WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAIGX / Institutional WIIGX

Wasatch International Growth Fund

MARCH 31, 2023

The Fund Outperformed Its Benchmark in a Volatile Period for International Equities

OVERVIEW

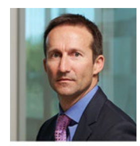
For the first quarter of 2023, the Wasatch International Growth Fund—Investor Class gained 6.07% and outperformed the benchmark MSCI AC (All Country) World ex USA Small Cap Index, which was up 4.70%.

International equities notched gains for the period but were volatile. Stocks started the year on an upswing, but signs of persistent inflation began to weigh on equity markets in February. Volatility continued in March after a few high-profile bank failures led to concerns about the industry.

On a geographic basis, the Fund's modest overweight to Mexico contributed to its outperformance of the benchmark. Stock selection in Canada also contributed to relative results. Conversely, stock selection in Korea and Italy detracted from relative performance.

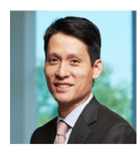
At the sector level, stock selection in the industrials and financials sectors aided relative performance. However, stock selection within the health-care sector detracted from relative results.

FUND MANAGERS



Ken Applegate, CFA, CMT
Lead Portfolio Manager
7 YEARS ON FUND / 8 YEARS AT WASATCH

Linda Lasater, CFA
Portfolio Manager
9 YEARS ON FUND / 16 YEARS AT WASATCH



Derrick Tzau, CFA
Associate Portfolio Manager
3 YEARS ON FUND / 5 YEARS AT WASATCH

Data show past performance and 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 does not reflect this redemption fee or taxes. ***Total Expense Ratio: Investor Class—1.44% / Institutional Class—1.33%. The Advisor has contractually agreed to limit certain expenses to 1.75% for the Investor Class and 1.35% for the Institutional Class through at least 1/31/2024.***

DETAILS OF THE QUARTER

The most significant contributor to the Fund's performance during the quarter was BayCurrent Consulting, Inc., a Japan-based business management and information-technology (IT) consultant. Demand for digital transformation projects, a key area of focus for BayCurrent, continues to be strong, which has helped lift the company's stock in recent months. Margins for the business also remain strong after management successfully pushed through price increases to offset rising wages. Such results indicate that our thesis on the company continues to play out. Japan is behind many countries when it comes to digitalization. The pandemic and work-from-home environment underscored its need to catch up. As Japanese enterprises undertake large-scale digitalization projects, we believe domestic IT consultants such as BayCurrent have a strong home-country advantage relative to global consulting firms.

Another top contributor was Grupo Aeroportuario del Centro Norte SAB de CV, a Mexico-based international airport operator known as "OMA." The company, which has government contracts to run 13 airports in northern and central Mexico, has benefited from a rebound in travel as the decline in Covid-19 cases and severity has unleashed pent-up demand. In February, OMA reported fourth-quarter earnings that included an 11.8% increase in net income and a 20.7% jump in passenger traffic compared with the prior-year quarter. Traffic has now surpassed pre-pandemic levels, the company said.

The stock of Melexis NV was also up substantially in the quarter. The Belgium-based company designs and develops integrated circuits for automotive electronics systems. Melexis has experienced strong demand in its niche end markets, as its products play a large role in the electrification of automobiles. The company is embarking on building a new facility in Malaysia, and its investment in new capacity speaks to the strong future demand that management expects for its products.

The largest detractor during the period was Abcam PLC. The stock of the British health-care company was down after it reported annual revenue that was below consensus expectations, due in part to the implementation of a new enterprise resource planning (ERP) system, an undertaking that caused an order backlog in September and October. Covid-19 restrictions also reduced the company's revenues from China. While these were near-term setbacks, we don't believe anything has structurally changed for the firm. Abcam provides biological reagents and tools that are essential to a wide range of fields, including drug discovery, diagnostics and basic research. We expect high demand for these products as health-care innovation pushes forward. In addition, we believe profit margins will expand after an extended period of investment for the firm.

Another weak stock was DiaSorin SpA, an Italian health-diagnostics company. The company benefited from heightened demand for its tests used to detect Covid-19. Now that the world is past the height of the pandemic, DiaSorin needs to offset the decline in Covid-19 tests with other diagnostics. This has weighed on the stock recently, but we still like DiaSorin's long-term growth potential and recurring-revenue operating model. The company is a leader in specialty disease testing in Europe, and we believe an acquisition it made in 2021 positions the company to take share in the U.S. disease-testing market.

Systena Corp. was another large detractor. The Japan-based information-technology vendor missed its operating profit target due in part to mid-level employee turnover and slower growth for some of its more profitable business segments. We trimmed the position in light of near-term uncertainty around employee turnover but continue to hold the stock. Many Japanese companies are behind global competitors when it comes to digitalization, but with ample cash on their balance sheets and a history of adapting to market conditions, we believe these companies are poised to spend heavily on IT projects to catch up. We continue to monitor Systena's ability to hire and retain critical IT staff needed to deliver on the strong trends we're seeing in IT investment in Japan. (*Current and future holdings are subject to risk and change.*)

OUTLOOK

Concern about the banking system has injected a new source of volatility into equity markets. So far, regulators have been able to address each troubled bank before financial contagion occurs, but it's difficult to predict whether other banks will come under pressure and to what degree. That being said, we believe the banks within our own portfolio have good management teams and are on strong financial footing, which has helped them manage disruptive periods in past crises.

In our view, there are some stark differences between the banks we own and those that have failed. For our one emerging-market institution, Indian financial AU Small Finance Bank Ltd., operating in an emerging market means the management team is used to navigating a volatile interest-rate environment. As such, the bank has an asset-liability management structure well-suited for fluctuating interest rates. Further, AU Small Finance withstood a severe liquidity crisis in India in 2018, which presented a different set of circumstances but was arguably a more challenging crisis than what developed-market banks face today.

The Fund's developed-market banks tend to have a larger portion of retail customers than the banks that failed in March and have a mix of business clientele that is more diversified. These are important distinctions, as some of the U.S. banks that collapsed had a heavy customer concentration of technology firms and executives. This made a run on those banks more likely as concerns about the bank spread among the same circle of people.

Perhaps the most important contrast between the banks we hold and some of those that failed is that our banks are conservatively managed and have a more diversified asset base. Some of the failed banks had relatively large securities portfolios to support their deposits and ran into trouble when they had to sell those securities at a loss to redeem fleeting deposits. Our banks have smaller securities portfolios relative to their deposit bases.

In thinking beyond the banking system, an important knock-on effect of recent bank troubles is that the cost of capital for firms will continue to become more expensive. Rising interest rates have already increased capital costs considerably. If banks raise lending rates to offset increases to their deposit interest rates or become more selective in the customers they lend to, capital costs could increase further.

As the cost of doing business increases, it could hamper economic growth, negatively affecting corporate earnings. But the environment may be most detrimental to weaker firms, which have relied on low-cost debt to fund their growth.

We believe this environment underscores the importance of investing in high-quality businesses. We've mentioned it in prior commentaries, but we believe companies with strong balance sheets, a history of free cash flow generation and a solid, proven operating model can withstand a slowdown and continue funding strategic growth initiatives. In fact, challenging periods are typically when these companies take market share from struggling competitors, setting themselves up for better long-term growth when the economy bounces back.

If international equity markets trade lower on negative macroeconomic headlines and stocks sell off indiscriminately, we'll use that volatility to our advantage, investing further in high-quality businesses that are positioning themselves for better growth ahead.

Thank you for the opportunity to manage your assets.

Sincerely,

Ken Applegate, Linda Lasater and Derrick Tzau

AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED MARCH 31, 2023

	Quarter*	1 Year	3 Years	5 Years	10 Years
International Growth Fund—Investor	6.07%	-19.10%	6.00%	-0.71%	4.00%
International Growth Fund—Institutional	6.15%	-18.99%	6.13%	-0.60%	4.08%
MSCI AC World ex USA Small Cap Index**	4.70%	-10.37%	15.04%	1.67%	5.06%
MSCI World ex USA Small Cap Index†	4.99%	-10.13%	13.43%	1.54%	5.54%

**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 1.75% for the Investor Class and 1.35% 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 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.

Performance for the Institutional Class prior to 2/1/2016 is based on the performance of the Investor Class. Performance of the Fund's Institutional Class prior to 2/1/2016 uses the actual expenses of the Fund's Investor Class without any adjustments. For any such period of time, the performance of the Fund's Institutional Class would have been substantially similar to, yet higher than, the performance of the Fund's Investor Class, because the shares of both classes are invested in the same portfolio of securities, but the classes bear different expenses.

Investing in foreign securities, especially in frontier and emerging markets, entails special risks, such as currency fluctuations and political uncertainties, which are described in more detail in the prospectus. 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.

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 International Growth Fund's investment objective is long-term growth of capital.

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**The MSCI AC (All Country) World ex USA Small Cap Index is an unmanaged index and includes reinvestment of all dividends of issuers located in countries throughout the world representing developed and emerging markets, excluding securities of U.S. issuers. This index is a free float adjusted market capitalization index designed to measure the performance of small capitalization securities.*

†The MSCI World ex USA Small Cap Index is a free float adjusted market capitalization weighted index designed to measure the equity market performance of developed markets, excluding the United States.

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

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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.

INTERNATIONAL GROWTH FUND — TOP 10 HOLDINGS

AS OF DECEMBER 31, 2022

Security Name		Percent of Net Assets
Abcam PLC		4.3%
BayCurrent Consulting, Inc.		4.1%
Descartes Systems Group, Inc.		3.5%
Diploma PLC		3.0%
Voltronic Power Technology Corp.		2.8%
Grupo Aeroportuario del Centro Norte SAB de CV		2.8%
AU Small Finance Bank Ltd.		2.7%
Kinaxis, Inc.		2.7%
CTS Eventim AG & Co. KGaA		2.6%
LEENO Industrial, Inc.		2.6%
	Total	31.0%

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.