

Wasatch Advisors, Inc.

March 29, 2012

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This brochure provides information about the qualifications and business practices of Wasatch Advisors, Inc. (“Wasatch”). If you have any questions about the contents of this brochure, please contact us at **801.533.0777** or email **institutionalinfo@wasatchadvisors.com**. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Wasatch also is available on the SEC’s website at **www.adviserinfo.sec.gov**. The SEC’s website also provides information about people affiliated with Wasatch who are registered, or are required to be registered, as investment advisor representatives of Wasatch.

Wasatch is an investment advisor registered with the SEC. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information to help you determine whether to hire or retain an advisor.

In the past Wasatch has offered or delivered information about our qualifications and business practices to clients at least annually. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of December 31st, the close of our business fiscal year. We will also provide other ongoing disclosure information about material changes as necessary.

Currently, our brochure may be requested by contacting us at **801.533.0777** or by email at **compliance@wasatchadvisors.com**. Our brochure is also available on our website www.wasatchadvisors.com. The brochure is free of charge.

Item 2 – Material Changes

Wasatch made several changes in Part 2A of its ADV filed on March 29, 2012. Although we do not believe these to be material, we wanted to make you aware of the changes. The changes included:

- Updated the firm's AUM to \$10.4 billion as of 12/31/2011.
- Disclosed two new Wasatch Funds launched in the past year, Emerging India Fund and Frontier Emerging Small Countries Fund.
- Disclosed the new Emerging Markets Collective Investment Trust.
- Disclosed that Wasatch has consented to provide a Large Value model portfolio to two Unified Managed Accounts.
- Disclosed that three Wasatch Funds (Large Value, Small Value and Core Growth) added "I shares" for institutional investors.
- Disclosed an increase in administrative fees received by Wasatch from the Cross Creek Funds due to the launch of an additional fund.
- Revised the fee description for the Cross Creek Capital Partners II fund to reflect the fees ultimately agreed upon by Wasatch and the Limited Partners in the fund.
- Revised the fee description for separate accounts in Emerging Markets to clarify that the standard fee is 1% for all assets.
- Deleted disclosure related to a Large Value Fund domiciled in Luxembourg which was discontinued during the year.
- Disclosed that although it does not generally invest its proprietary accounts, Wasatch does maintain a 1% position in each Cross Creek Fund.
- Disclosed a change to the Code of Ethics to incorporate prohibitions on "pay-to-play."

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Item 4 – Advisory Business

Our History

Wasatch was founded in 1975 and is headquartered in Salt Lake City, Utah. In its first decades, Wasatch developed a fundamental, bottom-up research method that focuses on the long-term growth potential of companies and finding market inefficiencies. We initially focused on investing in the stocks of companies with small market capitalizations (small cap), and over time have organically evolved into additional asset classes.

Our Culture

Today, Wasatch is 100% employee owned with offices in Salt Lake City, Utah; Denver, Colorado; and South Bend, Indiana. Our autonomy fosters an entrepreneurial spirit and pride that promotes collaboration and teamwork. Years of experience have convinced us that the best ideas and insights come from subjecting our efforts to the scrutiny of multiple eyes. At Wasatch, we generate our own investment ideas and leverage our collective experience to create results for our clients.

Our People

The substance of our success has always been our people. The portfolio managers at Wasatch play a critical role in our investment philosophy and process. In addition to the individual strengths brought to each portfolio, our portfolio managers average 18 years of experience in the industry. Roughly half of our employees are shareholders in Wasatch, with no single shareholder owning more than 25% of the firm, and they elect a Board of Directors (currently consisting of nine employees) to govern the company's affairs.

Our Services

A. Discretionary Investment Advice

Wasatch provides discretionary investment advice for a variety of clients, including mutual funds, separately managed accounts, wrap program clients, sub-advised products and private venture funds. Across all of its different clients Wasatch managed a total of \$10.4 billion in assets as of 12/31/2011.

Wasatch's advisory services are typically provided on a discretionary basis, meaning that Wasatch has full discretion to determine, consistent with clients' investment objectives and restrictions, which securities and the total amount of securities that should be bought or sold for clients' accounts. Wasatch may buy, sell, or otherwise trade securities that include, but are not limited to, common and preferred stocks, foreign stocks, initial public offerings (IPOs), private placements, 144A restricted stocks, convertible stocks and bonds, options, warrants, rights, and corporate, municipal and government bonds, notes and bills. Wasatch provides investment management services in several investment styles, including growth, core and value styles in micro, small, mid and large cap securities located in domestic and international markets. Wasatch's discretionary investment authority may be limited by conditions imposed by clients in their stated investment objectives or guidelines, and mutually agreed to by Wasatch.

1. Mutual Funds

Wasatch provides discretionary investment management services to an open-end registered investment company, Wasatch Funds Trust ("Wasatch Funds"). In total, Wasatch is the

investment advisor to 19 separate portfolios in Wasatch Funds, although sub-advisors are retained to manage two of the portfolios.

Wasatch manages five U.S. domestic growth funds (Micro Cap, Small Cap Growth, Ultra Growth, Core Growth and Heritage Growth); five U.S. domestic value funds (Micro Cap Value, Small Cap Value, Large Cap Value, Long/Short and Strategic Income); seven international funds (Global Opportunities, World Innovators, International Opportunities, International Growth, Emerging India, Emerging Markets Small Cap and Frontier Emerging Small Countries); and two sub-advised bond funds (Wasatch-1st Source Income Fund and Wasatch-Hoisington U.S. Treasury Fund). Wasatch has retained 1st Source Corporation Investment Advisors, Inc. (1st Source) to sub-advise the Wasatch-1st Source Income Fund and Hoisington Investment Management Company (HIMCO) to sub-advise the Wasatch-Hoisington U.S. Treasury Fund.

As of 12/31/2011, Wasatch Funds had \$7.4 billion in assets under management. Wasatch Funds are available to retail investors as the minimum investment size for each Wasatch Fund is \$2,000. Each Fund is more fully described in the Wasatch Funds prospectus available online at www.wasatchfunds.com or www.sec.gov.

2. Separate Accounts

Wasatch manages portfolios for separate account clients in investment styles similar to those of the Wasatch Funds. Wasatch currently manages separate account portfolios in nine investment styles (Micro Cap Growth, Small Cap Growth, Small Cap Core Growth, Small Cap Ultra Growth, Mid Cap Growth, Small Cap Value, Large Cap Value, International Small Cap Growth and Emerging Markets Small Cap). In addition, Wasatch offers separate account portfolios in five other investment styles (Global Small Cap, Frontier Emerging Small Countries, International Micro Cap, Micro Cap Value, and World Innovators). These styles are generally managed similarly to the respective Wasatch Fund, although variations in the products may exist. For example, certain of our domestic products such as Small Cap Growth also offer a hybrid style that permits a significant portion of a portfolio to be invested in international small cap stocks. Within an investment style, the principle variations result from specific guidelines and restrictions placed on separate account portfolios by clients. Restrictions on the management of the account must be mutually agreed upon by Wasatch and the client. Clients who place restrictions, including restrictions as to types of securities, concentrations, cash balances, brokers to be used or not used, etc., should recognize that the performance of their accounts may not be consistent with the performance of accounts managed in the same style with no restrictions.

As of 12/31/2011, Wasatch managed \$2.8 billion in separate account assets. The minimum account size for a new separate account is generally \$1 million in assets under management in a domestic style, or \$10 million for an international style. Wasatch has the discretion to accept accounts with a value less than \$1 million depending on the nature of the account, the potential for future additions to the account and other factors. At times in the past Wasatch has accepted clients with smaller assets under management and so some Wasatch clients have accounts smaller than \$1 million. Depending on the investment style of a new account, the minimum account size may be negotiated.

3. Wrap Accounts

Wasatch also provides discretionary investment advisory services under so-called “wrap fee” arrangements offered by unaffiliated broker-dealers, wherein the broker/dealer may

recommend retention of Wasatch as an investment advisor, pay Wasatch's investment advisory fee on behalf of the client, monitor and evaluate Wasatch's performance, execute the client's portfolio transactions without commission charge, and provide custodial services for the client's assets, or provide any combination of these or other services, all for a single fee paid by the client to the broker-dealer. Currently, Wasatch provides services for only one wrap program, a program sponsored by Barclays Wealth in which clients are managed in a Mid Cap Growth style. Clients in the Barclays program have an account minimum of \$100,000. As of 12/31/2011, Wasatch managed only a single wrap account in the Barclays program with a value of \$717,000.

4. Sub-Advised Account

Wasatch currently has one sub-advisory relationships. Wasatch has been retained by Financiere de l'Echiquier (Paris, France), a company not related to Wasatch, as a sub-advisor to Echiquier Amerique ("Echiquier"), a collective fund subject to French laws and regulations. The Echiquier account is not offered to citizens of the United States and is managed in a Mid Cap Growth style. As of 12/31/2011, the sub-advised account had a U.S. dollar value of \$12.5 million.

5. Collective Investment Trust

In the first quarter of 2012 Wasatch began managing the Wasatch Emerging Markets Small Cap CIT which is sponsored by Comerica Bank & Trust, N. A., the Trustee of the CIT. The collective investment trust is an institutional-only investment vehicle aimed at the retirement plan market. A CIT is similar to a mutual fund in that it is comprised of pooled assets invested with a specific philosophy and strategy, however, since it is exempt from the 1940 Investment Company Act, it has a simpler structure and generally lower operating costs.

6. Cross Creek Funds

Wasatch, directly or indirectly, provides investment management services to five private venture funds (the "Cross Creek Funds"). Cross Creek Capital, L.P. and Cross Creek Capital Employees Fund, L.P. (collectively the "CCC Funds") are late-stage venture funds. As of 12/31/2011, the CCC Funds had capital commitments of approximately \$110 million and had called approximately 75% of this capital. Cross Creek Capital Partners, LLC; Cross Creek Capital Partners II, L.P. and Cross Creek Capital Partners II-B, L.P. (collectively the "CCP Funds") are funds-of-venture funds. Wasatch selects private and public investments for the CCC Funds and selects venture fund investments for the CCP Funds. As of 12/31/2011, the CCP Funds had capital commitments of approximately \$125 million and had called approximately 25% of this capital. For more information regarding the Cross Creek Funds and the conflicts they present please see Item 6.

B. Non-discretionary Investment Services

Wasatch designs, monitors and, as necessary, updates a model portfolio in accordance with certain investment styles and may provide recommendations with respect to these model portfolios on a regular basis to some clients ("Model Portfolio Accounts"). These clients may adopt or ignore Wasatch's recommendations. Wasatch does not have investment or voting discretion over Model Portfolio Accounts. Wasatch does not have responsibility for trade execution, proxy voting or any other services to Model Portfolio Accounts other than to provide recommendations with respect to the model portfolio. Wasatch does not consider itself as having discretion over these assets. Wasatch generally executes trades for discretionary clients prior to

notifying any Model Portfolio Accounts of any recommended changes to the model portfolio. The investment performance of any Model Portfolio Account is attributable to the client, not to Wasatch, and may differ substantially from the performance of Wasatch's discretionary accounts in the same portfolio.

Two of the Model Portfolio Accounts Wasatch provides advisory services are Unified Managed Accounts ("UMA"), wherein Wasatch provides a model portfolio to an overlay manager who then takes into account tax, expenses and customization criteria, and then blends the model with other model portfolios provided by other managers. The final UMA product combines multiple security types (equities, mutual funds, ETFs, ADRs, individual fixed income instruments, etc.) based on input from multiple managers into a single unified account.

C. Services Other Than Investment Services

In addition to providing investment services, Wasatch provides certain back office services for its various clients. Wasatch provides several services to Wasatch Funds, including providing officers to the Funds, all of whom are compensated by Wasatch and are provided at no additional charge to the shareholders of Wasatch Funds. Wasatch provides certain services to its separate account clients, including account reconciliation and statement generation, which are provided as part of its investment services.

In addition to services provided by Wasatch incidental to its advisory services, Wasatch also provides administrative services to the Cross Creek Funds, including accounting services, capital call management and preparation of financial statements. The Cross Creek Funds pay Wasatch fees for these services in addition to management and performance fees paid by the Funds. For more information regarding the Cross Creek Funds and the conflicts they present please see Item 6 below.

Item 5 – Fees and Compensation

A. Discretionary Investment Advice

1. Mutual Fund Fees

Wasatch receives fees from the Wasatch Funds based on a percentage of assets under management. Wasatch receives an annual fee based on assets under management of 0.70% from the Wasatch Heritage Growth and Wasatch Strategic Income Funds; 0.90% from the Wasatch Large Cap Value Fund; 1.00% from the Wasatch Small Cap Growth, Wasatch Core Growth, Wasatch Small Cap Value and Wasatch Ultra Growth Funds; 1.10% from the Wasatch Long/Short Fund; 1.25% from the Wasatch International Growth Fund; 1.50% from the Wasatch World Innovators, Wasatch Global Opportunities and Wasatch Emerging India Funds; 1.75% from the Wasatch Emerging Markets Small Cap, Wasatch Frontier Small Countries, and Wasatch Emerging India Funds; and 1.95% from the Wasatch Micro Cap, Wasatch Micro Cap Value and Wasatch International Opportunities Funds. In addition, Wasatch receives annual fees based on assets under management of 0.50% from the Wasatch-Hoisington U.S. Treasury Fund and 0.55% from the Wasatch-1st Source Income Fund. Wasatch has retained Hoisington Investment Management Company (HIMCO) to sub-advise the Wasatch-Hoisington U.S. Treasury Fund and pays HIMCO a management fee equal to 0.25% of the Fund's daily net assets. Wasatch has retained 1st Source Corporation Investment Advisors, Inc. (1st Source) to sub-advise the

Wasatch-1st Source Income Fund and pays 1st Source a management fee equal to 0.28% of the Fund's daily net assets.

Wasatch does not typically invest any of its separate account clients in Wasatch Funds. If any of Wasatch's advisory clients' assets are invested in Wasatch Funds, no advisory fee beyond that charged by the Fund(s) is charged on those assets. Management fees are accrued daily and paid by Wasatch Funds monthly.

In addition to management fees, Wasatch Funds also reimburses Wasatch for shareholder servicing on intermediary accounts for which Wasatch has paid a shareholder servicing fee. The Funds reimburse Wasatch an amount equal to the costs that would be incurred if such services were provided by the transfer agent engaged by Wasatch Funds. Fees paid by Wasatch Funds other than the management fee (custody fee, administration fee, transfer agency fee, distribution fee, etc.) are discussed in detail in the prospectus available at www.wasatchfunds.com or www.sec.gov. These other fees may vary by share class, as three Wasatch Funds (Wasatch Large Cap Value Fund, Wasatch Small Cap Value Fund and Wasatch Core Growth Fund) have adopted an institutional share class in addition to the regular investor share class.

2. Separate Account Fees

Wasatch's compensation is based on a percentage of assets under management as follows:

a. Fee Schedules

Domestic Small Cap (including Small Cap Growth, Small Cap Core Growth, Small Cap Ultra Growth and Small Cap Value)

	<u>Account Size</u>	<u>Annual Rate</u>
First	\$50,000,000	1.00%
Next	\$50,000,000	0.90%
Above	\$100,000,000	0.85%

Domestic Micro Cap (including Micro Cap Growth and Micro Cap Value)

<u>Account Size</u>	<u>Annual Rate</u>
All Accounts	1.50%

International Small Cap Growth

	<u>Account Size</u>	<u>Annual Rate</u>
First	\$50,000,000	1.00%
Next	\$50,000,000	0.90%
Above	\$100,000,000	0.85%

International Micro Cap

<u>Account Size</u>	<u>Annual Rate</u>
All Accounts	1.50%

Emerging Markets Small Cap

<u>Account Size</u>	<u>Annual Rate</u>
All Accounts	1.00%

Domestic Mid Cap

<u>Account Size</u>	<u>Annual Rate</u>
All Accounts	0.70%

Domestic Large Cap

	<u>Account Size</u>	<u>Annual Rate</u>
First	\$25,000,000	0.70%
Next	\$25,000,000	0.65%
Next	\$50,000,000	0.60%
Next	\$100,000,000	0.50
Above	\$200,000,000	0.45%

The fee schedules shown above are Wasatch's current fee schedules for separately managed accounts. At times Wasatch has had other fee schedules, which provided for fees that were higher or lower than those currently in effect. As new fee schedules were put into effect, they have been applicable to new clients and the fee schedules already agreed to with existing clients were not changed. Therefore, some of Wasatch's current clients are paying different fees than those shown above and some clients may pay more or less than other clients receiving the same services. Depending on the size of the account and the investment style, clients may negotiate fees that vary slightly from the schedules above.

b. Billing Process

Management fees are generally payable quarterly. Wasatch may invoice clients or deduct management fees directly from client accounts. Depending on the agreement between Wasatch and its clients, management fees may be payable in advance or in arrears and may or may not be adjusted for contributions of additional assets, withdrawal of a portion of the assets, or termination of the agreement. The investment management agreement between Wasatch and a client may be terminated by either party pursuant to the terms of the agreement, generally with notice of 30 days or less. If a client has prepaid the management fee for a quarter and the agreement is terminated during the quarter, a pro-rata portion of the prepaid management fee will be refunded for the period the account was managed.

c. Performance Fees

Although the fee schedule above reflects Wasatch's standard fees, at times in the past Wasatch has agreed with qualified separate account clients to charge performance fees. These fees have always been structured as fulcrum fees whereby a base fee was established (typically 1%) and then the fee rate might increase or decrease by equal proportions (to a maximum of 2% or a minimum of 0%) depending on the performance of the account relative to an agreed upon benchmark. Any performance or incentive fee arrangement will be subject to Section 205(a)(1) of the Investment Advisers Act of 1940 in accordance with the available exemptions thereunder,

including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, Wasatch shall include realized and unrealized capital gains and losses. Currently, less than 1% of Wasatch's separate account assets are structured with performance fees. A performance fee may give Wasatch the incentive to manage such accounts in a riskier manner in order to earn or increase the amount of its advisory fee or to favor accounts that pay a performance fee over other accounts. The conflicts created by performance fees are discussed in more detail in Item 6 below.

3. Wrap Account Fees

Currently Wasatch provides services for only one wrap program, a program sponsored by Barclays Wealth. Clients in the program are managed in a Mid Cap Growth style and clients pay a 0.50% fee. Wasatch receives the same fee for every client in the program and is unaware of the total fee paid by clients to the sponsor or whether the clients all pay the same fee to the wrap sponsor.

In evaluating a wrap program, a client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by Wasatch. Transactions are effected "net" (i.e., without commission) and a portion of the wrap fee is generally considered as being in lieu of commissions. Trades are generally expected to be executed with the broker-dealer with which the client has entered into the wrap fee arrangement, so that Wasatch may not be free to seek the best price and execution by placing transactions with other broker-dealers. Accordingly, clients may wish to satisfy themselves that the broker-dealer offering the wrap fee arrangement can provide adequate price and execution of most or all transactions. Clients should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in clients' accounts, the value of custodial and other services provided under the arrangement, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were provided separately and if Wasatch were free to negotiate commissions and seek the best price and execution of transactions for the clients' accounts.

4. Sub-Advised Account Fees

For the Echiquier sub-advised account, Wasatch receives an annual fee based on assets under management of 0.70% paid from the management fees received by Echiquier. For the Selector sub-advised fund, Wasatch also receives an annual fee based on assets under management. Wasatch does not receive a fee on the first EUR 25 million, receives a fee of 0.25% on amounts between EUR 25 million and EUR 50 million, and receives a fee of 0.50% on all amounts above EUR 50 million.

5. Collective Investment Trust

Wasatch receives an annual fee of 1.0% of assets under management for managing the Wasatch Emerging Markets Small Cap CIT.

6. Cross Creek Fees

Please see Item 6 for a full discussion of the fees paid to Wasatch by the Cross Creek Funds and the conflicts presented by such fees.

B. Non-Discretionary Investment Advice

Wasatch receives fees for providing Model Portfolio Account information to clients. These fees may be structured either as flat fees or based on assets the client chooses to manage in accordance with the Model Portfolio Account. Wasatch has few of these arrangements and so has not established a standard fee schedule for these relationships. The fees on such arrangements are negotiable and tend to be significantly lower than the fees on discretionary investment services due to the increased work performed by clients rather than Wasatch in such arrangements.

C. Administrative Fees

Wasatch provides administrative services to the Cross Creek Funds, including accounting services, capital call management and preparation of financial statements. The Cross Creek Funds pay Wasatch fees for these services in addition to management fees and performance fees paid by the Funds. The Cross Creek Funds paid Wasatch a total of \$243,000 for administrative services provided in 2011.

D. Other Fees

Advisory fees payable to Wasatch do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management. Wasatch does not receive, directly or indirectly any of these fees. They are paid to your broker, custodian or the mutual fund or other investment you hold. The fees include, among others:

- Brokerage commissions
- Transaction fees
- Exchange fees
- SEC fees
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisors (if any are used for your account)
- Custodial Fees
- Odd-Lot differentials
- Transfer taxes
- Wire transfer and electronic fund processing fees
- Commissions or markups / markdowns on security transactions

Wasatch does not have an affiliated broker-dealer and does not receive compensation attributable to the sale of a security or other investment product such as a commission. Item 12 further describes factors that Wasatch considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions), including research received by Wasatch from brokers.

With regard to cash, clients who direct their custodians to use a sweep or other interest bearing account, including a money market fund or other fund such as an Exchange-Traded Fund (ETF), may pay two management fees on that cash, one to the manager of the money market fund and one to Wasatch.

Item 6 – Performance-Based Fees and Side-By-Side Management

A. Separate Account Performance-Based Fees

In some cases, Wasatch has entered into performance fee arrangements with qualified separate account clients. These fees are discussed in Item 5 above.

B. Mutual Funds, Sub-advised Accounts, Wrap Accounts, Non-discretionary Accounts

Wasatch does not charge performance-based fees on mutual fund, sub-advised, wrap, collective investment trust or non-discretionary account assets.

C. Cross Creek Funds

The Cross Creek Funds all charge performance-based fees, as discussed in detail below.

1. Cross Creek Capital Funds

Cross Creek Capital, L.P. and Cross Creek Capital Employees Fund, L.P. (collectively “Cross Creek Capital”) are venture capital funds managed by investment professionals employed by Wasatch. Cross Creek Capital invests primarily in late-stage private equities, although at times it invests in public equity securities. Wasatch receives a performance fee of 30% of the net profits of Cross Creek Capital, L.P. but does not charge a performance fee on the Cross Creek Capital Employees Fund, L.P. Wasatch does not receive a management fee for either Cross Creek Capital fund.

2. Cross Creek Partners Funds

Additionally, Wasatch manages three funds-of-funds, Cross Creek Capital Partners, LLC (“CCP I”), Cross Creek Capital Partners II, L.P. and Cross Creek Capital Partners II-B, L.P. (collectively “CCP II” and with CCP I “Cross Creek Partners”). The Cross Creek Partners funds invest in underlying venture capital funds not affiliated with Wasatch.

a. CCP I Fees

CCP I pays Wasatch a management fee of 1% for called capital for the first seven years of the Fund. Thereafter, Wasatch will receive a management fee equal to 1% of the assets of the Fund. Wasatch also receives a performance fee in the amount of 5% of the net profits of CCP I.

b. CCP II Fees

For each of the first nine years of the Fund, CCP II pays Wasatch a management fee of 1% of the aggregate commitments of the Fund to underlying funds in which it invests. After the nine year period, the Fund will pay Wasatch a management fee equal to 1% of the Fund’s assets under

management. The management fee is paid quarterly on the final business day of the quarter. Wasatch also receives a performance fee in the amount of 5% of the net profits of CCP II.

D. Conflicts of Interest Related to the Cross Creek Funds

Wasatch can potentially earn greater fees from the Cross Creek Funds than from clients that do not have performance fees. Wasatch faces a variety of conflicts due to the performance fee structures of the Cross Creek Funds: (i) these fee arrangements create an incentive for us to allocate our best investment ideas to the Cross Creek Funds at the expense of our other funds and accounts; (ii) we have an incentive to favor the Cross Creek Funds in allocation of trades, providing them with the best trade execution; (iii) if we have products with differing investment strategies, we will be incented to favor the Cross Creek Funds over a different product with a conflicting strategy that does not have a performance fee; and (iv) performance-based fees create an incentive for Wasatch to recommend investments to the Cross Creek Funds which may be riskier or more speculative than those we might recommend under a different fee arrangement. Each of these conflicts created by the Cross Creek Funds is described in more detail below. Wasatch has designed and implemented procedures to attempt to identify and manage these conflicts. However, despite our best efforts to treat all clients fairly and equitably, it is possible that in certain transactions you may be advantaged or disadvantaged as we attempt to manage conflicts and treat all clients fairly.

1. Allocation of Investments

Although other Wasatch clients generally have primary investment orientations that differ from those of the Cross Creek Funds, from time to time there is overlap. The overlap occurs when other Wasatch clients seek exposure to private investment opportunities, or when the Cross Creek Funds invest in public equities. In such situations Wasatch endeavors to allocate investment opportunities in a manner that is fair and equitable to all clients. Nevertheless, it is possible that certain Wasatch clients may not be given the opportunity to participate in certain investments made by other Wasatch clients. Wasatch seeks to allocate investment opportunities to clients based on appropriateness for the investment style, and never in accordance with the fees paid by each client.

a. Private Investments

Cross Creek Capital typically invests in private companies. Occasionally, certain Wasatch Funds may choose to co-invest with Cross Creek in private companies. If Cross Creek and one or more Wasatch Fund choose to co-invest, they indicate the desired size of investment on an investment checklist. If the total investment size desired by the various funds exceeds the amount available, each fund will receive its pro rata share.

The Investment Company Act of 1940 prohibits registered investment companies, such as Wasatch Funds, from participating in certain transactions with affiliates, such as the Cross Creek Funds, under circumstances that would lead to a “joint transaction.” Wasatch has adopted procedures designed to prevent a co-investment transaction of the Cross Creek Funds and Wasatch Funds from being a “joint transaction” under Section 17 of the Investment Company Act by: (i) avoiding affiliation with a company in which there is a co-investment by limiting Wasatch’s total ownership in such company to less than 5%; (ii) not actively leading investment rounds, but instead following in rounds led by other non-affiliated investors; (iii) ensuring that each Wasatch product, including the Cross Creek Funds and each Wasatch Fund, receives

individualized investment advice and treatment; and (iv) ensuring that different individuals make investment decisions regarding private securities for the Cross Creek Funds than the individuals making investment decisions for other Wasatch products.

If no Wasatch Fund is participating in a private investment, the Cross Creek Funds may be permitted to acquire more than 5% of a company, which would by definition make them an affiliate of the company. If one of these companies of which Cross Creek is an affiliate comes public, all other Wasatch accounts and funds may be prevented from participating in the initial public offering (IPO) of the company.

Wasatch reports any co-investments in private securities quarterly to Wasatch Funds' Board of Trustees. Wasatch highlights for the Trustees any known conflicts of interest relating to the co-investments, and the Trustees then ratify each Wasatch Fund's participation in such co-investment.

While the allocation of investment opportunities among the Cross Creek Funds, Wasatch Funds and other Wasatch clients raises potential conflicts because of the financial interests of Wasatch, Wasatch will make allocation decisions consistent with the interests of each product and not based on Wasatch's financial interests. Wasatch will make investment decisions for the Cross Creek Funds, Wasatch Funds and all other clients as it believes is in the fiduciary interests of the Funds and clients. Wasatch will generally allocate securities purchased in an aggregated transaction to client accounts using a pro-rata or other method Wasatch believes equitable, unless the total allocation to Wasatch is minimal. Investment decisions made for the Cross Creek Funds may differ from, and may conflict with, investment decisions made for other funds or accounts. For example, one Fund may sell short securities of an issuer in which other Funds take long positions in the same securities. Actions taken with respect to Cross Creek may adversely impact Wasatch Funds or other Wasatch clients, and actions taken by Wasatch Funds may adversely impact the Cross Creek Funds. Additionally, portfolio managers who are also members of the Investment Committee for Cross Creek Capital may not make investment decisions for other clients in transactions in which Cross Creek is participating.

At times, Wasatch clients participating in a transaction, including an IPO, may be limited or prohibited due to Cross Creek Capital's earlier investment in the issuer. At times, the Cross Creek Funds may be unable to participate in some or all investment opportunities in which the mutual funds managed by Wasatch are investing or have previously invested. The presence of the Cross Creek Funds side-by-side with the other Wasatch products may have a negative impact on the investment returns of any or all of the products.

b. Public Investments

At times, Cross Creek Capital makes investments in public stocks. In these instances trades for Cross Creek Capital are placed through the same trade desk as trades for other Wasatch clients and are aggregated and allocated as described in Item 12 below.

2. Trade Allocation

Wasatch has adopted Trade Aggregation and Allocation Policies and Procedures to ensure that participating clients are treated fairly and equitably when aggregating and allocating securities transactions. These policies and procedures are described in more detail in Item 12 below.

3. Conflicts from Differing Investment Strategies

Clients having different investment strategies potentially present conflicts of interest. For example, if clients that pay performance fees engage in significant short selling, Wasatch may have a conflict with other clients who hold long positions in the same securities. As discussed above, we believe the majority of conflicts present from Cross Creek actually arise because of similarities in the investment strategies between the Cross Creek Funds and other Wasatch clients rather than the differences.

4. Taking Additional Risk in Portfolios

A performance fee may give Wasatch the incentive to manage such accounts in a riskier manner in order to earn or increase the amount of its advisory fee or to favor accounts that pay a performance fee over other accounts. Performance-based fees create an incentive for Wasatch to recommend riskier or more speculative investments than those we might recommend under a different fee arrangement.

Item 7 – Types of Clients

Wasatch provides investment advisory services to a wide array of clients. Different investment products are more suitable for different clients, and so we have broken out the types of clients by the types of products.

A. Mutual Funds

As described above, the majority of the assets Wasatch manages are in Wasatch Funds, a family of mutual funds. Wasatch Funds are available to all types of investors. They are the most suitable product for retail investors as the minimum investment size in any Wasatch Fund is \$2,000. Additional requirements for opening, maintaining and closing an account with Wasatch Funds are set forth in the prospectus available at www.wasatchfunds.com and www.sec.gov.

B. Separate Accounts

Separate accounts generally have a minimum investment size of at least \$1 million, and tend to attract larger clients. Wasatch manages portfolios for separate account clients in investment styles similar to the Wasatch Funds, except that a separate account client has the ability to negotiate with Wasatch to impose specific guidelines and restrictions on the management of the client's account.

Wasatch manages separate accounts for high net worth individuals, pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, state and local government entities, trust programs and other U.S. and international institutions.

C. Wrap Accounts

Wasatch also provides discretionary investment advisory services under so-called “wrap fee” arrangements offered by unaffiliated broker-dealers. The broker is the interface with the client and establishes the account parameters, including establishing a minimum account size. The minimum account size for Wasatch's current wrap arrangement with Barclays is \$100,000. It is our understanding that typical wrap clients are high net worth individuals that may not be able to

meet the minimum for a separate account but want additional services not provided by a mutual fund.

D. Sub-Advised Account

Wasatch currently has a sub-advisory relationship with Financiere de l'Echiquier (Paris, France), a company not related to Wasatch, as a sub-advisor to Echiquier Amerique ("Echiquier"), a collective fund subject to French laws and regulations. The Echiquier fund is not available to U.S. residents. Additional information regarding the Echiquier fund is available from Financiere de l'Echiquier.

E. Collective Investment Trust

Wasatch manages the Wasatch Emerging Markets Small Cap CIT which is sponsored by Comerica Bank & Trust, N. A., the Trustee of the CIT. The CIT is an institutional-only investment vehicle aimed at the retirement plan market.

F. Cross Creek Funds

All of the Cross Creek Funds have been offered through private placements and thus investors have been limited to those who are at a minimum "accredited investors" as defined in Regulation D under the Securities Act of 1933. The Cross Creek Partners Funds have been further limited to investors who are "qualified purchasers" as defined in Section 2 of the Investment Company Act of 1940. The minimum investment size for the Cross Creek Funds is generally \$1,000,000, although Wasatch is able to grant exceptions to this minimum. Investors in these funds are generally high net worth individuals, family offices and institutions.

G. Model Portfolio Accounts

Wasatch provides model portfolio account information on a non-discretionary basis to certain clients, including unified managed accounts. In every instance Wasatch is providing the model information to another investment manager that knows the client and exercises discretion as to whether to implement the Wasatch recommendations. Wasatch is not involved in trade execution for these accounts. Typically these model portfolio accounts are for banks with trust accounts or brokerages operating unified managed accounts.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

Wasatch selects investments for clients based solely on investment considerations, including whether the investments are suitable for the client and consistent with the client's investment objectives and guidelines. Wasatch may give advice and take actions in the performance of its duties to certain clients that differ from the advice given, or the timing and nature of actions taken, with respect to other clients' accounts. All investments in securities include the risk of loss of your principal (invested amount) and any profits that have not been realized. We will do our very best in the management of your assets. However, we cannot guarantee any level of performance or that you will not experience a loss of your account assets. Most of Wasatch's investments are in stocks of companies that will always be subject to the general risk of overall

stock market declines. In addition, stocks selected by Wasatch may decline in value even when the overall market is not in a general decline.

Wasatch may also purchase securities for clients through private transactions, including, but not limited to, venture offerings, 144A offerings, private investments in public equities (PIPEs), and investments in foreign IPOs. Securities acquired in these private transactions have even greater risk of loss. Wasatch may invest a large portion of clients' assets in the stocks of a limited number of companies.

Each Wasatch investment style carries risk, including the risk that you may lose some or all of your investment. Some of the significant risks faced by various Wasatch products are highlighted below.

A. Domestic Small and Micro Cap

Under normal market conditions, we will invest the majority of assets in the equity securities of small growth companies. We generally use a process of "bottom-up" fundamental analysis to look for individual companies that we believe are stable and have the potential to grow steadily for long periods of time. Our analysis may include studying a company's financial statements, building proprietary financial models, visiting company facilities, and meeting with executive management, suppliers and customers.

Investments in small and micro cap companies carry risk that you may lose money. Small and micro cap companies' shares may not trade as readily as those of larger cap companies and their prices may fluctuate more widely. Small and micro cap stocks are also very sensitive to changing economic conditions and market downturns. Wasatch may also take large positions in companies, which could contribute to a lack of liquidity and price volatility if Wasatch needs to buy or sell a large number of shares at any particular time. Investments in value stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the market for long periods of time.

B. Domestic Mid and Large Cap

Our large cap products tend to employ a comprehensive valuation analysis intended to establish a range for fair valuation or intrinsic company value, with a particular emphasis on company fundamentals. The valuation review may include calculating and reviewing standard ratios such as price-to-earnings and price-to book, modified discounted cash flow models and changing sector and company specific outlooks due to various subjective factors.

In addition to general stock market risk, our mid and large cap products are subject to sector weighting risks. For example, our mid and large cap products may invest a large percentage of their assets in a few sectors. Market conditions, interest rates, and economic, regulatory or financial developments could significantly affect the securities in a single sector, increasing a product's exposure to the price movements of that sector. These products are also subject to the risk that their style (growth or value) will be out of favor for an extended period of time.

Our Long/Short product is subject to market direction risk. An investment in this product will involve market risks associated with different types of investment decisions than those made for a typical "long only" stock portfolio. The Long/Short product may make short sales of securities. A short sale is when a security is borrowed, with the intention of replacing the security at a later date, and sold in anticipation of a decline in the security's price. The Long/Short product may

experience a loss if the market price of the security increases between the date of the short sale and the date the security is replaced. Short sales may reduce returns or increase volatility. Losses from short sales may exceed the original amounts invested.

C. International and Global Small and Micro Cap

Our international products use a process of quantitative screening followed by “bottom up” fundamental analysis to identify individual companies that we believe have above average revenue and earnings growth potential. We travel extensively to visit companies and expect to meet with senior management of the companies in which we invest. We do not use allocation models to restrict investments to certain regions, countries or industries. We may significantly shift assets between asset classes, sectors, and geographic regions based on where we believe the best growth opportunities and valuations currently exist.

In addition to the risks described above for our domestic small and micro cap products, our global and international products face additional risks. All of them face risks related to foreign securities, including that these securities are generally more volatile and less liquid than U.S. securities. They also may be subject to additional risks due to differences in economic and political environments, the amount of information publicly available, the degree of market regulation, financial reporting, accounting and auditing standards and fluctuations in currency exchange rates. Products that invest in emerging market companies face additional risks due to increased political or social instability, unstable currencies, highly volatile securities markets, unpredictable shifts in policies relating to foreign investments, and the potential for government seizure of assets or nationalization of companies.

D. Cross Creek Funds

The Cross Creek Funds are subject to many risks as they primarily invest in private securities. These investments involve a high degree of business and financial risk and often result in substantial losses. These investments are also long-term commitments (usually in excess of 10 years), and so the investment is highly illiquid. Prior to investing in Cross Creek Funds, investors must consult the placement memorandum of the fund in which they desire to invest.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Wasatch or the integrity of Wasatch’s management. Wasatch has no information applicable to this Item.

This statement applies to our firm, and every employee.

Item 10 – Other Financial Industry Activities and Affiliations

Wasatch is not registered as a broker-dealer and is not affiliated with a broker-dealer. Wasatch Funds are distributed by ALPS Distributors, Inc., a registered broker-dealer. Certain employees of Wasatch are registered representatives of ALPS. Two of these individuals, Eric Bergeson and Eugene Podsiadlo, are members of Wasatch’s Board of Directors.

Wasatch is a subsidiary of WA Holdings, Inc. a holding company owned 100% by employees of Wasatch Advisors. Wasatch serves as investment advisor to Wasatch Funds Trust, an affiliated registered investment company. A significant portion of Wasatch’s revenues each year comes

from Wasatch Funds and so a potential conflict could arise between Wasatch Funds and Wasatch's other clients. Wasatch provides several additional services to Wasatch Funds that it does not provide to other clients, including providing officers to serve Wasatch Funds. Please refer to the disclosure regarding Wasatch Funds under Item 4.

Wasatch has retained two sub-advisors to manage two Wasatch Funds. Wasatch retains Hoisington Investment Management Company to manage the Wasatch-Hoisington U.S. Treasury Fund and 1st Source Investment Advisors, Inc. ("1st Source") to manage the Wasatch-1st Source Income Fund. Wasatch shares the advisory fees of these funds with the sub-advisors. Wasatch also has other arrangements with 1st Source regarding its ongoing payments related to the acquisition of the Wasatch Large Cap Value Fund (previously 1st Source Monogram Income Equity Fund) and the Wasatch Long/Short Fund (previously 1st Source Monogram Long/Short Fund). Wasatch also has entered into a research agreement whereby it provides 1st Source with research services, which include a model portfolio as well as commentary and visits from portfolio managers. We believe that Wasatch's interests, as well as the interests of Wasatch's clients including Wasatch Funds, are aligned with the interests of the sub-advisors and do not believe these relationships create a material conflict of interest.

As described in detail in Item 6 above, Wasatch directly and indirectly manages the Cross Creek Capital Funds.

Item 11 – Code of Ethics

Wasatch expects its employees to act in the best interests of our clients and to place their interests ahead of our own. Wasatch has adopted a Code of Ethics ("Code"), which sets forth this standard of business conduct and states that Wasatch requires all of its supervised persons to act in accordance with it. The Code is designed to detect conflicts of interest and help Wasatch manage those conflicts. Wasatch annually requires each supervised person to acknowledge, in writing, the terms of the Code of Ethics and any amendments. Wasatch will provide a copy of the Code of Ethics to clients and prospective clients upon request. Wasatch's Code requires prompt internal reporting of any violations of the Code and requires employees to comply with the Code subject to sanctions by the Board of Directors in the event of non-compliance.

A. Participation in Client Transactions

1. Wasatch does not generally buy or sell securities to or from its clients. In the rare instance that it has done so, Wasatch has sought the prior permission of its clients and strived to explain the conflicts that are present in such a situation.
2. Wasatch does solicit clients to invest in the Cross Creek Funds for which we act as general partner. Wasatch receives performance fees from the Cross Creek Funds and thus has significant conflicts in the solicitation of clients for these Funds as well as in the management of these Funds side-by-side with other Wasatch clients. These conflicts, and the steps Wasatch takes to manage them, are outlined in Item 6 above.
3. Wasatch does recommend the Wasatch Funds, which it manages, to its clients. As explained in Items 4 and 7 above, Wasatch manages products for a variety of clients in a variety of investment styles and believes that a mixture or combination of these products can be appropriate for a client. To the extent that Wasatch invests client assets over which it has discretion in one of the Wasatch Funds, it forfeits the management fee from the account and only collects the fee from the Wasatch Fund in order to avoid fee stacking.

B. Recommendations to Clients

Wasatch does not generally invest for its own account. Wasatch does maintain a small position in each Cross Creek fund equal to approximately 1% of each fund.

Wasatch's employees and people associated with Wasatch ("access persons") are permitted to have personal securities transactions, including transactions in securities purchased for Wasatch's clients, but are required to follow the Code when effecting such transactions. Personal securities transactions by Wasatch's access persons may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale by, a client. The Code is designed to assure that the personal securities transactions, activities and interests of access persons will not interfere with (i) making decisions in the best interest of clients, and (ii) implementing such decisions while, at the same time, allowing access persons to invest for their own accounts.

The Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Access persons are required to obtain written pre-clearance from a designated committee for each personal securities transaction. Approval is generally not given for the purchase or sale of any security of any issuer with a market capitalization below \$5 billion whose securities are owned or being considered for purchase by Wasatch. Approval is generally given for the purchase or sale of a security of an issuer with a market capitalization above \$5 billion; provided, however, that care is taken to not allow access persons to trade in a security at the same time Wasatch is trading in the security. The Code requires that access persons obtain the advisor's approval before investing in a limited offering, including private funds. The Code prohibits access persons from investing in IPOs. The Code requires access persons to periodically report their personal securities transactions and holdings to Wasatch's Compliance department and designated persons in the Compliance department to review those reports.

Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interests of Wasatch's clients. The pre-clearance rules do not apply to securities such as U.S. Government securities, open-end mutual funds including Wasatch Funds, ETFs, and other securities not deemed to pose a conflict of interest.

Access persons (and members of their families) may invest in Wasatch Funds, for which Wasatch serves as investment advisor. Certain Wasatch access persons have also invested or may also invest in the Cross Creek Funds. Thus, Wasatch does recommend to clients the purchase or sale of securities in which it, or its officers or employees, have a financial interest.

Wasatch may invest client assets in companies whose officers, directors or employees have accounts with Wasatch or Wasatch Funds.

C. Principal Trades

As described above, Wasatch access persons can buy or sell securities in their personal accounts that are also purchased for clients. The Code is designed to prevent these transactions from being so close in time as to advantage an access person or disadvantage a client. Nonetheless, because the Code in some circumstances would permit access persons to invest in the same securities as clients, there is a possibility that access persons might benefit from market activity by a client in a security held by an access person.

Wasatch and its affiliates receive a performance fee from Cross Creek Capital and Cross Creek Partners, which gives Wasatch an economic incentive for these funds to outperform other Wasatch clients. Wasatch faces conflicts when its other clients, including Wasatch Funds, co-invest in companies side-by-side with Cross Creek Capital. Wasatch has adopted policies and procedures designed to address these conflicts of interest as described in Item 6.

D. Other

In addition to the sections discussed above, the Code also prohibits any trading by Wasatch or its access persons while in possession of material, non-public information. It also limits the dollar amount of gifts to be given or received by access persons to or from clients or other contacts obtained through their employment. The Code also limits the dollar amounts of donations made by access persons to political candidates. Finally, through the Code Wasatch monitors the business activities of Wasatch access persons to ensure they do not conflict with Wasatch's responsibilities and duties to its clients.

Item 12 – Brokerage Practices

Clients have the ability to grant Wasatch brokerage discretion, direct Wasatch to execute transactions for the client with a specific broker, or execute transactions themselves based on Wasatch's research. The majority of Wasatch's clients grant Wasatch full power and discretion to select brokers to execute transactions for their accounts and to negotiate and determine the commissions to be paid for such transactions. Wasatch may consider a number of factors when selecting a broker or dealer to effect a transaction, including the expected market impact of the trade, the broker's execution capability, the broker's financial strength and stability, the broker's responsiveness to Wasatch, its reputation and access to the markets for the security being traded, the efficiency with which the transaction will be effected, commission rates and the value of research products and services that a broker lawfully may provide to assist Wasatch in the exercise of its investment decision-making responsibilities. The determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for our clients. Wasatch has no affiliated broker-dealer.

A. Research and Other Soft Dollar Benefits.

1. Conflicts of Interest Arising out of Soft Dollars

- a. **Wasatch benefits from the use of client commissions to purchase research because Wasatch receives research services from brokers that it does not have to produce or pay for itself.** One of the factors that Wasatch considers when selecting a broker to effect a transaction is the research services provided to Wasatch by the broker. On nearly all trades, Wasatch accounts pay brokerage commissions that are competitive but that are higher than the lowest available rate that another broker might have charged, and Wasatch receives research services as a result. The extra amount that clients pay above the lowest possible rate is commonly referred to as "soft dollars." Soft dollars create a significant conflict of interest because Wasatch has an incentive to trade with brokers providing the most or best research, which may or may not be the brokers providing the best execution. These services, discussed in more detail below, are provided to

Wasatch by brokers in exchange for client commissions and not because of payment from Wasatch.

As an advisor, Wasatch has a fiduciary obligation to seek the best execution for client trades and not to use client assets for its own benefit at the expense of its clients. Recognizing the value of research in managing client accounts, however, Congress enacted Section 28(e) of the Securities Exchange Act of 1934 to allow advisors to use client commissions to acquire research services as long as the advisor determines in good faith that the amount of commission was reasonable in relation to the value of the brokerage services received.

- b. **Soft dollars give Wasatch an incentive to select brokers based on its interest in receiving research services rather than on the client's interest in obtaining the best execution.** Wasatch acknowledges that brokerage is the property of our clients. In order to manage the conflicts inherent in using soft dollars, Wasatch strives to (1) have transactions executed at prices that are advantageous to clients and at commission rates that are reasonable in relation to the benefits received; (2) use soft dollars to obtain research and brokerage products and services that we believe will provide the greatest benefit to our clients; (3) not use soft dollars to obtain products and services that may be construed to fall outside of the safe harbor provided by Section 28(e); (4) make a reasonable allocation of the cost of a product or service that provides both research and non-research assistance and pay for the portion that provides non-research assistance with hard dollars; and (5) make full and fair disclosure of all material facts with respect to our soft dollar arrangements.
- c. **On nearly all trades, Wasatch accounts pay brokerage commissions that are competitive but higher than the lowest available rate another broker might have charged, and Wasatch receives research services as a result.** Wasatch clients "pay up" in these transactions (i.e., pay more than the lowest available commission for executing a securities trade in return for research services and products). To rely on the safe harbor of Section 28(e), Wasatch's Trade Compliance Committee makes a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer. In determining whether a product or service is within the safe harbor, Wasatch determines whether the research and brokerage product or service provides lawful and appropriate assistance to Wasatch in carrying out its investment decision-making responsibilities.
- d. **Client accounts that have paid for a specific service may not receive the benefit from that service and other client accounts may benefit from a service for which they did not pay.** All soft dollars that are generated from Wasatch clients are aggregated together and collectively used to pay for research services. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of soft dollar benefits. As described below, the types of research services acquired with soft dollars often benefit Wasatch's research team across the board and it is difficult if

not impossible to separately measure the benefits a research service provides to each of the accounts managed by Wasatch. In addition, the volume and nature of trading activities of the accounts are not uniform, and so the amount of soft dollars paid by each account varies. Certain clients of Wasatch (directed brokerage clients and clients that elect to execute their own transactions) do not contribute soft dollars through their transactions. These clients benefit from the research services provided to Wasatch through soft dollars generated by other Wasatch clients, even though they do not contribute soft dollars.

2. Types of Research Acquired with Soft Dollars

a. Proprietary Research

Roughly half of the soft dollar research provided to Wasatch is from broker-dealers who provide their own proprietary research services. These brokers “bundle” trade execution services and research services into the total cost of the commission. The types of services Wasatch receives from proprietary research brokers include: (1) access to research analysts at the broker and reports generated by the analysts who follow companies in which Wasatch is interested in investing; (2) coordinating meetings or calls with management teams of companies in which Wasatch is interested in investing; (3) coordinating trips for Wasatch research members to visit companies in foreign jurisdictions; (4) providing attendance at conferences sponsored by brokers where companies present to potential investors such as Wasatch; and (5) access to allocations in limited offerings, such as IPOs. These services are not generally available for sale otherwise and can only be obtained by paying commissions.

b. Third Party Research

The other half of the soft dollar research provided to Wasatch is through unbundled commissions, where trade execution services and research services are paid separately to the broker. Payments for research services can then be made to third-party research providers other than the executing broker. This flexibility allows Wasatch to select the research services it feels are the most valuable to its research process and in turn most beneficial to its clients.

Research products and services provided to Wasatch by broker-dealers may include, among other things, databases, data services, software and publications that provide access to and/or analysis of company, market and statistical data and proprietary research and analysis, including organizing and providing transportation for on-site company visits or calls with company management, research conferences, and/or meetings with research analysts.

The two largest third party services, FactSet Research Systems, Inc. and Bloomberg Professional service, account for over half of the third party soft dollars used by Wasatch each year. FactSet is a source of financial information and analytics combining more than 200 databases into a single information system. This aggregated data delivery offers a broad array of financial, market and economic information, including fundamental data on tens of thousands of companies and securities worldwide. Bloomberg is an interactive, financial information network that integrates data, news, analytics, and multimedia reports into a single platform. Bloomberg analytics provide real-time tools that can retrieve fundamental company, financial and economic data, monitor risk and exposure, utilize pricing models and evaluate long and short-term performance. The Wasatch research process relies heavily on FactSet and Bloomberg to provide foundational information to

allow Wasatch to construct its portfolios. The information provided by these services is used by Wasatch on all of its client portfolios, including those that do not generate soft dollars.

Wasatch may invest client assets in companies that provide research products or services to Wasatch, including those paid for with soft dollars.

3. Mixed Use Allocations

On occasion, a product or service furnished to Wasatch by a broker-dealer is useful in making investment decisions regarding client accounts and also provides administrative or other non-research assistance to Wasatch. Under such circumstances, Wasatch makes a reasonable allocation as follows: the portion of such service or specific component which provides assistance to Wasatch in its investment decision-making responsibilities is obtained from the broker-dealer with commissions paid on client portfolio transactions, while the portion of such service or specific component which provides non-research assistance is paid for by Wasatch with its own resources.

4. Private Transaction Soft Dollar Issues

From time to time, when Wasatch invests in private transactions it may receive cash reimbursement of certain due diligence expenses from the companies in which Wasatch has invested client assets. If any soft dollars were used to pay for research services relating to Wasatch's decision to invest in the private securities, those soft dollars will be reimbursed to Wasatch's soft dollar account. This will have the effect of allowing Wasatch to purchase additional research services with the soft dollars that were reimbursed.

Soft dollars will generally not be used to pay for research products and services used solely for investment decision-making for the Cross Creek Funds. However, because of Wasatch's team approach to investing, the Cross Creek Funds may derive some incidental benefit from research obtained with soft dollars. The Cross Creek Funds will generate some soft dollars with their trades in public securities and thus might subsidize the rest of Wasatch clients by purchasing research services that they do not benefit from.

5. Brokerage for Client Referrals

Promotion or sales of Wasatch Funds' shares is not a consideration in selecting broker-dealers to execute securities transactions for client accounts, including Wasatch Funds. We do not compensate broker-dealers for distributing Wasatch Funds' shares by directing brokerage transactions to them.

6. Directed Brokerage

Some clients, when entering into an advisory relationship, instruct Wasatch to execute transactions for their account through a specific broker or dealer. Such relationships include directed brokerage arrangements, wrap fee arrangements, and certain commission recapture arrangements ("directed brokerage"). In the event that a client directs Wasatch to use a particular broker, the client has the sole responsibility for negotiating commission rates and other transaction costs with the directed broker. Thus, a disparity may exist between the commissions borne by the client and the commissions borne by Wasatch's other clients that do not direct Wasatch to use a particular broker. Further, some brokers assess minimum transaction charges, which may be disadvantageous to the client. The client should further understand that by instructing Wasatch to execute transactions through a specific broker, the client might not

necessarily obtain commission rates and execution as favorable as those that would be obtained if Wasatch was able to place transactions with other brokers. The client also may forego benefits that Wasatch may be able to obtain for its other clients through, for example, negotiating volume discounts or block trades. In addition, the execution of orders for clients who designate the use of a particular broker may or may not be delayed until the execution of non-broker directed client orders has been completed. Accordingly, broker directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for non-broker directed orders. The client also may not be able to participate in IPOs, private placements and other investment opportunities available to clients who do not direct Wasatch to use a particular broker. If a client is unable to participate in an IPO, Wasatch may go to the market to purchase the security, which may be at a higher price than the IPO price.

B. Trade Aggregation and Allocation

If Wasatch believes that the purchase or sale of a security is in the best interest of more than one of its clients, Wasatch may aggregate the securities to be purchased or sold into a single order (“a block trade”) to obtain favorable execution and/or lower brokerage commissions. Wasatch will allocate securities so purchased or sold, as well as the expense incurred in the transaction, on a pro-rata basis or in another manner that it considers equitable and consistent with its fiduciary obligations to clients. Clients may not receive a pro-rata allocation of a block trade in instances where the trade is only partially filled. In such instances, for example, some clients may receive their entire allocation and some clients may not receive any allocation if their pro-rata share is less than a minimal amount or if Wasatch has used another equitable method to allocate the block trade. Clients should recognize that the advice given and the actions taken with respect to their accounts might differ from the advice given or the timing and nature of action taken with respect to other advisory accounts. Clients should further recognize that transactions in a specific security might not be accomplished for all advisory accounts at the same time or at the same price.

Certain conflicts of interest will arise related to aggregated transactions. Wasatch’s Board of Directors has approved written trade aggregation policies and procedures that seek to ensure that aggregated transactions are made in a manner fair and equitable to, and in the best interest of, client accounts. Wasatch has designated its Trade Compliance Committee to be responsible for the implementation and periodic review and monitoring of these procedures.

Conflicts may arise in the allocation of investment opportunities among accounts that Wasatch advises. Wasatch will seek to allocate investment opportunities believed appropriate for one or more of its accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to Wasatch’s attention will be allocated in any particular manner.

From time to time, Wasatch is given the opportunity to purchase an allocation of shares in an IPO. These allocations may be offered to Wasatch in part as a result of its past usage of various brokerage firms or previous private investments. Wasatch will generally allocate securities purchased in these offerings to client accounts within the investment style(s) determined by the portfolio managers using a pro-rata or other equitable method based on assets under management, unless the total allocation to Wasatch is minimal. As noted previously, clients who direct Wasatch to use a particular broker to execute trades for their accounts will generally be unable to participate in IPOs. Additionally, certain client accounts may not be able to participate in foreign IPOs due to regulatory, administrative or operational limitations.

Potential conflicts may arise from the participation in, and/or allocation of, IPOs between Cross Creek Capital and other Wasatch clients. Please refer to the discussion of these conflicts in Item 6 above.

C. Other Wasatch Brokerage Practices

1. Investing in Brokers

Wasatch may invest client assets in broker-dealers, including those used to execute client transactions or that underwrite public or private offerings in which Wasatch may participate.

2. Cross Trades

In the course of providing advisory services, Wasatch may simultaneously recommend the sale of a particular security for one account and the purchase of the same security for another account if such recommendations are consistent with each client's investment objectives and guidelines. Therefore, opportunities may arise for Wasatch to effect "cross" transactions between client accounts. If Wasatch determines that it is more cost effective and in the best interests of clients to cross securities between client accounts, Wasatch, acting as investment advisor and fiduciary to both buyer(s) and seller(s), may effect cross trades between client accounts consistent with its policies and procedures. ERISA accounts are not permitted to participate in cross trades with any other Wasatch advisory client. Trades for ERISA accounts may be placed after cross trades for a particular security have been made on behalf of non-ERISA accounts. Similarly, Cross Creek Capital is not permitted to participate in cross trades with other Wasatch clients. Accordingly, trades for accounts that do not participate in cross transactions may be subject to price movements, particularly in volatile markets, and may receive a price that is less favorable than the price obtained in a cross transaction.

3. Trade Errors

In the event an error occurs in the handling of client transactions, Wasatch will seek to identify and correct the error as promptly as possible consistent with its Trade Error Policy and Procedures.

4. Affiliated Trades

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Wasatch's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Wasatch will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis.

Item 13 – Review of Accounts

A. Regular Portfolio Review

Portfolio managers are responsible for structuring and maintaining the model portfolio for each investment style offered by Wasatch Advisors. Portfolio managers generally review model portfolio holdings daily. A client manager is responsible for each client's account and reviews client portfolios at least monthly for conformance to the appropriate model portfolio and client objectives. In addition, each client account is reviewed quarterly to identify and explain any performance outliers compared to the related model account.

B. Event-driven Portfolio Review

In addition to the regular review of accounts described above, client accounts are reviewed more frequently based on events that arise. Client accounts are monitored by a software program, Advent Rules Manager, to ensure they comply with the various guidelines and restrictions imposed by the client. If the software restricts a proposed trade in a client account, the account is reviewed promptly and alternate instructions are given. Similarly client accounts are reviewed in real time if there are large inflows or outflows of assets in the account.

Wasatch traders run computerized allocation strategies to assist them with identifying the trades necessary for each client account to reflect as closely as possible the appropriate model portfolio for that account. The traders are informed on a daily basis of any significant activity in client accounts. Client managers follow through to ensure compliance with all instructions.

C. Client Reporting

Wasatch provides a written comprehensive performance review to separately managed accounts, Cross Creek clients and sub-advisory accounts each quarter. Oral reports are provided quarterly at the request of a client. Wrap fee accounts receive written reports quarterly from the sponsor of the wrap fee program. Wasatch Fund clients receive a written quarterly statement from the transfer agent retained by the Funds.

Item 14 – Client Referrals and Other Compensation

Wasatch receives no economic benefit for providing investment advice to clients other than from clients.

Wasatch does not currently compensate any person not under our supervision for client referrals, although we have done so in the past and may consider doing so in the future.

Certain Wasatch employees who solicit investment advisory clients on behalf of Wasatch are compensated on the basis of a percentage of the advisory fees paid by such referred clients.

Item 15 – Custody

Wasatch generally takes steps to avoid having custody of client assets. We do not have custody over Wasatch Funds, wrap accounts, collective investment trust or any sub-advised accounts.

Wasatch does have custody of separate account assets, but only to the extent we are authorized to withdraw advisory fees directly from client accounts without independent verification from the

client. If you are one of these accounts, we follow the custody rules in 206(4)-(2)(a) under the Investment Advisers Act and: (1) ensure that you use a broker-dealer, bank or other qualified custodian to hold and maintain your assets; (2) make due inquiry with your custodian to form a reasonable belief that the custodian sends you an account statement at least quarterly; and (3) include a note on each quarterly account statement we send to these accounts urging clients to compare the account statements they receive from the custodian with those they receive from Wasatch. You should carefully review the account statements you receive from your qualified custodian with the account statements you receive from Wasatch. Your Wasatch statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Despite those variances, by comparing these statements you will be able to determine whether account transactions, including deductions to pay advisory fees, are proper.

Wasatch has custody of the Cross Creek Funds as a result of its capacity as general partner, or equivalent, for each of the funds that allows Wasatch access to client funds or securities. For the Cross Creek Funds, Wasatch follows Rule 206(4)-2(b) by distributing audited financial statements, prepared in accordance with generally accepted accounting principles, to limited partners within 120 days of the end of the fiscal year of Cross Creek Funds and within 180 days of the end of the fiscal year of Cross Creek Partners Funds. These audits are prepared by an independent public accountant registered with, and subject to regular inspection by the Public Company Accounting Oversight Board. Lastly, Wasatch will have a final audit of each fund upon liquidation and distribute the audit to all investors in the fund.

Item 16 – Investment Discretion

As described above in Item 4, Wasatch provides discretionary investment supervisory services to the majority of its clients. We have full discretionary authority to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities. Such authority is provided in our contract with each client.

Clients have the ability to propose reasonable guidelines and restrictions on the management of their accounts. Frequently requested guidelines include restrictions as to the types of securities, concentrations, cash balances, brokers to be used or not used, etc. Wasatch will work with clients to agree upon guidelines are to be adopted. Client investment guidelines are an integral component of a client's investment management agreement, and as such, become part of the contractual obligation between the client and Wasatch. Clients who place restrictions on their account should recognize that the performance of their account might not be consistent with the performance of accounts managed in the same style with no restrictions.

Item 17 – Voting Client Securities

Wasatch's policy is to vote client securities in the manner we believe will best maximize shareholder value. Wasatch has adopted and implemented a Proxy Voting Policy, including guidelines and procedures to assist research analysts in making decisions about how to vote on issues we believe are most relevant to creating shareholder value or that occur most frequently in the types of securities in which we invest. As a result of our research process and investing in companies that we believe have high quality management teams, Wasatch generally supports the recommendations of the company's board of directors when voting proxies. However, we ultimately vote for or against recommendations based on the fundamental premise that at all times

we are attempting to maximize the value of investments for the benefit of our clients. Wasatch recognizes that the general guidelines are not exhaustive and cannot anticipate all of the potential issues, or the facts and circumstances surrounding a particular vote. In these situations, Wasatch may supplement or deviate from the general guidelines. All voting decisions made for the Cross Creek Funds will be made independent of the voting decisions made for other Wasatch clients, on a case-by-case basis. In order to ensure independence, Wasatch will document that different individuals have made voting decisions independent of one another.

Wasatch has established a Proxy Voting Committee to oversee the firm's proxy voting activities. Wasatch has also retained an independent service provider, Institutional Shareholder Services ("ISS"), to assist in reconciling and processing proxy ballots and providing record-keeping and vote disclosure services, as well as research on proxy issues.

In the event that Wasatch has identified a material conflict of interest in any proposal that is the subject of a proxy to be voted for a client account, Wasatch will instruct ISS to vote that proposal in accordance with ISS' published recommendation. In such cases, any vote recommended by ISS is binding and may not be overridden by Wasatch. Proposals on the same proxy ballot for which Wasatch does not have a material conflict of interest will be voted in accordance with Wasatch's Proxy Voting Policy.

Clients may choose to direct Wasatch to vote proxies solicited by or with respect to issuers of securities held in their account or retain the authority to vote such proxies themselves. Wasatch will only instruct a client's custodian to forward copies of proxy materials and shareholder communications relating to securities held in the client's account to ISS if the client has provided authorization to do so on its behalf.

Generally, clients who choose to direct Wasatch to vote proxies follow Wasatch's Proxy Voting Policy. In rare circumstances, clients may provide their own voting guidelines on how to vote issues, which may not be consistent with Wasatch's voting guidelines. In such circumstances, Wasatch provides the client's guidelines to ISS to administer the guidelines on the client's behalf at the request of the client. Wasatch may pay an additional fee on behalf of the client to ISS to provide this service to the client.

Clients may obtain a copy of Wasatch's complete Proxy Voting Policy upon request. Clients may also obtain information from Wasatch about how Wasatch voted any proxies on behalf of their account(s). Wasatch Funds' proxy voting record is available on the Funds' website at www.wasatchfunds.com and the SEC's website at www.sec.gov no later than August 31 for the prior 12 months ending June 30.

Item 18 – Financial Information

Wasatch, as a registered investment advisor, is required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients, and Wasatch has not been the subject of any bankruptcy proceeding.