WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAISX / Institutional WGISX

Wasatch International Select Fund

JUNE 30, 2023

Our Companies' Fundamentals Remain Strong, Despite Lingering Macroeconomic Uncertainties

FUND MANAGERS

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Lead Portfolio Manager

3 YEARS ON FUND / 9 YEARS AT WASATCH

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3 YEARS ON FUND / 16 YEARS AT WASATCH

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3 YEARS ON FUND / 5 YEARS AT WASATCH

OVERVIEW

For the second quarter of 2023, the Wasatch International Select Fund—Investor Class was up 5.36% and outperformed the benchmark MSCI EAFE Index, which was up 2.95%.

While international equities notched moderate gains during the period, macroeconomic concerns continued to weigh on stocks. During the period, new data showed the European Union experienced its second quarter of economic contraction in the winter months, and economic data following China's reopening came in softer than many forecasters expected. Economic news from other countries was mixed.

On a geographic basis, stock selection in the United Kingdom and Australia helped drive the Fund's outperformance of its benchmark. However, the Fund's stock selection in Japan and its only holding in Denmark detracted most from relative performance.

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 3.34%, Net 1.30% / Institutional Class—Gross 2.37%, Net 0.90%. The Advisor has contractually agreed to limit certain expenses to 1.30% for the Investor Class and 0.90% for the Institutional Class through at least 1/31/2024.***

At the sector level, stock selection in the health-care and consumer-discretionary sectors were additive to relative performance, while stock selection in the Industrials and financials sectors detracted from relative results.

DETAILS OF THE QUARTER

The largest contributor to Fund performance was Abcam PLC. The stock of the British health-care company was up substantially after its board announced it would explore a sale of the company. We sold out of the position after the news. While Abcam owns some phenomenal assets, executional missteps had already made us question our investment thesis.

Another top contributor was Xero Ltd., an Australian company providing cloud-based accounting software to small- and medium-sized enterprises. The stock appreciated substantially after Xero reported revenue growth of 28% during its 2023 fiscal year. A recovery in net additions of new customers in the U.K. and Australia has also been positive for the company. We continue to see a long runway for growth for Xero, as smaller Australian businesses transfer away from home-grown accounting systems into cloud-based software accounting solutions. Geographic expansion is another avenue of growth, as the company makes further inroads into the U.K. and U.S. Finally, Xero continues to benefit from price increases and higher attach rates of other products on its platform.

JMDC, Inc., a Japan-based medical-data company, was another top contributor. The stock jumped after the company reported its most recent quarterly earnings results, which included considerable revenue growth for its health-care data business. Going forward, we believe JMDC's medical data will continue to play a vital role in making Japan's health-care system more efficient.

BayCurrent Consulting, Inc., a Japan-based business management and information-technology (IT) consultant, was the Fund's largest detractor from performance during the quarter. Concerns about the technology spending environment weighed on the stock, but there's been no slowdown in BayCurrent's business. The firm grew revenues by 32% in its most recently reported quarter. Demand for digital-transformation projects, a key area of focus for BayCurrent, continues to be strong in Japan. Many Japanese businesses have found themselves behind the curve when it comes to digitalization and are now using the ample cash on their balance sheets to spend on large-scale digital projects to catch up. We believe BayCurrent will continue to be a prime beneficiary of this trend, as it enjoys a home-country advantage over global competitors when it comes to working with Japanese businesses.

Another large detractor was Endava PLC, a British IT-services company. Here too, cyclical concerns weighed on the stock after Endava lowered its guidance, anticipating a temporary slowdown in IT spending globally. The drop in the stock created an attractive buying opportunity, and we added to our position. While revenue growth could be slower in the next few quarters, Endava is tied to powerful long-term secular growth trends. The firm specializes in digital-transformation consulting, agile software development and various automation solutions. Digital transformation will be a business imperative for most firms over the next several years, and we believe Endava will play a critical role in helping many companies pivot their operations.

Japan-based MonotaRO Co. Ltd. was another detractor. The company is an online-only distributor of maintenance, repair and operations (MRO) supplies for a number of industries. Monthly sales in April and May were a little light, which weighed on the stock. We attribute the slower sales to a weak manufacturing environment for small- and medium-sized enterprises. Long term, we continue to like the firm's online sales and distribution model, which offers convenience and price transparency relative to the inefficient networks of Japan's traditional MRO suppliers and wholesalers. We met with the management team in March and came away with increased conviction in the value proposition MonotaRO offers its clients. (*Current and future holdings are subject to risk and change.)*

OUTLOOK

As we've noted in prior commentaries, the macroeconomic environment is shrouded in uncertainty. Central banks in developed markets are likely in the latter innings of hiking interest rates, but no one knows how strong or weak each economy will emerge from tighter monetary policies. The lack of clarity makes it hard to pinpoint exactly when markets will fully recover from last year's selloff.

But we believe attractive valuations are a springboard for stronger long-term returns. For perspective, our portfolio's P/E ratio, based on 12-month forward earnings, still hovers near its lowest level since inception. Given the starting point of lower valuations, we really like the Fund's three-to-five-year return profile, provided that our companies generate the type of earnings growth we expect. And notably, our conviction in the earnings power of these firms remains high.

Based on first-quarter data, which is the most recent available, the Fund's captured earnings growth—which we define as the earnings a company achieves while we own the stock—remains just above 20%. While that's a strong growth rate during a soft economic environment, it doesn't make us complacent. We've continued to do significant due diligence on our holdings, re-evaluating each stock to make sure the fundamental growth thesis underpinning the company remains in place. By and large, our conviction stands.

We acknowledge that the past year or so has been painful for investors. It was painful for us too, as valuations for growth stocks reset even though fundamentals for our companies hadn't deteriorated. But given attractive valuations and the earnings power we believe lies ahead for our companies, we're extremely excited about the Fund's long-term return potential from here.

Thank you for the opportunity to manage your assets.

Sincerely,

Ken Applegate, Linda Lasater and Derrick Tzau

AVERAGE ANNUAL TOTAL RETURNS

FOR PERIODS ENDED JUNE 30, 2023

	Quarter*	1 Year	3 Years	5 Years	Since Inception**
International Select Fund—Investor	5.36%	16.68%	-0.97%	N/A	3.56%
International Select Fund—Institutional	5.37%	17.21%	-0.63%	N/A	3.99%
MSCI EAFE Index†	2.95%	18.77%	8.93%	N/A	5.90%
MSCI EAFE Mid Cap Growth Index††	0.86%	14.19%	2.30%	N/A	2.89%

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

***The Wasatch International Select Fund's inception date was October 1, 2019.*

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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 1.30% for the Investor Class and 0.90% 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 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. 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.

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

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[†]The MSCI EAFE Index is an unmanaged index capturing large and mid-cap representation across developed markets around the world, excluding the U.S. and Canada.

[††]The MSCI EAFE Mid Cap Growth Index is an unmanaged index capturing mid-cap securities exhibiting growth style characteristics across developed markets around the world, excluding the U.S. and Canada.

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

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The "cloud" is the internet. Cloud-computing is a model for delivering information-technology services in which resources are retrieved from the internet through web-based tools and applications, rather than from a direct connection to a server.

The price/earnings (P/E) ratio, also known as the P/E multiple, is the price of a stock divided by its earnings per share.

Revenue growth is the increase in a company's revenues over a specified period of time, not necessarily one year.

Valuation is the process of determining the current worth of an asset or company.

INTERNATIONAL SELECT FUND — TOP 10 HOLDINGS

AS OF MARCH 31, 2023

Security Name		Percent of Net Assets
BayCurrent Consulting, Inc.		6.0%
Amadeus IT Group SA		5.9%
Hermes International		5.5%
Assa Abloy AB		4.8%
CAE, Inc.		4.7%
ICON PLC		4.6%
Dassault Systemes SE		4.4%
Halma PLC		4.2%
Descartes Systems Group, Inc.		3.9%
GMO Payment Gateway, Inc.		3.9%
	Total	47.8%

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.