd.	5.0%
Wuxi Biologics Cayman, Inc.	4.4%
Techtronic Industries Co. Ltd.	4.0%
Silergy Corp.	4.0%
Chailease Holding Co. Ltd.	3.9%
Shenzhen Mindray Bio-Medical Electronics Co. Ltd., Class A	3.7%
Total	46.8%

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.