

December 31, 2018

# WASATCH MICRO CAP FUND®

(WMICX) Open to all investors.



## ABOUT THE FUND

<b>Inception</b>	6/19/1995
<b>Total Fund Assets</b>	\$372 Million
<b>Morningstar Category</b>	Small Growth
<b>Objective</b>	Long-term growth of capital. Income is a secondary objective, but only when consistent with long-term growth of capital.
<b>Core Beliefs</b>	<ul style="list-style-type: none"> <li>Earnings drive stock prices</li> <li>Small companies can grow faster than large ones</li> <li>Patience and discipline lead to smart long-term investments</li> </ul>
<b>Research Tenets</b>	<ul style="list-style-type: none"> <li>Leverage the firm's thorough, collaborative and disciplined research process</li> <li>Find undiscovered micro cap growth companies at good values</li> <li>Find the World's Best Growth Companies,™ specifically:               <ul style="list-style-type: none"> <li>high-quality companies with strong financials</li> <li>a sustainable competitive advantage</li> <li>a proven management team</li> <li>earnings growth above 15%/year</li> <li>a price-to-earnings multiple around our expected 5-year earnings growth rate for the company</li> </ul> </li> </ul>
<b>Compared to Other Wasatch Funds</b>	Our smallest cap growth fund
<b>Total Expense Ratio</b>	Gross 1.65% / Net 1.65%

## GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT

12/31/2008 through 12/31/2018



Data shows past performance. Past performance is not indicative of future performance and current performance may be lower or higher than the data quoted. For the most recent month-end performance data, visit [www.WasatchFunds.com](http://www.WasatchFunds.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 Fund expenses, leading to higher total shareholder returns. **Total Expense Ratio: Gross 1.65%; Net 1.65%**. The Advisor has contractually agreed to reimburse Total Annual Fund Operating Expenses in excess of 1.95% until at least 1/31/2020.

Wasatch Funds will deduct a 2.00% redemption fee on Fund shares held 60 days or less. Performance data does not reflect this redemption fee or taxes.

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. 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, which contains this and other information, visit [www.wasatchfunds.com](http://www.wasatchfunds.com) or call 800.551.1700. Please read the prospectus carefully before investing.

Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group. The Russell Microcap Index is an unmanaged total return index of the smallest 1,000 securities in the small cap Russell 2000 Index along with the next smallest 1,000 companies, based on a ranking of all U.S. equities by market capitalization. You cannot invest directly in any index.

## ABOUT THE FUND MANAGERS

The Wasatch Micro Cap Fund is managed by a team of portfolio managers led by Ken Korngiebel and Dan Chace.



**Ken Korngiebel, CFA**  
Lead Portfolio Manager

Mr. Korngiebel has been the Lead Portfolio Manager for the Micro Cap Fund since 2017. He is also a Portfolio Manager of the Small Cap Growth Fund. He joined Wasatch Advisors in 2015 as a Portfolio Manager. His investment career spans more than 20 years, during which he has covered small-, mid- and large-cap growth stocks across all sectors.

Prior to joining Wasatch Advisors, Mr. Korngiebel was a founder, partner and lead portfolio manager at Montibus Capital Management, which is a business backed by Stifel Financial Corp. At Montibus, he led a team of five investment professionals from 2006 to 2015, managing the firm's small- and SMID-cap growth portfolios totaling \$1 billion in assets. Earlier in his career, he was a senior managing director and lead portfolio manager at Columbia Management Company.

Mr. Korngiebel holds an MBA from the Wharton School of the University of Pennsylvania, and a B.A. in Economics and Spanish from Stanford University.



**Dan Chace, CFA**  
Portfolio Manager

Mr. Chace has been a Portfolio Manager for the Micro Cap Fund since 2004. He is also a Portfolio Manager for the Emerging Markets Small Cap Fund. He joined Wasatch Advisors in 2002 as a Senior Research Analyst on the Ultra Growth and International Growth Funds.

Mr. Chace has been in the finance industry since 1996, working in the New York offices of J.P. Morgan Securities, SG Cowen Securities, Merrill Lynch and Oppenheimer & Co. His work in New York was as an equities analyst following Latin American financial institutions.

Mr. Chace earned a Master of Business Administration from Harvard Business School. He completed his undergraduate studies at Pomona College, receiving a Bachelor of Arts in Cultural Anthropology.

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## AVERAGE ANNUAL TOTAL RETURNS

Through 12/31/2018	1 Year	5 Years	10 Years
Wasatch Micro Cap Fund	2.57%	8.30%	15.51%
Russell Microcap® Index	-13.08%	3.08%	11.71%

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# WASATCH MICRO CAP FUND<sup>®</sup>

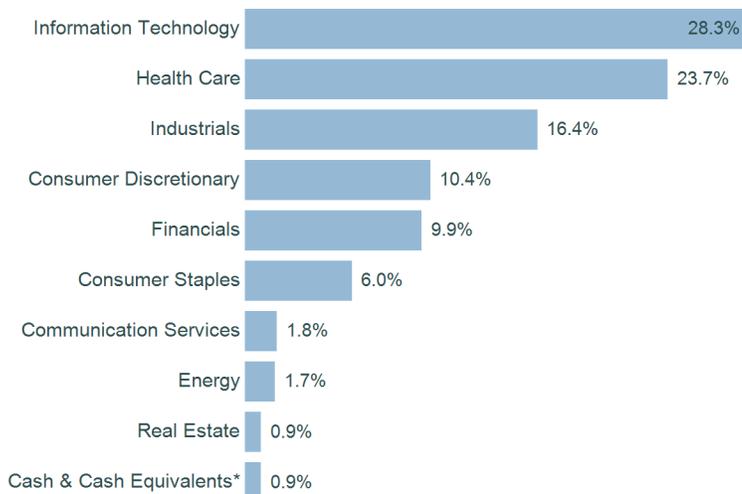
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## PORTFOLIO CHARACTERISTICS

Est. 5-year EPS Growth	22.3
Forward 12-month P/E Ratio	20.3
P/E to Growth Rate	0.9
Median Market Cap	\$643m
Weighted Average Market Cap	\$1.24b
Number of Holdings	88
Portfolio Turnover	56%
Alpha (5 year)	5.37
Beta (5 year)	0.89
R-Squared (5 year)	0.80

## SECTOR ALLOCATION



\* includes other assets and liabilities

## COUNTRY ALLOCATION OF EQUITIES

Country	Fund
<b>U.S.</b>	<b>75.9</b>
<b>Foreign</b>	<b>24.1</b>
Japan	6.6
India	5.9
Israel	3.5
Korea	1.7
United Kingdom	1.6
Others	4.8

Excludes cash and cash equivalents.

## TOP 10 EQUITY HOLDINGS

As of 12/31/2018	% of Fund
V-Mart Retail Ltd. (India) <i>Department Stores</i>	3.0%
Fabrinet <i>Electronic Manufacturing Services</i>	2.4%
Tandem Diabetes Care, Inc. <i>Health Care Equipment</i>	2.2%
Freshpet, Inc. <i>Packaged Foods &amp; Meats</i>	2.0%
OrthoPediatrics Corp. <i>Health Care Supplies</i>	1.9%
Rapid7, Inc. <i>Systems Software</i>	1.9%
CyberArk Software Ltd. (Israel) <i>Systems Software</i>	1.8%
People's Utah Bancorp <i>Regional Banks</i>	1.8%
Twilio, Inc. <i>Internet Services &amp; Infrastructure</i>	1.8%
Upland Software, Inc. <i>Application Software</i>	1.7%
<b>Total</b>	<b>20.5%</b>

Current and future portfolio holdings are subject to risks and may change at any time. References to specific securities should not be construed as recommendations by the Fund or its Advisor.



To invest in this fund, please visit  
[www.WasatchFunds.com](http://www.WasatchFunds.com)  
or call 800.551.1700

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**Est. 5-year EPS Growth %:** Estimated percentage increase in earnings per share (EPS) per year of the fund's holdings over the next 5 years. These returns are not guaranteed and may be higher or lower. Source: Wasatch and FactSet. **Trailing 12-mo. P/E Ratio:** The sum of the stock prices of the fund's holdings divided by the aggregate earnings per share of those holdings for the past 12 months, calculated as a weighted harmonic average. **P/E to Growth Rate:** The trailing 12-month P/E ratio divided by the estimated 5-year EPS growth rate. Portfolios with a number less than 1.0 would be considered undervalued, around 1.0 would be considered fair valued and significantly greater than 1.0 would be considered overvalued. **Weighted Average Market Cap:** The average market capitalization of companies held by the fund, weighted by their percentage of fund net assets. **Portfolio Turnover:** A measure of trading activity in a fund's portfolio over the past 12 months expressed as a percentage of the fund's average total assets. **Alpha** measures a fund's risk/reward potential. A positive alpha means the fund outperformed the index. A negative alpha means the fund underperformed the index. **Beta** measures a fund's risk in relation to the market. A beta of 0.8 means the fund's total return is likely to move up or down 80% of the market change; 1.25 means total return is likely to move up or down 25% more than the market. **R-Squared** measures (from 0 to 1.0) how closely a fund's movements are correlated with movements of its benchmark. An R-squared of 1.0 would mean that the fund's movements are completely correlated with the movements of its benchmark.

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