

# WISDOMTREE INVESTMENTS, INC.

## **FORM 8-K** (Current report filing)

Filed 11/18/16 for the Period Ending 11/18/16

Address	245 PARK AVENUE 35TH FLOOR NEW YORK, NY 10167
Telephone	212-801-2080
CIK	0000880631
Symbol	WETF
SIC Code	6211 - Security Brokers, Dealers, and Flotation Companies
Industry	Investment Management & Fund Operators
Sector	Financials
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**Form 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 18, 2016**

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**WisdomTree Investments, Inc.**

(Exact name of registrant as specified in its charter)

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**Commission File Number: 001-10932**

**Delaware**  
(State or other jurisdiction  
of incorporation)

**13-3487784**  
(IRS Employer  
Identification No.)

**245 Park Avenue**  
**35<sup>th</sup> Floor**  
**New York, NY 10167**  
(Address of principal executive offices, including zip code)

**(212) 801-2080**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 8.01 Other Events**

On November 18, 2016, WisdomTree Investments, Inc. (the “Company”) issued a press release announcing that it has invested \$20 million for a 36% equity interest in AdvisorEngine Inc., formerly known as Vanare Inc., an end-to-end digital wealth management platform which enables individual customization of investment philosophies. The Company and AdvisorEngine have also entered into a strategic agreement whereby the Company’s asset allocation models will be made available through AdvisorEngine’s open architecture platform and the Company will actively introduce the platform to its deep distribution network. A copy of the press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Presentation materials concerning the investment, which will be available on the Company’s investor relations website at <http://ir.wisdomtree.com>, are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

The information furnished pursuant to this Item 8.01, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits:

Exhibit 99.1	Press Release, dated November 18, 2016
Exhibit 99.2	Presentation, dated November 18, 2016

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WisdomTree Investments, Inc.

Date: November 18, 2016

By: /s/ Amit Muni  
Amit Muni

**WisdomTree Makes Strategic Investment in AdvisorEngine***Helping Advisors Meet Evolving Client Needs in Post-DOL Fiduciary Rule World**Partnership to Help Advisors Digitize and Differentiate  
Across the Full Client Spectrum*

New York, NY – (GlobeNewswire) – November 18, 2016 – WisdomTree Investments, Inc. (NASDAQ: WETF) announced that it has invested \$20 million for a 36% equity interest in AdvisorEngine, formerly known as Vanare, an end-to-end digital wealth management platform which enables individual customization of investment philosophies. WisdomTree and AdvisorEngine have also entered into a strategic agreement whereby WisdomTree’s asset allocation models will be made available through AdvisorEngine’s open architecture platform and WisdomTree will actively introduce the platform to its deep distribution network. AdvisorEngine’s award-winning offering, enhanced through the collaboration with WisdomTree, enables advisors to more effectively serve their clients in a post-DOL Fiduciary Rule environment. <sup>1</sup>

Jonathan Steinberg, WisdomTree CEO and President, said, “The end-investor experience is being revolutionized by new technologies and new investment products like ETFs. Forward-thinking financial institutions have an opportunity to thrive in this changing environment. AdvisorEngine’s expertise in B2B digital advice makes it a natural choice for these firms.”

***Pioneering Technology***

AdvisorEngine, a pioneer in digital wealth management technology, was the first company to integrate private-label robo-advice within a full enterprise B2B digital wealth management technology platform. AdvisorEngine will continue to offer an array of distinct product offerings that provide advisors with new client prospecting tools, online client onboarding, institutional grade analytics, trading, performance reporting and billing. Its technology is distinctive in that it provides these features from an advisor-centric point of view, allowing advisors to deepen their engagement with clients and demonstrate the value of the advisory relationship.

Rich Cancro, AdvisorEngine Founder and Chief Executive Officer, said, “The name change of Vanare to AdvisorEngine underscores the company’s vision to empower advisors using integrated technology across the full client spectrum, ranging from high net worth clients to lower balance relationships.”

“WisdomTree and AdvisorEngine are both innovators. The financial investment and strategic relationship with WisdomTree will enhance our execution and allow us to grow as an independent, open architecture firm,” Cancro added.

SenaHill Securities LLC acted as exclusive strategic and financial advisor to AdvisorEngine (Vanare).

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<sup>1</sup> DOL Fiduciary Rule set to be implemented in April 2017 in the United States. Similar regulation is in progress in varying stages globally.

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## **About WisdomTree**

WisdomTree Investments, Inc., through its subsidiaries in the U.S., Europe, Japan and Canada (collectively, “WisdomTree”), is an exchange-traded fund (“ETF”) and exchange-traded product (“ETP”) sponsor and asset manager headquartered in New York. WisdomTree offers products covering equities, fixed income, currencies, commodities and alternative strategies. WisdomTree currently has approximately \$38.5 billion in assets under management globally. For more information, visit our Investor Relations [website](#).

WisdomTree® is the marketing name for WisdomTree Investments, Inc. and its subsidiaries worldwide.

## **About AdvisorEngine Inc. (formerly Vanare Inc.)**

In 2014, AdvisorEngine launched the first ever wealth management technology platform built specifically for advisors with an integrated White Label Digital Advisor. AdvisorEngine integrates online and traditional wealth management processes and workflows to help advisors build deeper relationships with their clients. From online account opening and report automation to comprehensive API platforms—and everything in between—AdvisorEngine provides the tools advisors need to scale more efficiently and compete more effectively. Founded by a team of experienced, creative financial and technology executives, AdvisorEngine continues to innovate in order to keep advisors at the forefront of wealth management. The firm, which is headquartered in New York, has launched a new website, and more information can be found at [www.AdvisorEngine.com](http://www.AdvisorEngine.com).

## **WisdomTree Contact Information**

### Media Relations

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### Investor Relations

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A STRATEGIC PARTNERSHIP TO HELP ADVISORS

DIGITIZE + DIFFERENTIATE

# Forward Looking Statements

This presentation contains forward-looking statements that are based on our management's belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, the risks described below. If one or more of these or other risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this presentation completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

In particular, forward-looking statements in this presentation may include statements about: anticipated trends, conditions and investor sentiment in the global markets and exchange-traded products ("ETPs"); anticipated levels of inflows into and outflows out of our ETPs; our ability to deliver favorable rates of return to investors; our ability to develop new products and services; our ability to maintain current vendors or find new vendors to provide services to us at favorable costs; our ability to successfully expand our business into non-U.S. markets; timing of payment of our cash income taxes; competition in our business; and the effect of laws and regulations that apply to our business.

Our business is subject to many risks and uncertainties, including without limitation:

Financial growth in recent years may not provide an accurate representation of the financial growth we may experience in the future, which may make it difficult to evaluate our future prospects.

Declining prices of securities can adversely affect our business by reducing the market value of the assets we manage or causing customers to sell their fund shares and trigger redemptions.

Fluctuations in the amount and mix of our AUM may negatively impact revenues and operating margins.

We derive a substantial portion of our revenues from two products – the WisdomTree Europe Hedged Equity Fund and the WisdomTree Japan Hedged Equity Fund – and, as a result, our operating results are particularly exposed to the performance of these funds and our ability to maintain the AUM of these funds, as well as investor sentiment toward investing in the funds' strategies and market-specific and political and economic risk.

Most of our AUM are held in our U.S. listed ETFs that invest in foreign securities and we therefore have substantial exposure to foreign market conditions and are subject to currency exchange rate risks.

Many of our ETPs and ETFs have a limited track record, and poor investment performance could cause our revenues to decline.

We depend on third parties to provide many critical services to operate our business and our ETPs and ETFs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm our customers.

Other factors, such as general economic conditions, including currency exchange rate fluctuations, also may have an effect on the results of our operations. For a more complete description of the risks noted above and other risks that could cause our actual results to differ from our current expectations, please see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The forward-looking statements in this presentation represent our views as of the date of this presentation. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this presentation.

## Deal Terms / Structure



**A STRATEGIC PARTNERSHIP TO HELP ADVISORS DIGITIZE + DIFFERENTIATE**

- ❑ \$20 million cash investment for 36% minority equity interest in AdvisorEngine (formerly Vanare)
- ❑ Entered into strategic agreement whereby WisdomTree's asset allocation models will be made available as defaults on AdvisorEngine's open architecture platform
- ❑ Balance sheet investment with no recognition of AdvisorEngine revenues or expenses
- ❑ Impact to WisdomTree's income statement over time will be driven by advisory fees from WisdomTree ETFs on the platform and asset allocation fees

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## Strategic Rationale of AdvisorEngine Partnership

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- ❑ Deepens existing client relationships by providing solutions/tools to help advisors digitize and differentiate their businesses as well as offers opportunities to establish new relationships
- ❑ Makes WisdomTree's asset allocation models actionable via a new distribution channel
- ❑ Helps drive diversified flows into WisdomTree ETFs and adds opportunity for asset allocation revenue
- ❑ Allows WisdomTree to stay top-of-mind with advisors and end-clients by delivering targeted relevant content and actionable product recommendations

# Who Is AdvisorEngine ?

## Company Summary

- ❑ In 2014, AdvisorEngine launched the first ever wealth management technology platform built specifically for advisors with an integrated White Label Digital Advisor
- ❑ AdvisorEngine integrates online and traditional wealth management processes and workflows to help advisors build deeper relationships with their clients
- ❑ Launched by a team of experienced, creative financial and technology executives and headquartered in New York

## Key Leadership



### **Rich Cancro, CEO and Founder**

- ❑ Former BofAML, JP Morgan, Bear Stearns, DLJ Direct



### **Vladimir Baranov, CTO and Founder**

- ❑ Former NestEgg, Citi, National Bank of Canada, Deutsche Bank

## Platform Offering



Integrated



Time saving



Customizable



Client-centric



Connected



All-in-one efficiency



Analytical



Social

# How Does AdvisorEngine Compare?

	AdvisorEngine	Typical characteristics of Competitor Offerings
1 <b>Business Model</b>	<ul style="list-style-type: none"> <li>Born B2B, built with advisors in mind</li> </ul>	<ul style="list-style-type: none"> <li>Robo-advisor competitors started with direct-to-consumer model and pivoted</li> </ul>
2 <b>Offering</b>	<ul style="list-style-type: none"> <li>Cutting-edge robo-capabilities within enterprise-quality platform with robust compliance controls and account permissioning</li> </ul>	<ul style="list-style-type: none"> <li>Others have either strong robo-capabilities or strong platform capabilities</li> </ul>
3 <b>Technology</b>	<ul style="list-style-type: none"> <li>Built with newest technology, including open APIs</li> </ul>	<ul style="list-style-type: none"> <li>Platform competitors are often building on top of legacy technology</li> </ul>
4 <b>Branding</b>	<ul style="list-style-type: none"> <li>White-label platform is customizable to any firm's colors / logo / branding</li> </ul>	<ul style="list-style-type: none"> <li>Often forced sub-branding or co-branding, which can lead to end-client confusion or switching</li> </ul>
5 <b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>Open architecture investment framework for firms who want to do asset allocation; easy-button WisdomTree models for firms who do not</li> </ul>	<ul style="list-style-type: none"> <li>Asset allocation models are often static or one-size-fits-all</li> </ul>
6 <b>Workstreams</b>	<ul style="list-style-type: none"> <li>Intuitive processes are integrated on a clean dashboard; advisors can view across accounts manage at the household level and view across</li> </ul>	<ul style="list-style-type: none"> <li>Robo-advisor competitors typically only have "client views," which makes multi-account management difficult</li> </ul>
7 <b>Ecosystem Integration</b>	<ul style="list-style-type: none"> <li>Integrations with multiple leading RIA and IBD custodians</li> </ul>	<ul style="list-style-type: none"> <li>Some competitors only self-clear, which requires advisors to port over assets onto a new platform; other competitors are only integrated with one custodian</li> </ul>

# WisdomTree's Approach to Asset Allocation

WisdomTree currently publishes ETF model portfolios to help advisors solve client needs. The partnership with AdvisorEngine makes it easier than ever for advisors to access and implement WisdomTree ETF asset allocation models. By thoughtfully integrating stocks, bonds, and alternatives, WisdomTree's asset allocation team creates variations of each model with differing risk profiles. The Asset Allocation team meets regularly with the flexibility to make and execute decisions within hours of landscape-altering events.

Conservative  
(more bonds)

Aggressive  
(more stocks)

## GROWTH

Designed to meet investors' most basic need for a diversified portfolio to participate in market growth. The simplicity and low cost of the WisdomTree Growth portfolio aligns to this group's preferences

## HIGH NET WORTH

High net worth investors are among the most sophisticated and valuable clients. Our nuanced, tax-efficient High Net Worth portfolio addresses these investors' needs through a tactical combination of fixed income, equity, and alternatives allocations

## STRATEGIC INCOME

As investors grow and approach retirement, income is of increasing importance. The WisdomTree Strategic Income portfolio integrates dividend-yielding equity and income generating fixed income to address this need



WISDOMTREE®

