WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAGCX / Institutional WGGCX

Wasatch Greater China Fund

MARCH 31, 2024

We See Signs That the Macroeconomic Backdrop in China Is Finally Improving

OVERVIEW

The Wasatch Greater China Fund—Investor Class was down -6.51% during the first quarter of 2024 and underperformed the benchmark MSCI China Index, which dropped -2.19% during the period.

Stock selection in the information-technology (IT) and financials sectors detracted most from the Fund's performance relative to its benchmark. However, our holdings in the consumer-discretionary and industrials sectors contributed to relative results.

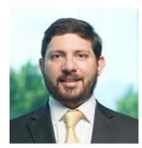
Our underperformance in the IT sector was largely due to a few specific holdings, some of which are discussed in the next section. Within the financials sector, our performance suffered because we had minimal exposure to several state-owned banks that enjoyed large rebounds in the first quarter. The stocks of those banks traded at extremely low valuations heading into the quarter, and in our view, their rebound was due less to fundamentals and more to the fact that the stocks had simply become extremely cheap.

While not owning these state-owned banks hurt performance in the short term, the state-owned banks don't typically meet our high-quality

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 / 11 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
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3 YEARS ON FUND / 8 YEARS AT WASATCH

growth criteria for investing, and we are comfortable holding higher quality, and often more profitable, financial companies over the long term.

DETAILS OF THE QUARTER

The largest detractor from Fund performance during the quarter was Silergy Corp. A Taiwanese company, Silergy manufactures mixed-signal and analog integrated-circuit chips used in a wide array of electronic devices. During the first quarter, shares of Silergy gave back some of their previous quarter's robust gains. A disappointing earnings report weighed on the stock. On the plus side, an overhang of inventory in supply channels has largely been cleared, and management has indicated they expect to see revenue growth in the final three quarters of 2024.

Wuxi Biologics Cayman, Inc. was another large detractor from Fund performance. Wuxi is a contract research, development and manufacturing organization (CRDMO). Its technology platform helps biotechnology and pharmaceutical companies discover, develop and manufacture biologics from concept to commercial manufacturing. The stock has been down due to concerns about U.S. government efforts to limit Chinese companies' access to critical industries such as biotech. Recently, a U.S. congressional committee drafted a bill that would restrict federally funded medical providers in the U.S. from contacting Wuxi.

Admittedly, there's a lot of uncertainty around Wuxi's U.S. business, and we continue to watch developments closely. Absent geopolitical tensions, we believe Wuxi is a great business. We would expect considerable growth as biotech innovation spurs the development of new drugs and as research and development of those treatments are outsourced to Chinese companies—such as Wuxi, which can conduct research and development at lower costs than in many other areas of the world.

Sino Wealth Electronic Ltd. was another detractor. The company manufactures microcontroller units (MCUs), which are essential to the functionality of the end products that require them. While inventories have come down in some of Sino's end markets, demand has not rebounded as much as we might have expected, and we are currently reviewing the stock.

H World Group Ltd. was the top contributor to Fund performance during the quarter. The company operates and franchises hotels in China. H World continues to benefit from strong domestic travel within the country, and the stock has been up in response to heightened hotel demand. Looking ahead, we believe H World will benefit as China's rising middle class travels more often and as the country's fractured hotel industry consolidates.

Another top contributor was Techtronic Industries Co. Ltd., a Hong Kong-based maker of cordless power tools and vacuum cleaners. The company is best known for its U.S. brand Milwaukee Tool. In 2023, the brand experienced an uptick in sales in the first half of the year and a sharper rise in the second half, which helped drive the stock higher. We continue to believe Techtronic has a long runway for growth due to solid brand recognition and a strong position in the growing end market for cordless tools.

Contemporary Amperex Technology Co. Ltd. was another stock with strong returns. The stock had been down last quarter due to slowing electric vehicle sales in China. With the valuation low, we felt the company only needed a hint of positive news to lift the stock—and Contemporary Amperex received it this quarter. The company's profit margins were wider than expected, and we were impressed by its ability to uphold those margins in a down cycle for electric vehicles. Contemporary Amperex's batteries have also gained market share outside of China, which gain was positive for the stock. Finally, investors were also encouraged that the company announced a special dividend.

Our views on Contemporary Amperex remain unchanged. The company's battery technology is cutting edge, in our view, and we believe the company will benefit as electric vehicles gain traction both domestically and internationally. *(Current and future holdings are subject to risk and change.)*

OUTLOOK

While China still faces several geopolitical and macroeconomic headwinds, one could argue that many of those concerns are already priced into markets. From here, low expectations and a potentially improving economy could be a turning point for Chinese equities.

In prior commentaries, we've mentioned some of the challenges China faces. Geopolitical tensions are rising, youth unemployment is high, government meddling has stifled innovation in certain industries and the country continues to work through a real-estate bubble. Amid these struggles, China never experienced the strong economic rebound investors expected when the government loosened Covid restrictions at the beginning of 2023. The disappointing environment is reflected in valuations, with the MSCI China Index trading at roughly 10 times forward earnings, which is near its lowest level in at least 10 years.

However, there are signs that China's economy may be incrementally improving. In March, China's manufacturing activity expanded at its most brisk pace in more than a year, and business confidence hit an 11-month high. Retail sales grew at 5.5% in the first two months of 2024. Meanwhile, travel is rebounding. And data from some of our own companies suggests demand is picking back up. For example, Meituan, a holding in the Fund, reported dining was up 160% year over year during the Chinese New Year.

Meanwhile, China's government is taking steps to stabilize the country's real-estate market. For example, the government provides indirect funding to get developers to complete thousands of unfinished projects. Looking ahead, we expect real estate will likely remain a negative overhang for China, but we believe the government can prevent a bubble from becoming a systemic crisis. In summary, low valuations, an improving economy and signs of stability in the real-estate market could set the stage for better returns in Chinese equities for the rest of the year.

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 MARCH 31, 2024

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
Greater China Fund—Investor	-6.51%	-30.83%	-23.65%	N/A	-20.10%
Greater China Fund—Institutional	-6.54%	-30.82%	-23.62%	N/A	-20.14%
MSCI China Index†	-2.19%	-17.05%	-18.92%	N/A	-16.63%

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

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

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 4.77%, Net 1.53% / Institutional Class—Gross 3.39%, Net 1.27%**

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 1/31/2025.** 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. 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 China and countries in the greater China region that could affect the value of your investment in the Fund, including government control over currencies, economic conditions, industries and specific issuers, as well as continued strained international relations, uncertainty regarding taxes, and limits on credible corporate governance and accounting standards. Because of its exposure to greater China, including Mainland China and China's special administrative regions, such as Hong Kong, the Fund is subject to greater risk of loss as a result of volatile securities markets, adverse exchange rates and social, political, military, regulatory, economic or environmental developments, or natural disasters that may occur in the China region. The imposition of tariffs or other trade barriers by the U.S. or foreign governments on exports from China may also have an adverse impact on Chinese issuers. The Fund may invest in the securities of Chinese issuers through the China Stock Connect programs. Trading through the Stock Connect Programs is currently subject to a daily quota, which limits the maximum net purchases by all purchasers using the Stock Connect Programs each day. While the daily quotas are relatively large, there is the possibility that the quotas could be reduced or exceeded, meaning buy orders for China A-shares would be rejected, affecting the Fund's ability to efficiently execute on its investment strategy.

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.

†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.

GREATER CHINA FUND — TOP 10 HOLDINGS

AS OF DECEMBER 31, 2023

Security Name		Percent of Net Assets
Silergy Corp.		7.5%
Kweichow Moutai Co. Ltd., Class A		6.1%
Tencent Holdings Ltd.		5.8%
Airtac International Group		5.8%
Shenzhen Inovance Technology Co. Ltd., Class A		5.3%
H World Group Ltd.		5.1%
Techtronic Industries Co. Ltd.		5.0%
Yifeng Pharmacy Chain Co. Ltd., Class A		4.4%
Shenzhen Mindray Bio-Medical Electronics Co. Ltd.		4.2%
Proya Cosmetics Co. Ltd., Class A		3.5%
	Total	52.7%

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.