WASATCH GLOBAL INVESTORS

Quarterly Commentary

Investor WAMCX / Institutional WGMCX

Wasatch Ultra Growth Fund

MARCH 31, 2024

Staying Mindful of Both Offensive and Defensive Opportunities Has Been a Theme as We Seek to Navigate Technological Change

FUND MANAGER

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Lead Portfolio Manager

12 YEARS ON FUND / 26 YEARS AT WASATCH

OVERVIEW

Expectations for the Federal Reserve to begin cutting interest rates in 2024 created a favorable environment for U.S. equities during the first quarter of the year. Stocks of companies linked to artificial intelligence (AI) stood out from the rest as the new technology attracted enormous interest from investors. The benchmark Russell 2000® Growth Index rose 7.58% for the quarter. The Wasatch Ultra Growth Fund—Investor Class lagged the benchmark with a total return of 6.14%.

Enthusiasm for AI was so great that just two companies accounted for over half of the benchmark's return in the quarter. One of them, Super Micro Computer, Inc., manufactures servers and storage systems used in AI development. The other, MicroStrategy Incorporated, develops AI applications and invests heavily in bitcoin. The market capitalizations

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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—1.23% / Institutional Class—Gross 1.08%, Net 1.06%. The Advisor has contractually agreed to limit certain expenses to 1.50% for the Investor Class and 1.05% for the Institutional Class through at least 1/31/2025.***

of these companies far exceed the range consistent with our small-cap mandate. Nevertheless, not owning them was a substantial headwind for the Fund.

Information technology, the sector of the market where both Super Micro and MicroStrategy reside, was the Fund's main source of underperformance relative to the benchmark. The Fund also underperformed in the financials and consumer-discretionary sectors, although the impacts on relative performance were much less significant.

Health care, driven by biotechnology, was the Fund's biggest source of strength against the benchmark. Small biotechnology firms, which are typically still in their developmental stage, saw their stocks languish over the past couple of years as rising interest rates made the future cash flows of these businesses less valuable in the present. Instead of abandoning the industry, however, we maintained our conviction in the companies we owned. Our patience was rewarded during the first quarter, as easing interest-rate pressures and positive company fundamentals enabled the Fund's biotech holdings to far outpace the biotech positions in the Index.

Wasatch's long-term, fundamentals-based approach also paid off in consumer staples, another area in which the Fund outperformed in the quarter. We know solid fundamentals can sometimes be overwhelmed in the short term by momentum and investor sentiment. In the long run, though, we believe earnings drive stock prices. That's why we believe high-quality, growing businesses have the potential to deliver attractive returns over time.

DETAILS OF THE QUARTER

The strongest contributor to Fund performance for the quarter was Viking Therapeutics, Inc. (VKTX). A clinical-stage biopharmaceutical firm, Viking develops therapies for metabolic and endocrine disorders. Shares of the company soared in February after its injectable weight-loss drug demonstrated best-in-class efficacy in a mid-stage clinical trial. A separate, early-stage trial testing the safety and tolerability of an orally administered version of the drug also yielded positive data. A successful oral treatment would be a game changer in a multibillion-dollar industry. We believe these results make Viking a potentially attractive target for acquisition by a larger company.

Freshpet Inc. (FRPT), a consumer-staples holding, was also a top contributor. The company sells fresh, refrigerated meals and treats for dogs and cats. Freshpet's stock moved sideways for most of 2022 and 2023 as the company grappled with a series of operational setbacks. Believing these challenges were temporary, we continued to own Freshpet at a significant weight in the Fund. Signs emerged last October that the company's business strategy was working, and the stock has risen steadily since then. Earnings and revenues topped estimates in Freshpet's most recently reported quarter as market-share gains drove volume growth of 25% and as scale efficiencies lowered costs.

Another strong stock in the Fund was Nova Ltd. (NVMI). The company is a key provider of monitoring and measurement systems used in the manufacture of semiconductor chips. Higher levels of complexity required in chips used for AI applications are increasing demand for Nova's products. Also, the semiconductor industry is of strategic importance to the U.S., and in our view, the need to build additional domestic capacity is a meaningful tailwind for the company.

The greatest detractor from Fund performance for the quarter was MarketAxess Holdings Inc. (MKTX). Specializing in global fixed-income securities, the company operates an electronic trading platform for institutional investors and broker-dealers. As MarketAxess upgrades its platform, the company is incurring expenses that haven't yet produced benefits. Meanwhile, lower levels of volatility in the bond market during recent months have reduced trading volumes and weighed on the company's stock price. We believe these circumstances warrant patience, and we are maintaining the Fund's position. Once the upgrade is completed, we believe MarketAxess will be able to grow its revenues and earnings at attractive rates.

Another significant detractor was Five9, Inc. (FIVN), which offers cloud-based software to help contact centers more efficiently interact with customers and prospects. We own the company for its competitive advantages in a "remote" world where contact centers are strategically more important as the key points of customer engagement. Even with its growth rate slowing somewhat, Five9 has continued to generate strong operating results. We think the stock was down primarily on investor concerns that AI may pose a threat to the company. In fact, Five9 is already using AI to handle some interactions, and the results have been positive. As part of our ongoing research, we're analyzing both sides of the AI debate and how our companies could be affected by AI over the long term.

Another weak holding in the Fund was Five Below, Inc. (FIVE). A specialty value retailer, the company offers a variety of merchandise at discounted prices. Five Below reported healthy year-over-year gains of 19% each in net sales and earnings per share in its most recent quarter. However, earnings fell short of Wall Street forecasts as customer theft impacted profitability. The company is addressing the situation by scaling back self-checkout and placing more associates at the front of its stores. While these steps will boost expenses in the short run, we believe the long-term positives—such as Five Below's talented management team, debt-free balance sheet and strong competitive position—more than outweigh the near-term headwinds. *(Current and future holdings are subject to risk and change.)*

OUTLOOK

The full significance of AI for society, the economy and the stock market has yet to be revealed. Main beneficiaries thus far have included manufacturers of the specialized chips and other hardware needed to develop and run AI's generative models. As machine learning advances and new applications for AI are found, the development, distribution and implementation of AI technologies will provide new revenue streams for many companies. Countless others will benefit from using AI to make their business activities more effective and more efficient.

In managing the Fund, we also consider the defensive implications of AI. Like most new technologies, AI is a double-edged sword. While there will undoubtedly be many winners, some companies will see their businesses disrupted. For that reason, we've been adding to positions in companies providing tangible products—such as pet food and swimming pool supplies—which can't be replaced with a digital substitute.

Staying mindful of both offensive and defensive opportunities for the Fund has been a theme for us as we seek to navigate technological change. The recent development of GLP-1 weight-loss drugs, for example, has greatly benefited firms such as Viking Therapeutics. Medical-device companies, on the other hand, stand to be disrupted as the growing use of these medications reduces the need for treatments of obesity-related illnesses, such as diabetes and sleep apnea.

That said, the downward repricing of some medical-device stocks appears somewhat overdone. Developing and bringing to market a new generation of weight-loss drugs with fewer side effects will take years and require drug companies to better understand the role hormones play in appetite satiation. We believe much or all of the likely impact of GLP-1s has already been factored into the valuations of companies in the health-care equipment industry. Some of these stocks are currently priced at attractive levels, in our view.

With an economic soft landing now the consensus, predictions of impending recession appear to have been proven incorrect. Even so, everything is always fine until it isn't. Rather than try to predict economic cycles, we look for companies that can take market share and grow their businesses during both good times and bad. In doing so, we seek to position the Fund for a range of economic outcomes and generate favorable investment performance over the long term.

Thank you for the opportunity to manage your assets.

John Malooly

TOTAL RETURNS

FOR PERIODS ENDED MARCH 31, 2024

	Quarter*	1 Year	3 Years	5 Years	10 Years
Ultra Growth Fund—Investor	6.14%	18.38%	-8.38%	9.89%	11.89%
Ultra Growth Fund—Institutional	6.15%	18.58%	-8.24%	10.01%	11.95%
Russell 2000® Growth Index**	7.58%	20.35%	-2.68%	7.38%	7.89%

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

The performance data quoted represents past performance. Past performance does not guarantee future results. 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. 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—1.23% / Institutional Class—Gross 1.08%, Net 1.06%**

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 1.05% 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.

Performance for the Institutional Class prior to 1/31/2020 is based on the performance of the Investor Class. Performance of the Fund's Institutional Class prior to 1/31/2020 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 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 currency fluctuations and political uncertainties, which 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 Ultra Growth Fund's primary investment objective is long-term growth of capital. Income is a secondary objective, but only when consistent with long-term growth of capital.

***The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index is an unmanaged total return index of the smallest 2,000 companies in the Russell 3000 Index. The Russell 2000 is widely used in the industry to measure the performance of small company stocks.*

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

The Wasatch Ultra Growth Fund has been developed solely by Wasatch Global Investors. The Wasatch Ultra Growth Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies.

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

ULTRA GROWTH FUND — TOP 10 HOLDINGS

AS OF DECEMBER 31, 2023

Security Name	Percent of Net Assets
Intra-Cellular Therapies, Inc.	3.8%
Freshpet, Inc.	3.7%
Inspire Medical Systems, Inc.	3.2%
Floor & Decor Holdings, Inc., Class A	3.1%
Paylocity Holding Corp.	3.0%
CyberArk Software Ltd.	2.8%
Balchem Corp.	2.8%
Five Below, Inc.	2.8%
Nova Ltd.	2.6%
Globant SA	2.6%
Total	30.4%

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.