

# Wasatch Global Select Strategy

JUNE 30, 2026

## OVERVIEW

Global small- and mid-cap stocks posted strong returns in the second quarter. Throughout much of the period, enthusiasm surrounding artificial intelligence (AI) continued to support technology-related companies and businesses tied to the broader AI supply chain. While geopolitical tensions between the U.S. and Iran remained volatile during the quarter, a ceasefire near quarter end eased concerns about a broader regional conflict and helped improve investor sentiment.

In this environment, the MSCI AC (All Country) World Index returned 14.93%. The Wasatch Global Select strategy gained but underperformed its benchmark.

At the sector level, stock selection in the information-technology (IT) and financials sectors detracted most from performance relative to the benchmark. On a geographic basis, stock selection in the U.S. was by far the largest detractor from relative performance.

Looking at relative performance from the sector and geographic perspectives can shed some insight into the strategy's results, but because of the concentrated nature of the portfolio, our performance is typically driven by individual stocks. Some of the key contributors to and detractors from performance are discussed in the Details of the Quarter section below.

## DETAILS OF THE QUARTER

The largest detractor from strategy performance was **Procore Technologies, Inc. (PCOR)**, a software company that manages construction projects. Many software stocks have sold off in 2026 due to concerns about how AI might disrupt software business models. The strategy does not have large exposure to software companies. But for the companies we do hold, we believe the market has underestimated the competitive moats that insulate the businesses from AI disruption or

## PORTFOLIO MANAGERS



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1 / 12  
YEARS ON STRATEGY / YEARS AT WASATCH



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Portfolio Manager

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the ways in which the companies might actually benefit from AI, not be disrupted by it. Procore serves as an example. Procore's advantage lies not in its software code but in its extensive network of contractors and the proprietary data generated across thousands of projects. That network effect and dataset are significantly more difficult to replicate than the underlying software functionality, and we believe they position the company well in an AI-driven environment. AI could create more and better insights from that proprietary data.

Additionally, **Hamilton Lane, Inc. (HLNE)** detracted from performance. Hamilton Lane is a global investment-management firm that specializes in private-market investing. The stock slid on worries about its exposure to private credit. We maintained the remaining position on the view that Hamilton Lane's business is unlikely to be disrupted to the extent investors are expecting.

**Sugi Holdings Co. Ltd.** was another detractor. The company operates one of Japan's largest pharmacy chains. While the stock lost some ground during the quarter, we continue to like Sugi's growth potential and believe it will be a key consolidator of Japan's fragmented drugstore market.

**ASPEED Technology, Inc.** was the top contributor to strategy performance during the quarter. The Taiwan-based company is a fabless designer of server management and remote-control processors used in data-center hardware. The company's monthly revenue jumped in both April and May. ASPEED's rapid growth reflects not only a surge in server manufacturing for AI workloads but also the need for more of the company's chips per server installation, as AI-oriented and multi-node designs require more management controllers compared with earlier configurations. Higher average selling prices for ASPEED's current generation of products are also boosting revenues and earnings.

Another strong stock was **Loar Holdings, Inc. (LOAR)**, a U.S.-based manufacturer and supplier of niche aerospace and defense components for aircraft and related systems. Loar has also benefited in a rally among aerospace and defense companies. Additionally, fundamentals remain strong, with the company reporting record quarterly net sales in its latest operating results. We continue to like Loar Holdings and its growth potential. Loar operates in industries that have high barriers to entry due to stringent manufacturing and certification requirements. And the long life of commercial and defense aircraft means Loar can sell the same replacement parts for several years.

**RBC Bearings, Inc. (RBC)** also contributed. The company manufactures highly engineered precision bearings, components and essential systems and primarily serves the aerospace, defense and diversified industrial markets. Similar to Loar, RBC has also benefited from a rally among aerospace and defense companies. Fundamentals for RBC remain strong, and we continue to like the company's long-term earnings potential.

## OUTLOOK AND POSITIONING

In the second quarter, AI continued to be a leading driver of equity markets. Given the market's focus on AI, we wanted to share how we are investing in this market environment.

We believe AI has transformative potential, and we own a number of companies that directly or indirectly benefit from the AI build-out. But we're investing in AI through the lens of high-quality, long-duration growth investors. Our focus is on businesses with durable competitive advantages and long-term growth drivers that we believe extend beyond the current wave of elevated AI investment.

While continuing to hold and search for high-quality companies that benefit from AI, we're also trying to capitalize on the market's one-sided nature. Amid AI enthusiasm, investors appear to have ignored companies that



are not AI beneficiaries but that have nevertheless continued to steadily compound earnings growth. This has caused some of our steady growth companies to trade at extremely attractive valuations. We are seeking to take advantage of that opportunity, concentrating more capital into some of those positions. We believe these companies are well positioned to outperform once the market puts greater emphasis on company fundamentals.

Thank you for the opportunity to manage your assets.

Sincerely,

Mick Rasmussen, Stuart Rigby and Derrick Tzau



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*The MSCI AC (All Country) World Index is a free float adjusted market capitalization index designed to measure the equity market performance of mid-cap and large-cap securities across 23 developed-market and 27 emerging-market countries. The MSCI AC (All Country) World Mid Cap Growth Index captures mid-cap securities exhibiting overall growth style characteristics across developed and emerging countries.*

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

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