WASATCH INTERNATIONAL OPPORTUNITIES FUND

WASATCH FUNDS

Rounding Out an Investment Allocation with International Micro Caps

Wasatch Advisors has a tradition of seeking to exploit opportunities in less-efficient areas of the markets. This tradition started in 1975 with our emphasis on small-cap growth companies in the United States. We launched our first international investment vehicle in 2000. And in 2005, more than 10 years ago, the **Wasatch International Opportunities Fund (WAIOX)** commenced operations with a focus on international (non-U.S.) micro-cap stocks.

The International Opportunities Fund exemplified the factors that motivate us to create new funds at Wasatch. These factors are: 1) the members of our investment team have the expertise necessary to invest in the new fund's proposed market segment; 2) our experience in other market segments will be applicable to the new fund; 3) the type of holdings likely to be found in the new fund are not well-covered by our existing funds; 4) we bring competitive advantages relative to other portfolio managers investing in the proposed market segment; 5) research for the new fund is likely to expand our knowledge of the investing universe, which could also benefit our other funds; and 6) we believe the risk-adjusted returns for the new fund will be especially attractive.

In addition, because the International Opportunities Fund specializes in international micro caps, it can round out an investment allocation for many mutual-fund shareholders, who are often underweighted in international stocks—let alone micro caps. The Fund seeks to provide long-term growth of capital, and its primary benchmark is the MSCI All Country (AC) World Ex-U.S.A. Small Cap Index. Our investment process and the qualities that make the Fund unique are described below.

BIG UNIVERSE OF COMPANIES ACROSS INDUSTRIES, SECTORS AND COUNTRIES

For mutual-fund shareholders who have most of their assets invested in large-, mid- and small-cap U.S. stocks, the Wasatch International Opportunities Fund offers significant diversification benefits because the Fund only invests in non-U.S. issues and confines its holdings to micro-cap companies, which are defined as those with market capitalizations of less than $1 billion at the time of purchase. The typical market-cap range for the Fund's holdings is $300 million to $1.5 billion.

While this may seem like a narrow focus from a market-cap perspective, the Fund has a great deal of flexibility to invest across industries, sectors and countries—including developed markets, emerging markets and even some frontier markets. Simply put, the Fund relies on bottom-up company research and goes where we think the best opportunities lie within a big universe of over 7,000 companies.

Although the Fund's allocations across industries, sectors and countries will often differ markedly from the allocations in the benchmark MSCI Index, our goal is to maintain broad diversification through a portfolio of at least 80, and usually more than 100, individual companies.

We also seek to outperform the Index over the long term in all of the areas in which the Fund invests.

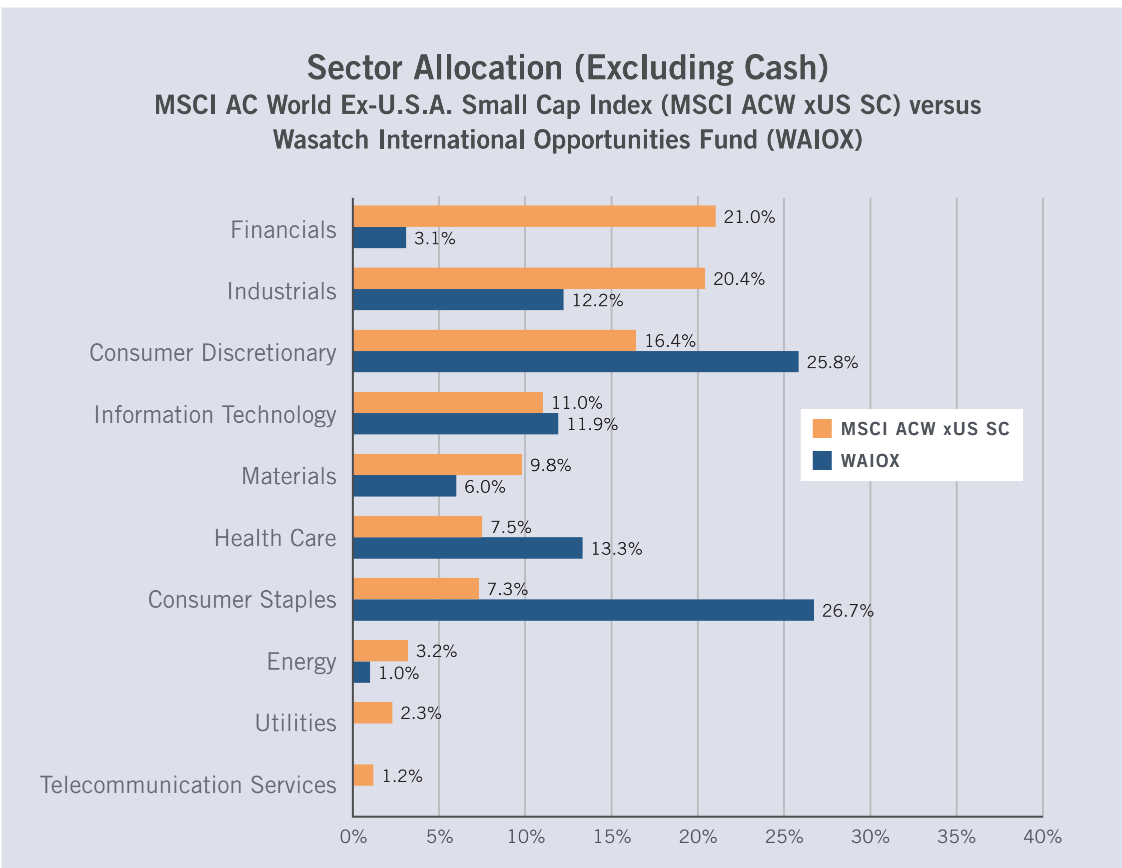
We're able to include a large number of stocks in the Fund because international markets give us many companies to choose from, and because we have an extensive team of portfolio managers and analysts—each of whom specializes in a few areas of the international universe. In addition, especially for a sizable portfolio, the large number of stocks helps mitigate the risks related to international investing, micro-cap investing, volatile markets and lower liquidity.

The figure below indicates the Fund's sizable overweighting in consumer staples. This is due to our focus on companies meeting the needs of the expanding middle class, which in many countries is still early in its growth curve. The figure also indicates a significant underweighting in financials due to the fact that many successful financial-services companies depend on having a large scale, which can be contrary to our focus on micro caps.

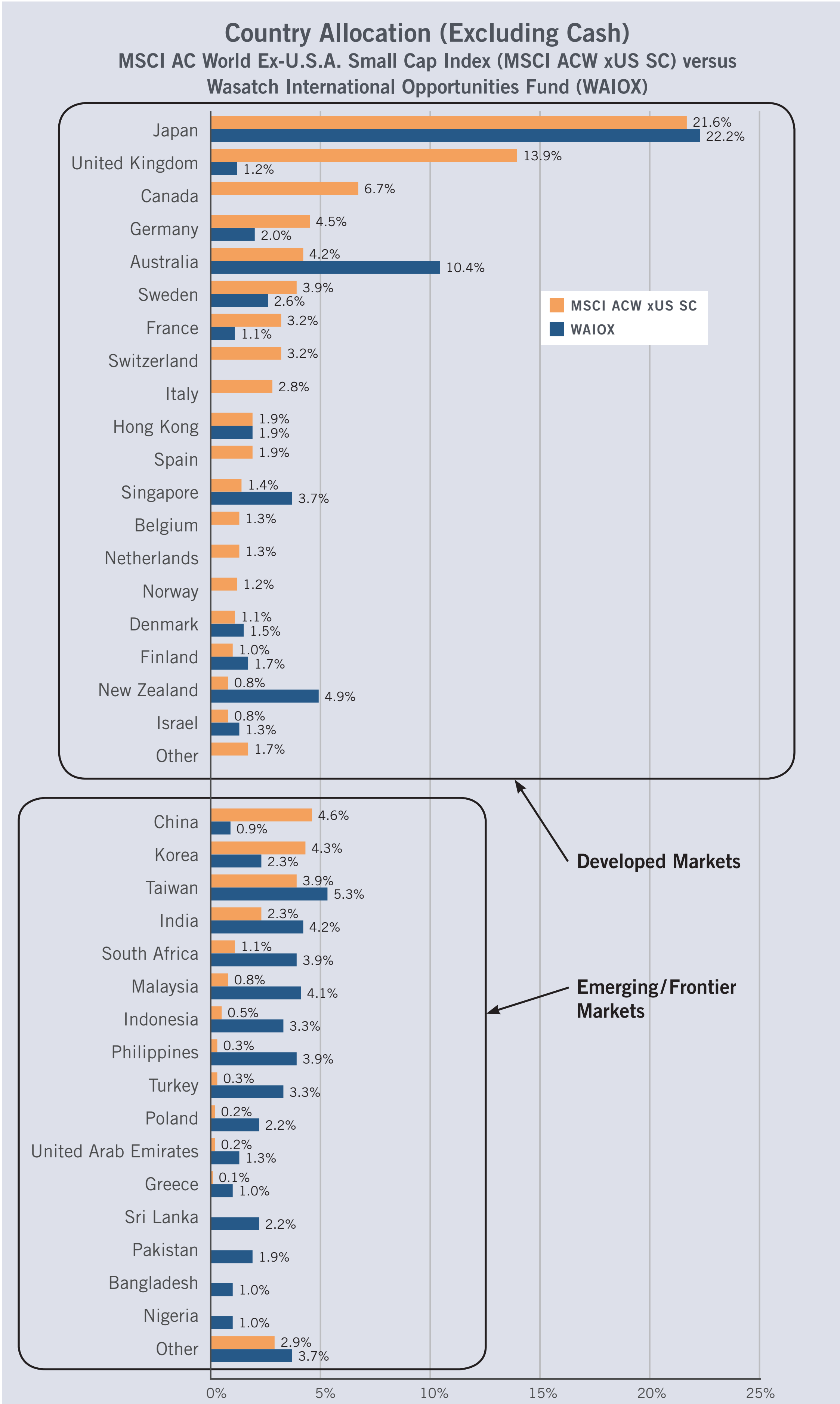
UNDER-RESEARCHED COMPANIES, ATTRACTIVE VALUATIONS AND DIVIDEND PAYOUTS

Across the market-capitalization spectrum, micro-cap companies tend to disseminate relatively little information to the public and are generally the least well researched by other stock analysts. Through our pursuit of these companies internationally—including companies in emerging and frontier markets—we can find what we consider to be high-quality stocks that most investors have not yet discovered. As a result, these stocks can offer particularly compelling valuations. And, by definition, stocks purchased at better valuations have better return potential—provided we have the patience to be long-term investors as the marketplace gradually recognizes the companies' current position and future prospects.

Dividends also contribute to the return potential of our companies. Unlike U.S. micro caps, which have the reputation for very low dividend payouts, many international



Sources: Wasatch Funds and FactSet, as of March 31, 2016. Current and future holdings are subject to risk and may change at any time.



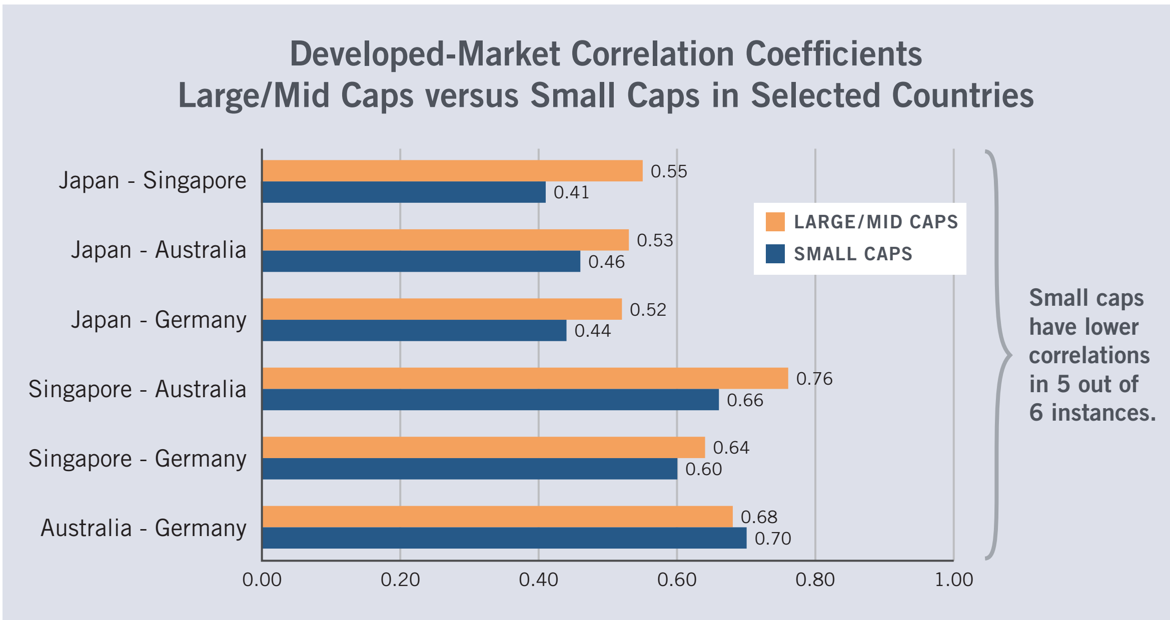
Source: FactSet, as of March 31, 2016. Current and future holdings are subject to risk and may change at any time.

micro caps pay healthy dividend yields. This is often due to the fact that micro-cap companies operating in smaller niches overseas can be market leaders in those niches, and can be highly profitable. In addition, company founders and executives—who are usually significant shareholders—generally like to receive an income stream in the form of dividend payments.

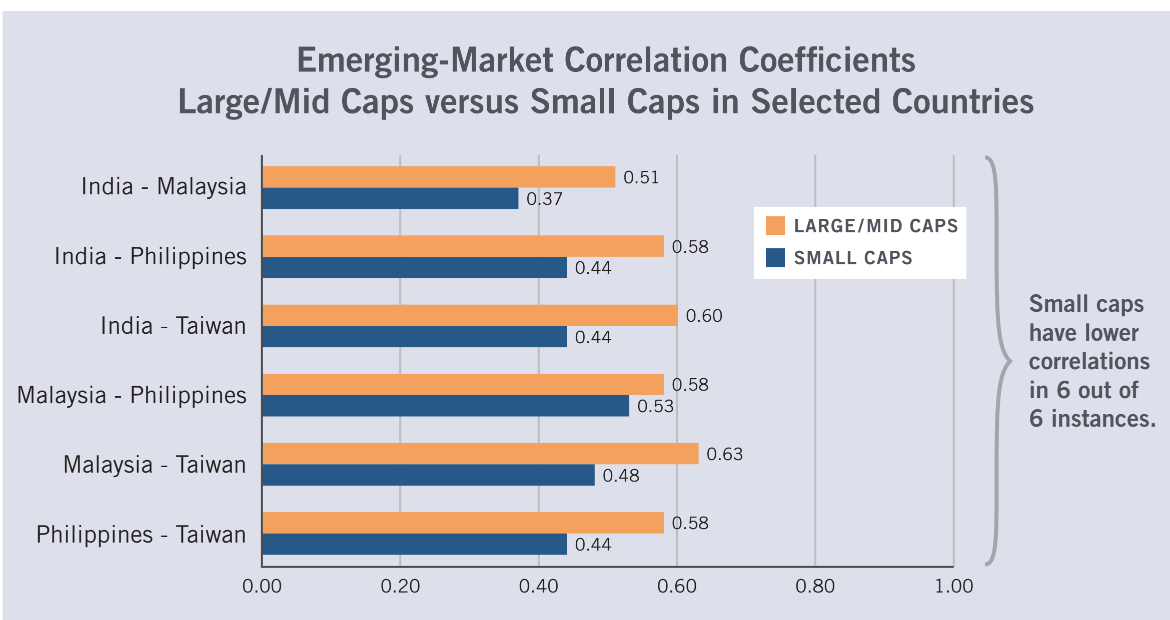
Another benefit of investing in international micro caps is that we can take particular advantage of prior investing experience. For example, we know what actions led to the success of e-commerce companies in the U.S. and Europe. So we have a better idea of what to look for when we're analyzing micro-cap e-commerce companies in emerging Asia and Japan.

DIVERSIFICATION AND CORRELATION CHARACTERISTICS

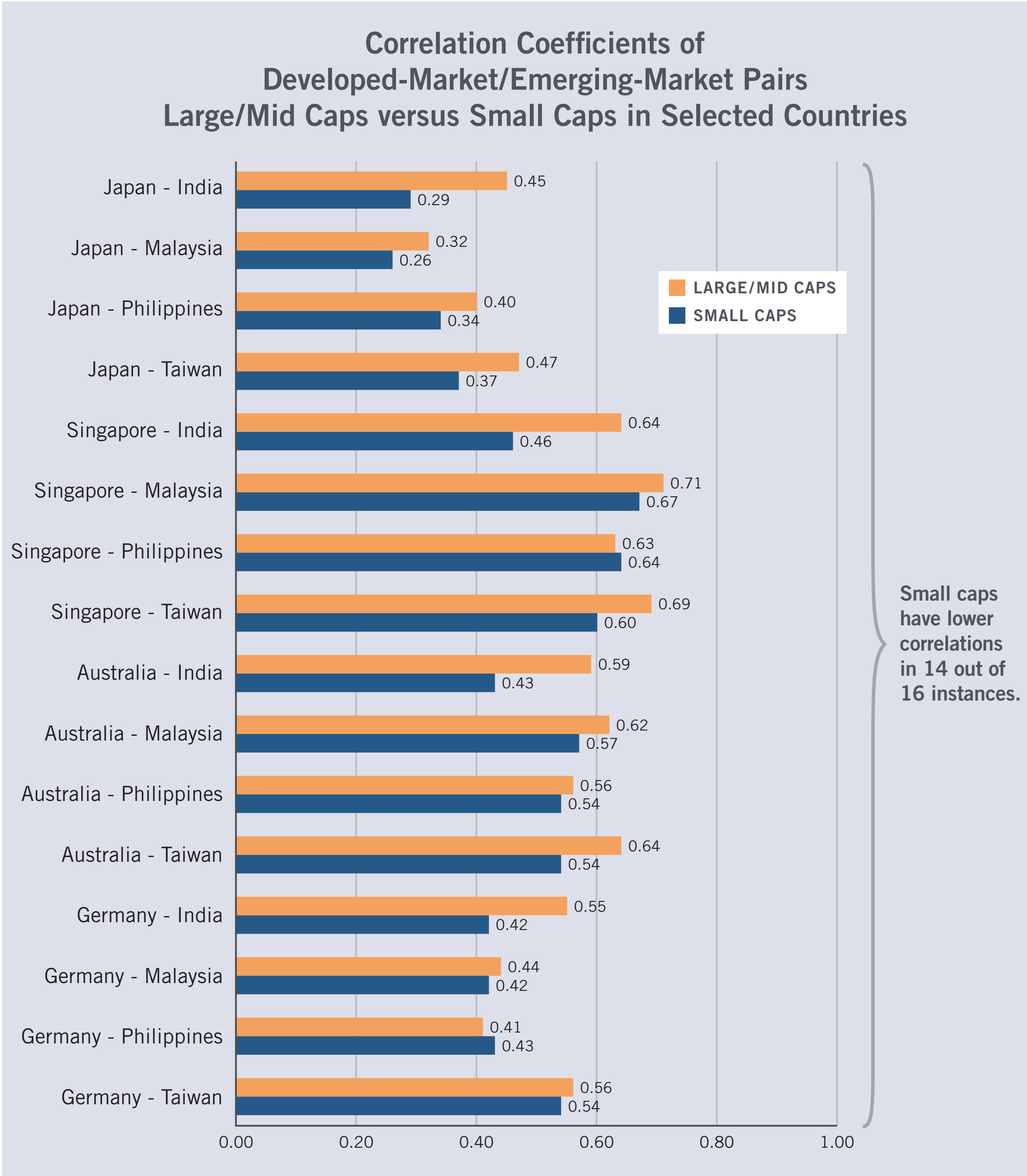
Beyond valuations and return potential, diversifying into international micro caps can result in an investment allocation that has lower portfolio correlation



Source: Bloomberg based on various MSCI indices. Correlation coefficients for the five-year period ended March 31, 2016.



Source: Bloomberg based on various MSCI indices. Correlation coefficients for the five-year period ended March 31, 2016.



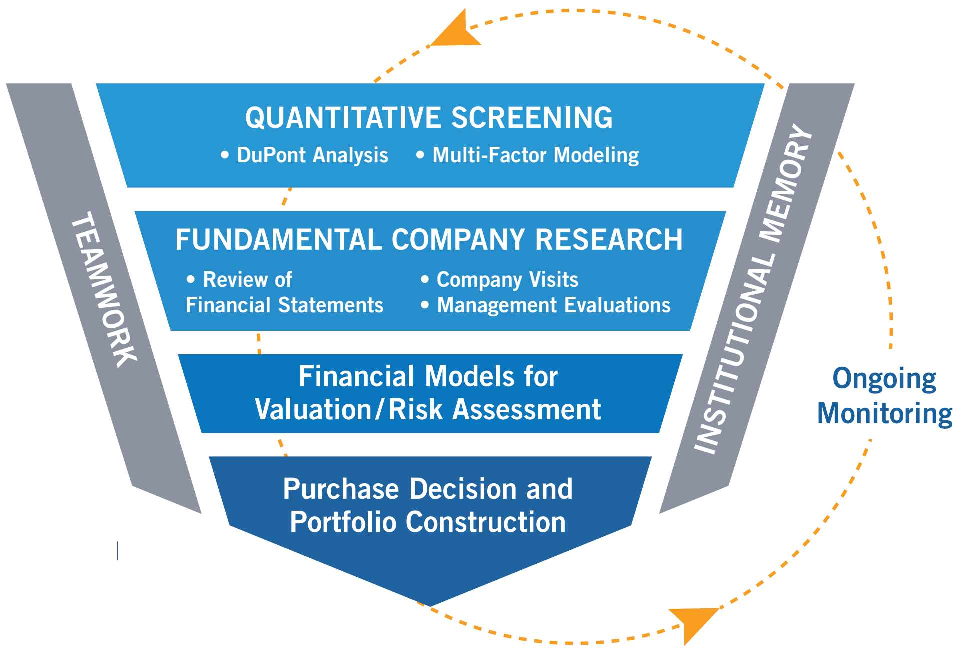
Source: Bloomberg based on various MSCI indices. Correlation coefficients for the five-year period ended March 31, 2016.

characteristics. This is important because portfolio holdings tend to be less likely to move in the same direction at the same time, which may reduce portfolio volatility.

Broadly speaking, the performance of stocks across developed markets is usually more highly correlated. Across emerging/frontier markets, stock correlations tend to fall. By mixing developed-market stocks with emerging/frontier-market stocks, correlations can drop even further. Finally, by going down the market-cap spectrum into micro caps within both developed and emerging/frontier markets, we can often see the lowest correlations of all. These tendencies regarding correlation characteristics are presented in the figures above.

The countries shown in the figures were selected because they represent significant weightings in the Wasatch International Opportunities Fund. As described previously, the highest correlations tend to be among developed markets. But even in developed markets, we've been able to mitigate this tendency through our country selections.

Investment Process



DUPONT ANALYSIS

From a macro perspective, we believe that international micro caps offer good investment potential. But how do we start our bottom-up process? An early step in our investment process is a basic, quantitative screen of "DuPont summaries," which contain 10 years of financial information. DuPont analysis was developed by the DuPont Corporation in the early 1900s as a way of looking at company metrics for various business purposes, which included making acquisitions. The analysis is affected by three main factors:

- Profitability, which is measured by net profit margin (net profit/sales)
- Asset-use efficiency, which is measured by total asset turnover (sales/average total assets)
- Financial leverage, which is measured by the equity multiplier (average total assets/average shareholder equity)

DuPont analysis was instituted at Wasatch Advisors by our Founder and Chairman Sam Stewart. Over time, Sam and the rest of the Wasatch team have modified our version of DuPont analysis to include many other publicly available balance-sheet, income-statement and cash-flow metrics that we find most important. In addition, we've established a system in which information on thousands of companies can be processed automatically to create a single-page DuPont summary for each company. This system gives us a common "language" for portfolio managers and analysts to discuss companies. In fact, when we meet with a company, we often use the DuPont summary as the basis for our questions and evaluation.

The DuPont summaries, with 10 years of *historical* data from the Bloomberg Professional® service, give us a sense of conditions such as debt burden, balance-sheet health, sales and earnings growth rates, returns on investment, expansion or contraction in operating margins, operating cash flow compared to net income, and free cash flow (which is operating cash flow minus capital expenditures). In other words, a DuPont summary helps us decide if we want to do more research on a company that seems to stand out from its peers. And by sifting through many DuPonts, we're often led to focus more on certain industries, sectors and countries.

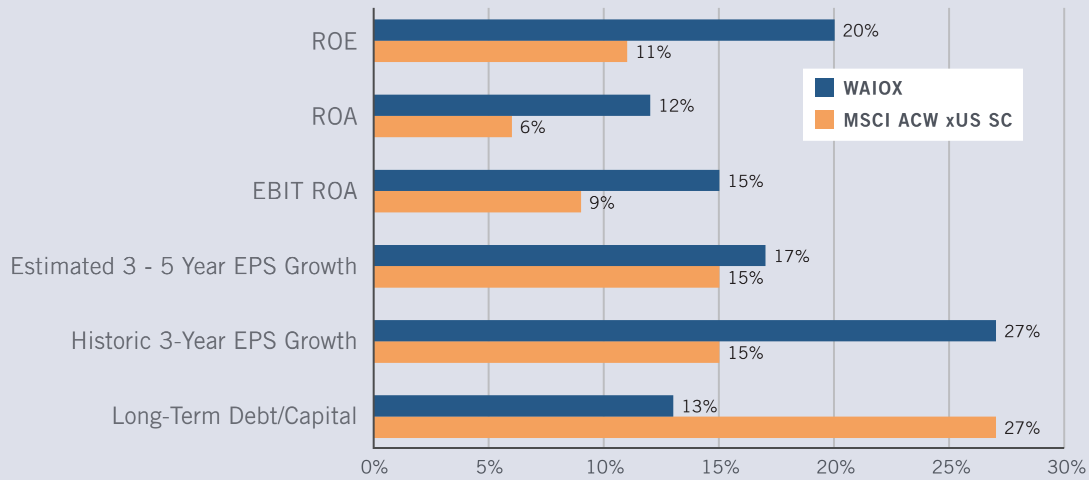
MULTI-FACTOR MODELING

Another quantitative screen used in our investment process—and an ongoing monitoring tool—is multi-factor modeling, which imports real-time data from the Bloomberg Professional service. While DuPont analysis is based on looking at companies one at a time, multi-factor modeling adds another dimension by simultaneously presenting an array of financial characteristics for many companies. Modeling allows for extensive comparisons across countries, sectors and industries.

Like DuPont analysis, our multi-factor modeling system gives us a consistent framework for our research process

Portfolio Metrics

Wasatch International Opportunities Fund (WAIOX) versus MSCI AC World Ex-U.S.A. Small Cap Index (MSCI ACW xUS SC)



Sources: FactSet and Wasatch Advisors, as of March 31, 2016. Past performance is not indicative of future results. Portfolio metrics are subject to change.

and obtains many of the same financial inputs—including profitability, cash flows and returns on capital—from several years of financial statements. But multi-factor modeling includes many more factors, considers different time frames, and places some emphasis on forward (non-historical) projections. Multi-factor modeling also scores the financial inputs—giving us a better sense of the relative rankings in aspects such as historical business quality and anticipated consistency going forward. Our proprietary scoring methodology was developed by Roger Edgley, Wasatch's Director of International Research. This scoring methodology has been enhanced and maintained by our entire international investment team.

The scoring methodology's total score is comprised of a historical score and a forward score. Despite using a scoring methodology, our multi-factor modeling system is *not* a "black box." Modeling is simply an exercise to ensure that our bottom-up, fundamental company research is focused in the right places, and to ensure that our existing holdings are monitored for signs of improvement or deterioration. Another important point is that our analysts and portfolio managers can easily adjust the modeling parameters to focus more on a particular factor or on a group of factors.

To summarize, multi-factor modeling helps us focus on the factors that have historically led to investing success. While these factors are many, the most-important considerations come down to *business quality*.

EXTENSIVE TRAVEL AND FUNDAMENTAL COMPANY RESEARCH

Based on DuPont analysis and multi-factor modeling, both of which are *quantitative*, our team will often determine that *qualitative* analysis is warranted for a company that might be an appropriate investment for the Wasatch International Opportunities Fund. This is where our bottom-up, fundamental company research begins.

DuPont analysis and multi-factor modeling may indicate that companies in certain countries, sectors and industries offer attractive potential. Based on this information, we'll often schedule our research trips to visit these companies. Such research trips generally include multiple investment-team members to ensure that we consider more than one perspective. During the past two years, the Wasatch team has traveled extensively to visit more than 1,000 companies at their home offices.

When we meet with a company, or speak with competitors and industry experts, we already know if the company is exhibiting the financial characteristics that we find attractive. So the goal of our meetings and discussions is to answer as many of the following questions as possible:

- Are the financial characteristics real, or the result of accounting manipulations?
- How strong is the corporate governance?

- Has the company's growth rate been relatively stable or volatile in the past, and is growth sustainable going forward?
- What is the current and potential size of the company's marketplace?
- What is the company's current market share, and what are reasonable projections for market share going forward?
- Is the public infrastructure of the region in which the company operates sufficient?
- What cultural differences need to be understood?
- Are the company's margins likely to expand or contract?
- Is the company entering new markets, and what is the potential in those markets?
- What are the company's competitive advantages in existing and new markets, and are these competitive advantages likely to persist?
- How significant are the barriers to entry for the markets in which the company operates or is expected to operate?
- What is the importance of the company's intellectual property?
- How committed is the company to maintaining or expanding research and development (R&D)?
- What are the needs for capital expenditures?
- How is the regulatory environment?
- What have been the main drivers for the company's successes and failures?
- Are dividends likely to be maintained or increased?
- Does the company intend to buy back shares?
- Do the outlooks of the company's managers seem plausible?
- What are the track records of the managers in their current roles, and at prior employers?

Although these questions generally don't yield concrete answers, fundamental company research is the most-important step in our investment process. It's also a step that requires years of experience in making subjective evaluations of companies.

COMPANY-SPECIFIC FINANCIAL MODELS FOR VALUATION/RISK ASSESSMENT

DuPont analysis and multi-factor modeling, which are quantitative, let us understand the story that the numbers are telling us. Meanwhile, fundamental company research, which is qualitative, lets us understand the story that management and industry players are telling us. When we compare these two stories, we can determine whether or not the creation of a company-specific financial model is called for. A financial model enables us to make a valuation/risk assessment, and is one of the final steps in the investment process that occurs before a purchase decision.

As described above, DuPont analysis and multi-factor modeling are both driven by data from the Bloomberg Professional service. While Wasatch has determined what data is important to be included in the analysis and modeling, all of the data is historical or determined by consensus brokerage-analyst forecasts. None of this data is actually created by Wasatch.

A company-specific financial model is different from DuPont analysis and multi-factor modeling because a company-specific model includes *our* projections for how the balance-sheet, income-statement and cash-flow metrics will change over several years going forward. Our projections are based on bottom-up scrutiny of the company, which can include on-site visits, discussions with management, review of competitors, reading of brokerage-analyst research reports, and study of industry, sector and country trends. In addition, a financial model can help our investment team understand the sensitivity of earnings in response to changes in underlying metrics such as margins and asset turnover. Like a DuPont summary, a financial model also offers an excellent framework for our discussions with management about the company's prospects.

There are three main steps when we create a company-specific financial model:

1. Import the company's historical financial information and ensure that the information is correct. Error checking is especially important for international micro-cap companies.
2. Arrange the financial information so that it can be properly analyzed. For example, a company's business segments may need to be dissected differently based on the competitive environment and the main drivers for growth.
3. Make financial projections for the next three to five years.

Once we've made our projections for the next three to five years, we can calculate an estimated present value of the company. This value is based on factors such as assumed cash flows, dividends, interest-rate conditions, the risks to our assumptions, and market sentiment regarding how companies tend to be priced in various industries, sectors and countries. If the current stock price is below our present-value calculation, the company is likely an attractive holding for the Wasatch International Opportunities Fund.

We generally make our present-value calculation before we focus on the stock price. Otherwise, the stock price could cloud our judgment ahead of time. Also, if we like a company, we want to put a valuation level on it. The stock price may eventually decline to that level, and we'll be ready to invest.

PURCHASE DECISION, INVESTMENT PHILOSOPHY AND PORTFOLIO CONSTRUCTION

Once we've performed our quantitative screens and qualitative research—and have created a company-specific financial model from the bottom up—we have the information necessary to make a decision regarding the purchase of the stock. Our philosophy is to pay rational prices for the earnings growth that we believe our portfolio companies will experience for long durations going forward. If we do this successfully, investment performance should take care of itself.

More specifically, our philosophy is to buy high-quality companies, which we often define as those having:

- Exceptional company management
- Strong cash flows
- Self-financed growth
- High returns on capital
- Net cash and/or low debt
- Signs of positive momentum in the stock price

Our research based on these criteria has enabled us to find companies that have sustainable competitive advantages and are likely to generate relatively consistent earnings growth greater than 15% annually over the next five to 10 years—and hopefully longer. In this regard, we leverage Wasatch's "institutional memory," which is our investment team's in-depth historical knowledge of companies and markets.

Stocks are commonly categorized into 10 sectors: consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, telecommunication services and utilities. Our goal for the Wasatch International Opportunities Fund is to have some exposure in most sectors, although we have typically been overweighted in consumer and health-care companies and have had minimal exposure to energy, telecommunication services and utilities. This tendency in our sector allocation reflects our general preference for high-quality companies that are meeting the growing

Wasatch International Opportunities Fund
Top 10 Holdings
As of March 31, 2016

Holding	Sector	Country	% of Net Assets
Webjet Ltd.	Consumer Discretionary	Australia (Developed Market)	2.6%
Gurunavi, Inc.	Information Technology	Japan (Developed Market)	2.5%
Collins Foods Ltd.	Consumer Discretionary	Australia (Developed Market)	2.1%
Dip Corp.	Information Technology	Japan (Developed Market)	2.0%
Next Co. Ltd.	Consumer Discretionary	Japan (Developed Market)	1.8%
Logo Yazilim Sanayi Ve Ticaret AS	Information Technology	Turkey (Emerging Market)	1.7%
Voltronic Power Technology Corp.	Industrials	Taiwan (Emerging Market)	1.7%
Australian Pharmaceutical Industries Ltd.	Health Care	Australia (Developed Market)	1.7%
Trade Me Group Ltd.	Consumer Discretionary	New Zealand (Developed Market)	1.6%
PT Kimia Farma Persero Tbk	Health Care	Indonesia (Emerging Market)	1.5%
		Total	**19.2%**

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.

middle-class demands in the companies' home countries or nearby geographic regions.

Regarding countries, the Fund's allocations have tended to differ markedly from the MSCI AC World Ex-U.S.A. Small Cap Index. This is due to our bottom-up company research, which indicates more-attractive valuations and growth prospects in some countries versus others. We typically prefer countries with stable or improving macro trends, which we're currently finding most prevalent in Asia and less prevalent in Europe. In addition, certain industries and sectors are especially attractive in specific countries. For example, mortgage growth and demand for consumer staples are particularly robust in India.

In constructing the Fund's portfolio, our investment team considers the potential upside, the relative predictability of results, and the diversification characteristics to determine how each prospective investment might complement the other stocks we already hold. Our position sizes mainly depend on our level of conviction. An initial position might be as much as 1% of net assets. As our conviction increases, a standard position could approach 1.5% of assets. And a high-conviction position might rise above 2.5%.

Liquidity considerations and stock-price momentum are also very important in our decisions regarding position sizes. We try to ensure that trading volumes for a stock are sufficient so that the likely cost of entering and exiting a position is reasonable relative the company's quality and growth potential. If our assessment of a company is correct, the market capitalization and liquidity will generally increase—allowing us to exit or trim our position at a higher valuation.

ONGOING MONITORING AND SELL DISCIPLINE

After our purchase decision, we continue to do fundamental research on the companies we hold. On an ongoing basis, we also update our DuPont analysis, multifactor modeling and company-specific financial models. Oftentimes, we become even more impressed with a company and add to our position.

On the other hand, ongoing monitoring acts as an additional set of eyes and helps us detect problems related to the companies we already own. These problems could result in the full or partial sale of positions. Reasons for selling a position include the following:

- Negative expected return because today's P/E multiple is too high when considered versus the anticipated growth rate and the anticipated future P/E multiple.
- Company is expensive compared to industry, sector or country peers.
- Company is expensive compared to Wasatch's "institutional memory."
- Profitability levels, ROEs or returns on assets (ROAs) show multi-period declines that seem out of line with the industry or the company's own history.
- Financial results are inconsistent with management's forecasts and explanations of results.
- Red flags regarding corporate governance, communications or management incentives.
- Management decisions that are out of character relative to Wasatch's expectations.
- Our investment team has found prospective investments that are more attractive from a risk/reward/diversification perspective.

SUMMARY

On an individual stock basis, investing internationally—especially in emerging and frontier markets and in micro-cap companies—can increase risk. But due to reasonable valuations, favorable dividend policies and the more idiosyncratic nature (evident in lower correlations) of certain countries and smaller companies, a diversified portfolio of international micro caps can offer the potential for attractive risk-adjusted returns.

While large caps may demonstrate higher dependency on sector dynamics and the general economy, successful stock-picking can be especially valuable among micro caps. Based on our initial experience as investors in the U.S., we've spent many years applying a similar investment process to uncover high-quality, growth-oriented micro caps overseas.

Well-chosen international micro caps have the opportunity to benefit from several macro trends that could enhance returns and moderate the risks. These trends include deregulation, urbanization, expanding populations, younger demographics in some countries, increased productivity, regional disparities in gross domestic product (GDP) growth, and greater consumer demands due to the enlarging middle class and rising personal incomes.

As we research international micro caps today, we're finding that basic financial information in a standardized accounting format is generally available. This information may be enough to pique our interest, but not much beyond that. In order to draw any conclusions, we need to have direct contact with the companies and spend time in their environments. Generally speaking, the smaller the company and the less developed the country, the more on-the-ground research and a larger dose of skepticism are necessary. But the research challenges we face are also some of the reasons why we can find attractively valued international micro caps that have not yet received the attention of mainstream investors.

A related point regarding international micro caps is that we can sometimes relax our focus on growth. While we're definitely growth-oriented investors, we realize that it's often dangerous to seek a growth rate that's too fast in less-developed markets where uncertainty is inherently greater. Instead, we're usually better off focusing on high-quality businesses and investing in more-moderate-growth companies in which our main advantage is that we've done our research where other investors haven't. There's also an argument to be made that in emerging and frontier markets the opportunities available to high-quality companies are greater because more-speculative companies may find it especially difficult to access capital.

As international micro-cap investors, we have the advantage of being able to buy only what we consider to be high-quality companies—and still achieve good diversification. For example, to gain exposure to the consumer-staples sector, it's not necessary for us to pick a German food company if there's a better-valued Malaysian one with stronger growth prospects and healthier stock-price momentum. As a result, achieving the benefits of appropriate industry, sector and country diversification is much easier with an international approach than with a domestically focused approach. These benefits are in addition to the potentially higher returns afforded by micro-cap stocks.

THE WASATCH ADVANTAGE

We believe Wasatch is uniquely positioned to exploit present and future opportunities in developed, emerging and frontier markets. We're willing to dig deep to find these opportunities. And we have a proven track record of doing so. Past performance is not indicative of future results.

Wasatch Advisors, investment advisor to Wasatch Funds, was founded in 1975 as a small-cap growth investment boutique. The firm has spent over 40 years developing unique expertise in the small- and micro-cap space. We launched our first international product in 2000 and have continued to build our international team since then.

Deep Due Diligence

To take full advantage of the inefficiencies and opportunities available internationally, portfolio managers and analysts must be willing to do on-the-ground research in order to gain a true understanding of the companies and their markets. A Wasatch cornerstone has always been the deep due diligence applied to each investment we make. Our portfolio managers and analysts regularly travel the world to meet with management teams, who sometimes mention just how rare it is for them to actually get a visit from an investor.

Wasatch believes its deep due diligence can better determine a company's growth potential, financial stability and management quality. The Wasatch heritage is "bottom-up," which means analyzing the investment potential of individual companies.

Cross-Team Collaboration

Another key element of Wasatch's approach is cross-team collaboration. For example, we don't send one person to Malaysia to determine the best companies in that country. We send a team of members with different backgrounds in order to get a more-robust understanding of each company. This team gets together with portfolio managers and analysts who have been trekking through other parts of the world, as well as with the U.S. team, to compare companies from around the globe to help select investments that appear to have the best potential.

Wasatch's research team consists of 33 portfolio managers and securities analysts. Each team member is dedicated to the collaborative, hands-on research process the firm employs in managing its mutual funds and institutional separate accounts.

ABOUT THE PORTFOLIO MANAGERS

Jared Whatcott, CFA
Portfolio Manager

Jared Whatcott has been a Portfolio Manager for the Wasatch International Opportunities Fund since 2014 and for the Wasatch Frontier Emerging Small Countries Fund since 2016. He joined Wasatch Advisors in 2005 as a Senior Equities Analyst on the international research team.

Prior to joining Wasatch Advisors, Mr. Whatcott was a Captain in the United States Air Force, where he served as a contracting officer.

Mr. Whatcott earned a Master of Business Administration from the Darden School at the University of Virginia, and a Bachelor of Science in Management with a Minor in Mandarin Chinese from the United States Air Force Academy. He is also a CFA charterholder.

Jared lived in Taiwan, where he learned to speak Mandarin. He enjoys sports, reading and spending time with his family.

Linda Lasater, CFA
Portfolio Manager

Linda Lasater has been a Portfolio Manager for the Wasatch International Opportunities Fund since 2016 and an Associate Portfolio Manager for the Wasatch International Growth Fund since 2014. She joined Wasatch Advisors in 2006 as a Senior Equities Analyst on the international research team. She also completed a successful research internship with Wasatch during the summer of 2005.

Prior to joining Wasatch Advisors, Ms. Lasater worked as a project lead and systems analyst in the portfolio analytics group at AIM Investments, where she developed tools that enabled portfolio managers and analysts to make informed investment decisions.

Ms. Lasater earned a Master of Business Administration from the Tuck School of Business at Dartmouth. Earlier, she received a Bachelor of Business Administration in Management Information Systems from the University of Texas, where she was a chairperson and membership director of the Asian Business Students' Association. She is also a CFA charterholder.

Linda is fluent in Vietnamese. She enjoys biking, reading and spending time with her family.

ABOUT WASATCH ADVISORS®

Wasatch Advisors is the investment manager to Wasatch Funds,® a family of no-load mutual funds, as well as to separately managed institutional and individual portfolios. Wasatch Advisors pursues a disciplined approach to investing, focused on bottom-up, fundamental analysis to develop a deep understanding of the investment potential of individual companies. In making investment decisions, the portfolio managers employ a uniquely collaborative process to leverage the knowledge and skill of the entire Wasatch Advisors research team.

Wasatch Advisors is an employee-owned investment advisor founded in 1975 and headquartered in Salt Lake City, Utah. The firm had $15.9 billion in assets under management as of March 31, 2016. Wasatch Advisors, Inc. is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

Wasatch Contacts

Individual Investors: 800.551.1700 • Financial Advisors: 800.381.1065
Institutional Investors: 801.983.4119 • Retirement Plan Solutions: 801.415.5524

RISKS AND DISCLOSURES

Investing in foreign securities, especially in emerging and frontier markets, entails special risks, such as currency fluctuations and political uncertainties, which are described in more detail in the prospectus. Investing in micro cap funds will be more volatile and loss of principal could be greater than investing in large cap or more diversified funds.

Diversification does not eliminate the risk of experiencing investment losses.

An investor should consider investment objectives, risks, charges, and expenses carefully before investing. To obtain a prospectus, containing this and other information, visit www.WasatchFunds.com or call 800.551.1700. Please read it 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. ***Past performance is no guarantee of future results, and there is no guarantee that the market forecasts discussed will be realized.***

The investment objective of the Wasatch International Opportunities Fund is long-term growth of capital.

Portfolio holdings are subject to change at any time. References to specific securities should not be construed as recommendations by the Funds or their Advisor. Current and future holdings are subject to risk.

CFA® is a trademark owned by CFA Institute.

ALPS Distributors, Inc. is not affiliated with Wasatch Advisors.

DEFINITIONS

Correlation, *in the financial world, is a statistical measure of how asset classes, securities, markets, or countries move in relation to each other.*

The **correlation coefficient** *is a number between -1.0 and 1.0. If there were no relationship between two variables, the correlation coefficient would be 0. As the strength of the relationship between the two variables increases, so does the correlation coefficient. A perfect positive fit gives a coefficient of 1.0. A perfect negative fit gives a coefficient of -1.0.*

Dividend yield *is a company's annual dividend payments divided by its market capitalization, or the dividend per share divided by the price per share. For example, a company whose stock sells for $30 per share that pays an annual dividend of $3 per share has a dividend yield of 10%.*

Earnings growth *is a measure of growth in a company's net income over a specific period, often one year.*

Earnings-per-share *or* **EPS** *is the portion of a company's profit allocated to each outstanding share of common stock. EPS growth rates help investors identify companies that are increasing or decreasing in profitability.*

EBIT *(earnings before interest and taxes) is a measure of a firm's profit that includes all expenses except interest and income tax expenses. It is the difference between operating revenues and operating expenses. EBIT is also called "operating earnings," "operating profit," or "operating income."* **EBIT ROA** *is the ratio of EBIT to the total capital invested in operating assets.*

Enterprise Value (EV) *is a measure of a company's value calculated as market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents. The* **EV (enterprise value)-to-EBITDA (earnings before interest, taxes, depreciation and amortization) Ratio** *is enterprise value, as defined above, divided by annual EBITDA.*

Gross domestic product (GDP) *is a basic measure of a country's economic performance and is the market value of all final goods and services made within the borders of a country in a year.*

An **initial public offering (IPO)** *is a company's first sale of stock to the public.*

Long-Term Debt to Capital *is a company's debt as a percentage of its total capital. Debt includes all short-term and long-term obligations. Total capital includes the company's debt and shareholders' equity, which includes common stock, preferred stock, minority interest and net debt.*

Operating Margin *equals operating income divided by revenues, expressed as a percentage.*

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

Return on Assets (ROA) *measures a company's profitability by showing how many dollars of earnings a company derives from each dollar of assets it controls.*

Return on Equity (ROE) *measures a company's efficiency at generating profits from shareholders' equity.*

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

Correlation coefficients are based on the following MSCI country indices and MSCI country small cap indices. The **MSCI Australia, MSCI Germany, MSCI Japan, MSCI Singapore, MSCI India, MSCI Malaysia, MSCI Philippines** *and* **MSCI Taiwan** *indices are unmanaged indices and include reinvestment of all dividends of issuers in each respective country. These indices are free float-adjusted market capitalization indices designed to measure the performance of mid- and large-cap securities. The* **MSCI Australia Small Cap, MSCI Germany Small Cap, MSCI Japan Small Cap, MSCI Singapore Small Cap, MSCI India Small Cap, MSCI Malaysia Small Cap, MSCI Philippines Small Cap** *and* **MSCI Taiwan Small Cap** *indices are unmanaged indices and include reinvestment of all dividends of issuers in each respective country. These indices are free float-adjusted market capitalization indices designed to measure the performance of small-capitalization securities.*

The Fund's benchmark, the **MSCI All Country (AC) World Ex-U.S.A. 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.*

You cannot invest in these or any indices.

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties or originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)