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2025
50th ANNIVERSARY

Quarterly
Commentary

Investor
WGROX / Institutional
WIGRX

Wasatch Core Growth Fund

JUNE 30, 2025

OVERVIEW

U.S. small cap stocks ended the quarter with sizable gains, but the march forward was volatile. Initially, stocks turned lower after President Trump unveiled tariff rates for countries that were much higher than investors had anticipated. However, equities then rebounded sharply as the President's economic team appeared to be softening its stance on tariffs. For the quarter, the Russell 2000® Growth Index was up 11.97%, while the Wasatch Core Growth Fund—Investor Class gained 5.57%.

As investor views on tariffs shifted, a "risk-on" environment followed for much of the quarter. Against this backdrop, the stocks of lower-quality companies generally outperformed those of higher-quality businesses. This was a headwind for our investment style, which focuses on high-quality companies. And that headwind was severe. By some metrics this was one of the strongest environments favoring low-quality stocks that we've experienced.

For perspective, one way we gauge whether high-quality or low-quality stocks are in favor is through a proprietary process, in which we screen and rank the small cap universe by several aggregate factors, including financial metrics such as return on assets and operating profit margins, among other items. We then compare how the companies in the top quintile of this aggregate score (high-quality businesses) perform against the bottom quintile (low-quality businesses). Based on that metric, this was the third-strongest 10-week period of outperformance

PORTFOLIO MANAGERS



Paul Lambert
Lead Portfolio Manager

20 / 25
YEARS ON FUND / YEARS AT WASATCH



Mike Valentine
Lead Portfolio Manager

7 / 8
YEARS ON FUND / YEARS AT WASATCH



Kipling Weisel
Associate Portfolio Manager

<1 / 5
YEAR ON FUND / YEARS AT WASATCH

*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—1.17% / Institutional Class—Gross 1.06%, Net 1.05%. 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 1/31/2026.***



by low-quality stocks of the last decade, and the strongest since early 2021.

DETAILS OF THE QUARTER

The largest detractor from Fund performance was **BellRing Brands, Inc. (BRBR)**. The company provides various nutritional products and is best known for its Premier Protein and Dymatize brands. BellRing's fundamentals are strong, but there is a one-off channel inventory dynamic affecting guidance for the third quarter, which caused the stock to sell off. We visited the company recently, and believe our secular thesis is on track given strong consumption metrics and a continued runway to increase distribution and penetrate new households.

Saia, Inc. (SAIA) also detracted. Saia is a trucking company focused on the high margin "less than a full truckload" (LTL) space. Investments the company made in logistics and operations have enabled it to take market share in recent years, and the stock price had benefited. But the stock dropped significantly in late April after Saia announced surprisingly weak quarterly results, citing weather-related disruptions and weaker-than-expected March shipments. Investors look to the results of LTL companies as an early signal of the health of the broader trucking industry. We spoke with management following the earnings announcement and remain confident in the company's ability to continue to outgrow weaker competitors.

Clearwater Analytics Holdings, Inc. (CWAN) was another detractor. Clearwater Analytics offers a software platform for investment accounting, compliance, risk management and reporting that gives asset managers and insurers daily insights into portfolio holdings. During the quarter, the stock reacted negatively as the company completed its acquisition of a software provider for the investment management and hedge fund industry. We continue to like Clearwater but lowered the stock's weight in the Fund as we assess what the acquisition might mean for Clearwater's business.

Two of the top contributors to Fund performance were technology companies, **Fabrinet (FN)** and **Nova Ltd. (NVMI)**. Fabrinet makes optical components that are used in data centers. Nova sells metrology and process control systems used in semiconductor manufacturing. Both businesses have benefited from the increasing use of artificial intelligence (AI). While fundamentals for the two companies remain strong, AI has been a popular investment theme and that likely played a larger role in fueling the stocks' rise.

Another top contributor for the Fund was **Wingstop, Inc. (WING)**. The firm operates and franchises a network of more than 2,500 fast-casual restaurants, specializing in cooked-to-order, hand-sauced and tossed chicken wings. Wingstop released what we considered to be a solid set of operating results when it reported earnings in late April. The stock rose on the back of those results. We like Wingstop for its highly profitable franchising model, which generates significant revenue from royalties and franchise fees. We also like the potential of Wingstop's new AI-driven kitchens, which use data to forecast the demand for wings. By forecasting demand early, wings can be prepared sooner, increasing throughput at the store and driving higher average unit volumes (AUVs). Wingstop is trying these new kitchens in test markets and the results have been encouraging. *(Current and future holdings are subject to change and risk.)*

OUTLOOK AND POSITIONING

As we look toward the back half of the year, we wouldn't be surprised to see markets stay volatile. As we write this commentary at the end of June, there is still a great deal of uncertainty about tariffs and trade policy, and wars in Europe and the Middle East. Throw in the uncertainty about interest rate policy and there are plenty of factors that could shake the equity markets.



What those issues don't shake is our confidence in our investment philosophy, process and positioning. We remain focused on high-quality companies that have a proven track record of earnings growth, a history of strong free cash-flow generation, and that are led by management teams we know and trust.

That high-quality focus was admittedly a headwind to the Fund's performance relative to its benchmark this quarter. But in times of macroeconomic and geopolitical uncertainty, these are precisely the types of businesses we want to own.

Thank you for the opportunity to manage your assets.

Sincerely,

Paul Lambert, Mike Valentine and Kipling Weisel



TOTAL RETURNS

FOR PERIODS ENDED JUNE 30, 2025

	Quarter*	1 Year	3 Years	5 Years	10 Years
Core Growth Fund—Investor	5.57%	6.85%	13.10%	10.20%	10.64%
Core Growth Fund—Institutional	5.60%	6.97%	13.24%	10.34%	10.78%
Russell 2000® Growth Index**	11.97%	9.73%	12.38%	7.42%	7.14%
Russell 2000® Index*	8.50%	7.68%	10.00%	10.04%	7.12%

*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 1.50% for the Investor Class and 1.05% for the Institutional Class through at least 1/31/2026.** 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.

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.

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.

The Wasatch Core 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 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 Core Growth Fund has been developed solely by Wasatch Global Investors. The Wasatch Core 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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Average Unit Volume (AUV) is the average annual sales generated by each location within a franchise.

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

Operating margin, also called operating profit margin, is the amount a company makes on every dollar of sales after deducting variable costs but before accounting for interest or taxes. Operating margin is calculated by dividing the company's operating income by its net sales.

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.

CORE GROWTH FUND — TOP 10 HOLDINGS

AS OF MARCH 31, 2025

Security Name	Percent of Net Assets
HealthEquity, Inc.	4.2%
Casella Waste Systems, Inc., Class A	3.7%
Shift4 Payments, Inc.	3.2%
Paylocity Holding Corp.	2.9%
Kadant, Inc.	2.8%
Morningstar, Inc.	2.7%
Valvoline, Inc.	2.7%
Ollie's Bargain Outlet Holdings, Inc.	2.7%
Trex Co., Inc.	2.6%
RBC Bearings, Inc.	2.6%
Total	30.1%
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.	