

## Q2/17 Results

July 28, 2017



# 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; 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:

- Net outflows during 2016 in our two largest ETFs – the WisdomTree Europe Hedged Equity Fund and the WisdomTree Japan Hedged Equity Fund – have had, and in the future could continue to have, a negative impact on our revenues.
- 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 a limited number of products, 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.
- Much of our AUM is 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.

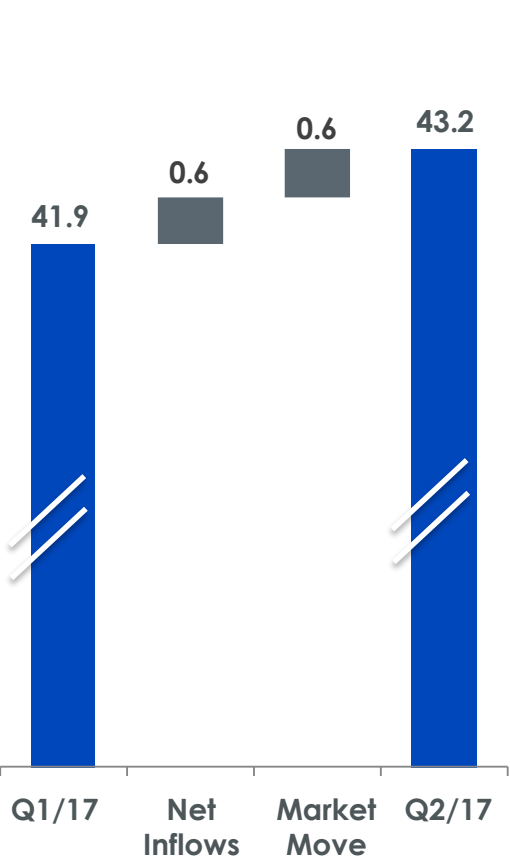
Other factors, such as general economic conditions, including currency exchange rate fluctuations, also may have an effect on the results of our operations. For a more complete description of the risks noted above and other risks that could cause our actual results to differ from our current expectations, please see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

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.

# Broad based inflows partially offset by DXJ outflows

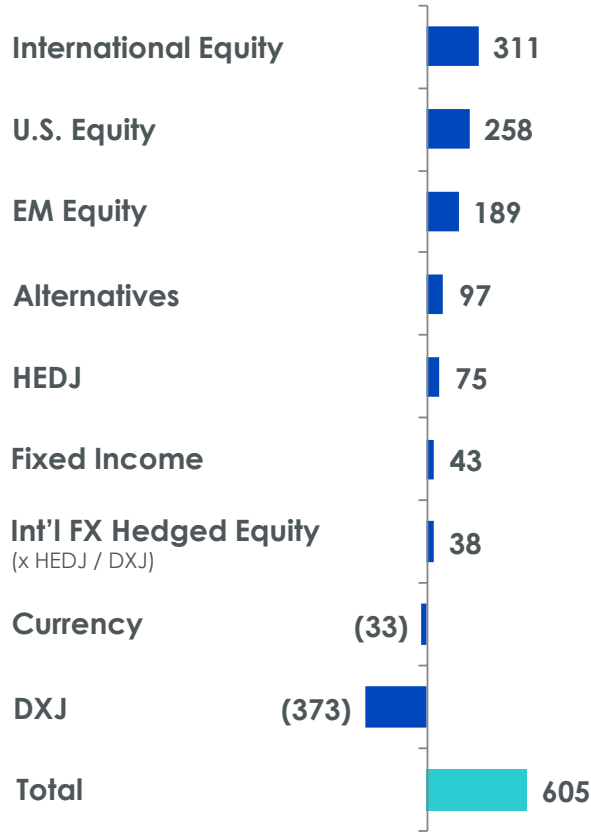
## Quarterly U.S. ETF AUM Change

(\$ billions)



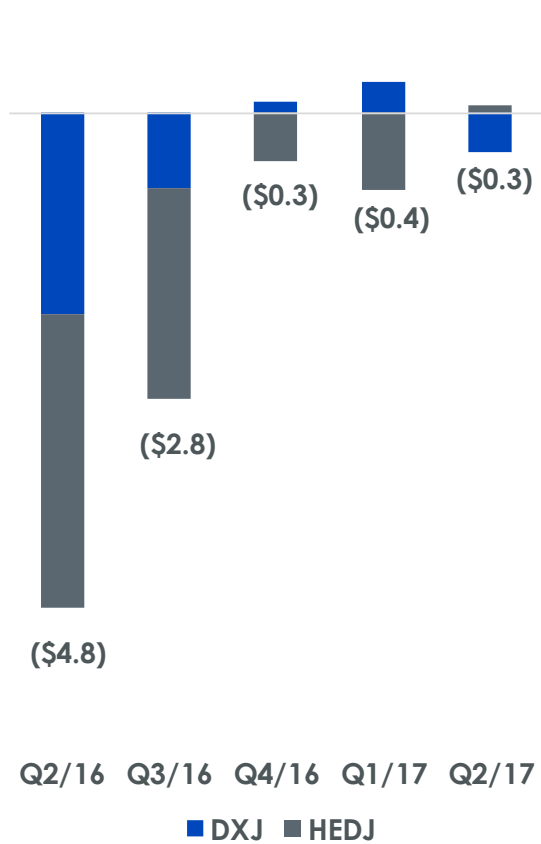
## Q2/17 Net Inflows

(\$ millions)



## DXJ / HEDJ Quarterly Flow Impact

(\$ billions)



## Notable flow highlights

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- + Quality Dividend Growth fund (DGRW) had a record quarter with \$288 million of inflows bringing YTD inflows to \$426 million and fund AUM to over \$1.6 billion
- + MidCap Dividend fund (DON) momentum continued with 2Q17 inflows of \$112 million bringing total fund AUM to just under \$3 billion
- + Global ex-Mexico Equity fund (XMX) garnered inflows of \$48 million following the June cross listing of the fund on the Mexican exchange
- + CBOE S&P 500 Put/Write fund (PUTW) saw increased acceptance and accelerating momentum with \$112 million of 2Q17 inflows bringing fund AUM to over \$178 million in just 6 quarters since initial launch
- + 10 U.S. listed ETFs across a broad range of strategies had inflows of greater than \$50 million during the quarter (DGRW, PUTW, DON, DFE, DLS, HEDJ, DDWM, DGS, EPI, DEM)

# Efforts to diversify and stabilize AUM taking hold

+ Assets in funds viewed as core/strategic holdings have grown from a low of 27% of total AUM during 2015 to 48% by 2Q17

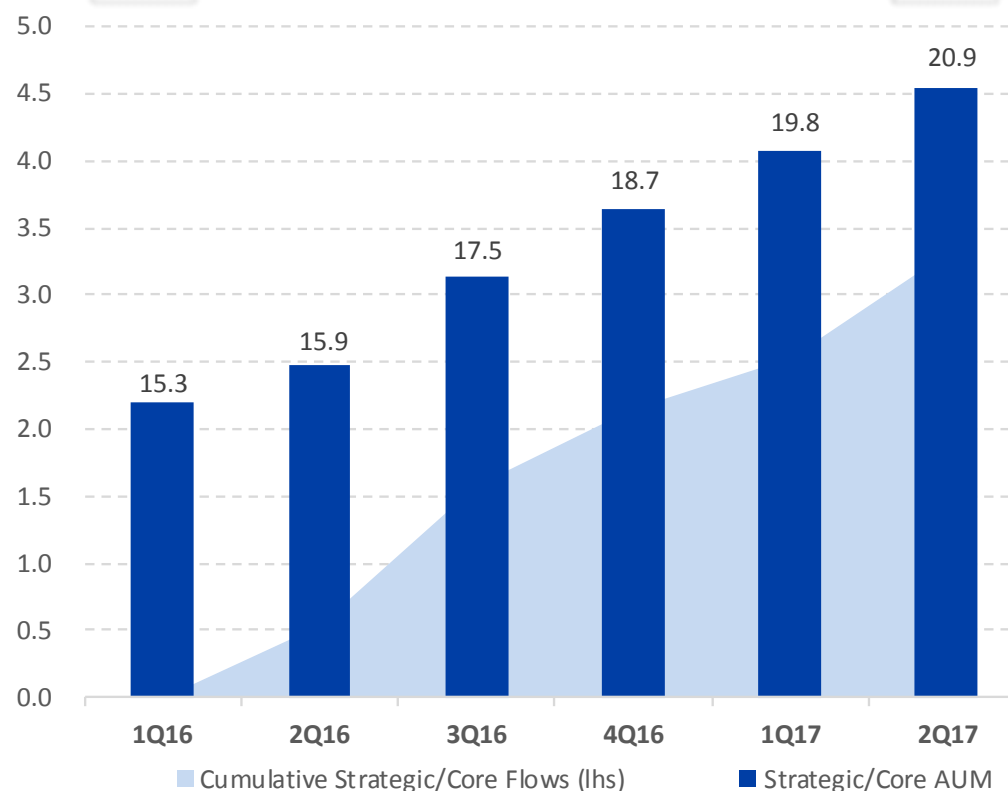
+ This group of funds generated inflows of more than \$3.3 billion since the start of 2016 representing 15% annualized organic growth

+ Represents 46 funds across a range of strategies and asset classes <sup>(1)</sup>

## Core/Strategic AUM Growth

(\$ in billions)

Total AUM:	\$44.0	\$37.8	\$37.6	\$40.1	\$41.9	\$43.2
% of AUM:	35%	42%	47%	47%	47%	48%



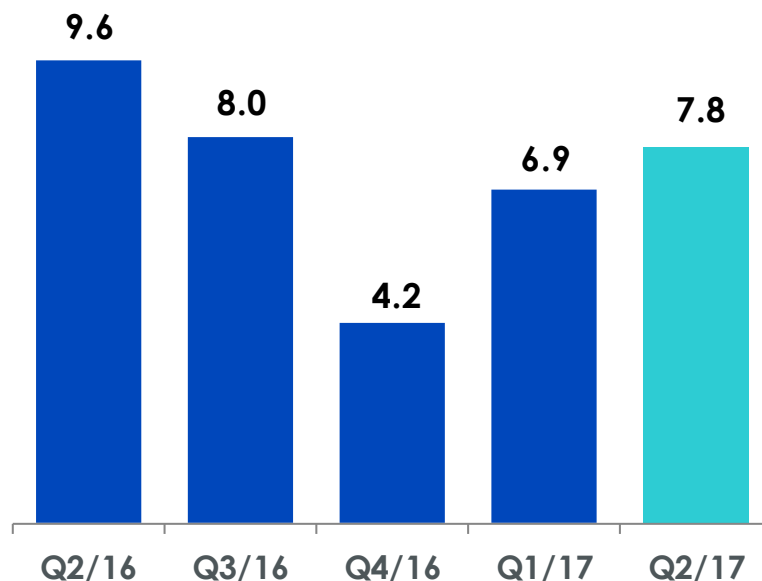
(1) Core/Strategic includes: AGGY, DDLS, DDWM, DEM, DES, DEW, DGS, DGRE, DGRS, DGRW, DHDG, DHS, DIM, DLN, DLS, DNL, DOL, DON, DOO, DRW, DTD, DTH, DTN, DVEM, DWM, DXUS, EES, EPS, EXT, EZM, EZY, GCC, GSD, HDRW, HGSD, IHDG, IQDG, PUTW, SFHY, SFIG, SHAG, USFR, USMF, WFHY, WFIG, XMX

# Net Income growth driven by higher AUM and settlement gain

## EPS, Net Income, Adjusted Net Income <sup>(1)</sup>

(\$ millions)

EPS:	\$0.03 <sup>(2)</sup>	\$0.06	\$0.02 <sup>(3)</sup>	\$0.05	\$0.09 <sup>(4)</sup>
Net Income:	3.7	8.0	2.5	6.9	12.1



Adjusted Net Income

## Unusual Items

+ Q2/17 net income includes \$4.3 million gain (\$6.9 million pre-tax) associated with the Tradeworx settlement

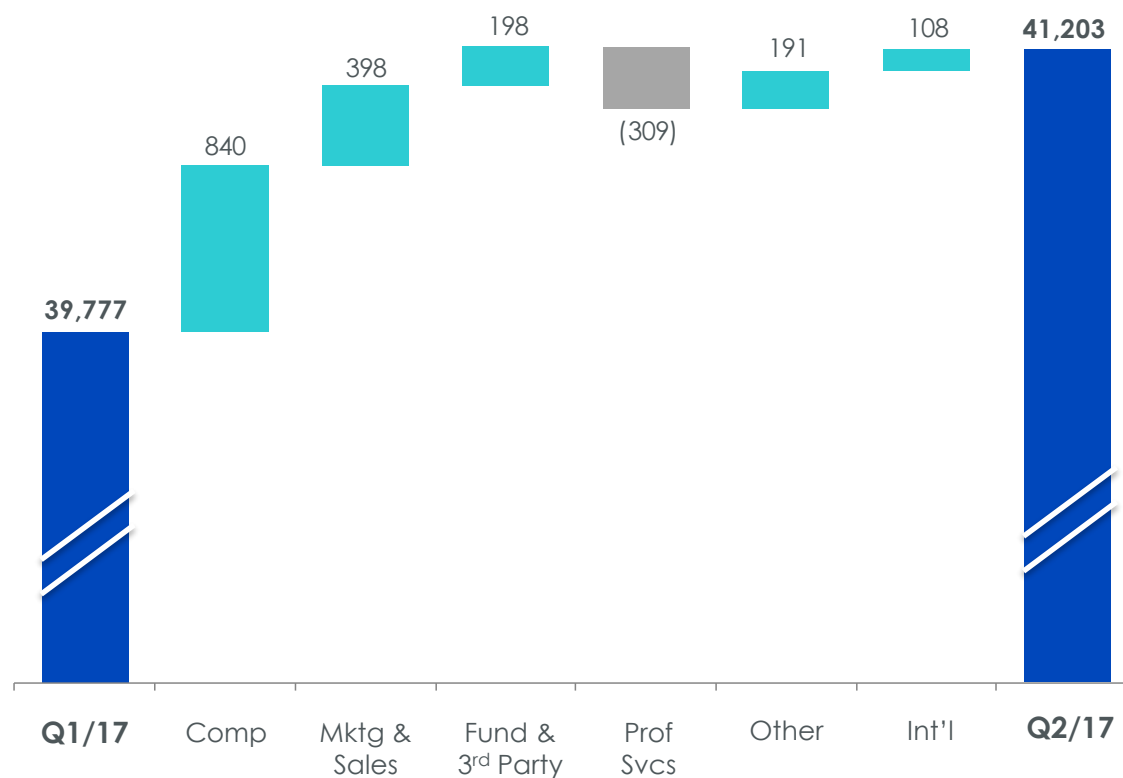


- (1) See "Non-GAAP Financial Measurements"
- (2) Includes \$0.04 acquisition buyout payment
- (3) Includes \$0.01 goodwill impairment
- (4) Includes \$0.03 settlement gain

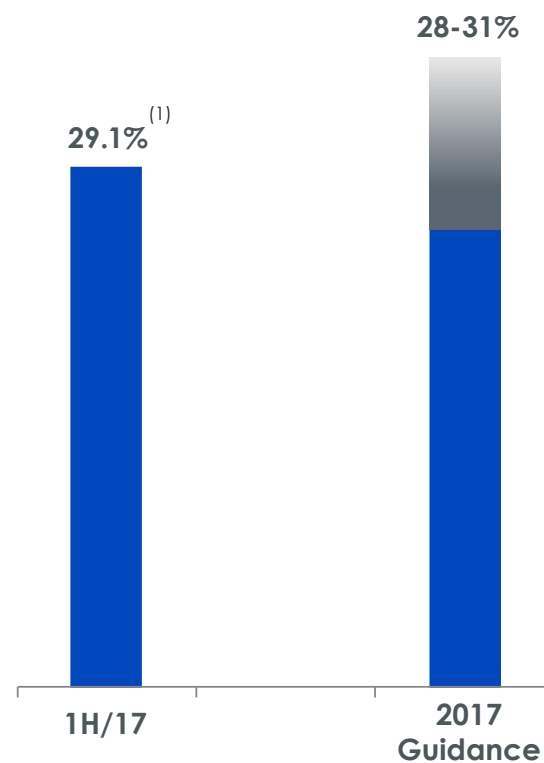
# Q2 expenses driven higher by compensation and fund costs

## Expense Base Change – Q1/17 to Q2/17

(\$ thousands)



## Comp to Revenue Ratio – U.S.

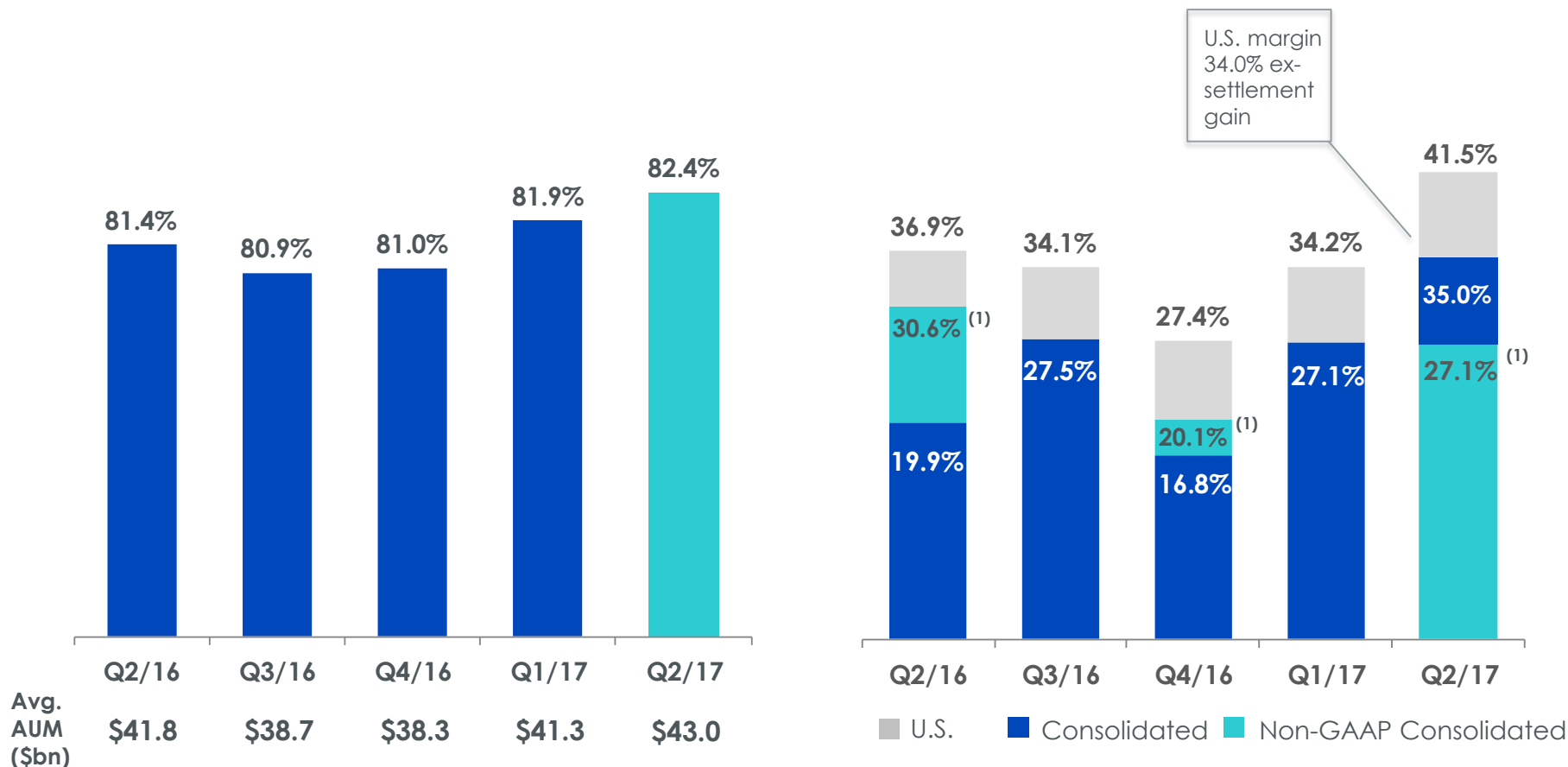


(1) Excludes impact of settlement gain

# Margins move higher following AUM and revenue trends

## U.S. Business Gross Margin <sup>(1)</sup> <sup>(2)</sup>

## Pre-tax Margin



(1) See "Non-GAAP Financial Measurements"

(2) Gross margin formula revised with denominator now Advisory Fees rather than Total Revenue  
Prior periods above have been restated



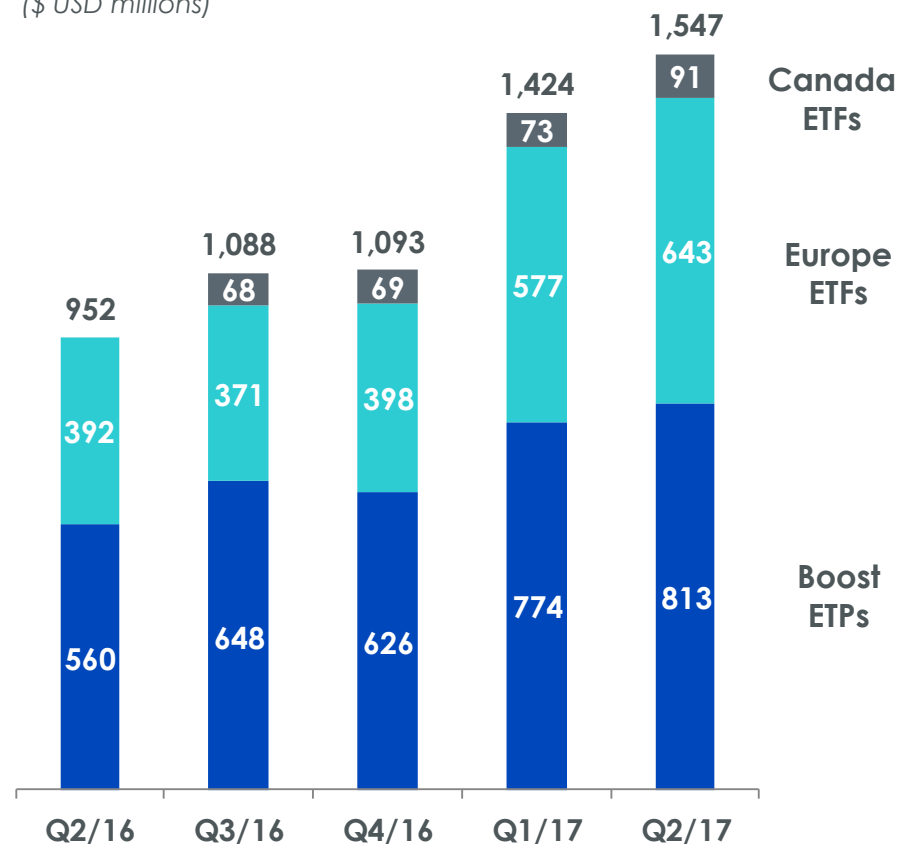
# International Segment continues to scale

## Key Highlights

- + International segment AUM growth of 9% during the quarter bringing 1H/17 growth to 42%.
- + Continued flow momentum with \$147 million of inflows bringing year-to-date inflows to \$466 million and well split between Boost and UCITs
- + Net flow positive YTD in Europe, Canada, Latin America and Israel
- + Announced strategic agreements in Canada to bolster growth outlook and scale

## International Segment AUM

(\$ USD millions)



# Strategic agreements with Questrade position WisdomTree for accelerated growth in Canada

## Key Highlights

- + WisdomTree will become a premier provider of Canadian ETFs available for purchase commission-free on platform
- + WisdomTree will become a consultant for Questrade's PortfolIQ, a low-cost online investment service
- + WisdomTree will acquire the right to manage Questrade's eight ETFs with approximately USD \$71 million in AUM for USD \$1.9 million <sup>(1)</sup>
- + Companies will jointly deploy ETF-focused educational initiatives and resources for Questrade clients

## Who is Questrade?



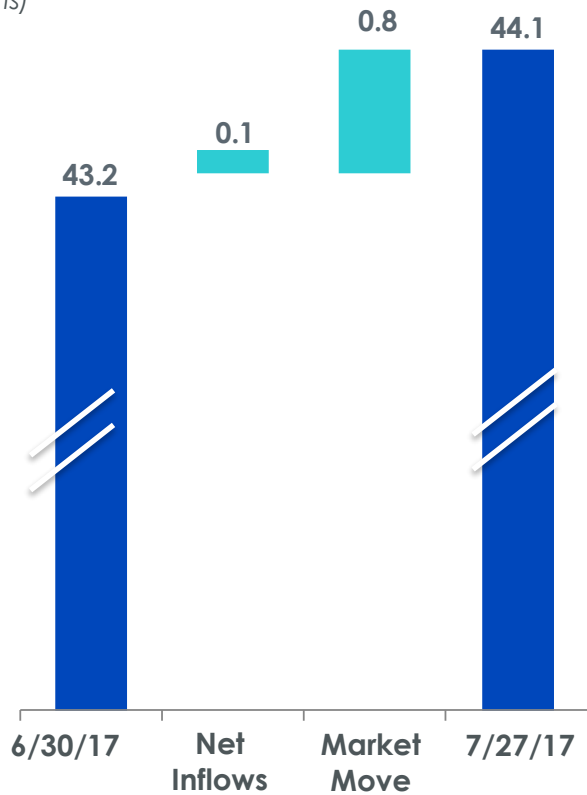
- + Ideal partner for WisdomTree – entrepreneurial, independent, and willing to challenge the status quo
- + Largest independent and fastest growing on-line brokerage in Canada
- + Over \$5 billion in assets and more than 30,000 accounts opened every year
- + Leader and innovator in fintech
- + Focus on leveraging technology to lower fees, allowing Canadians to “Keep More of their Money”

# Q3/17 as of 7/27/17

Flow diversity has continued into Q3/17 with inflows into 19 funds across 6 categories

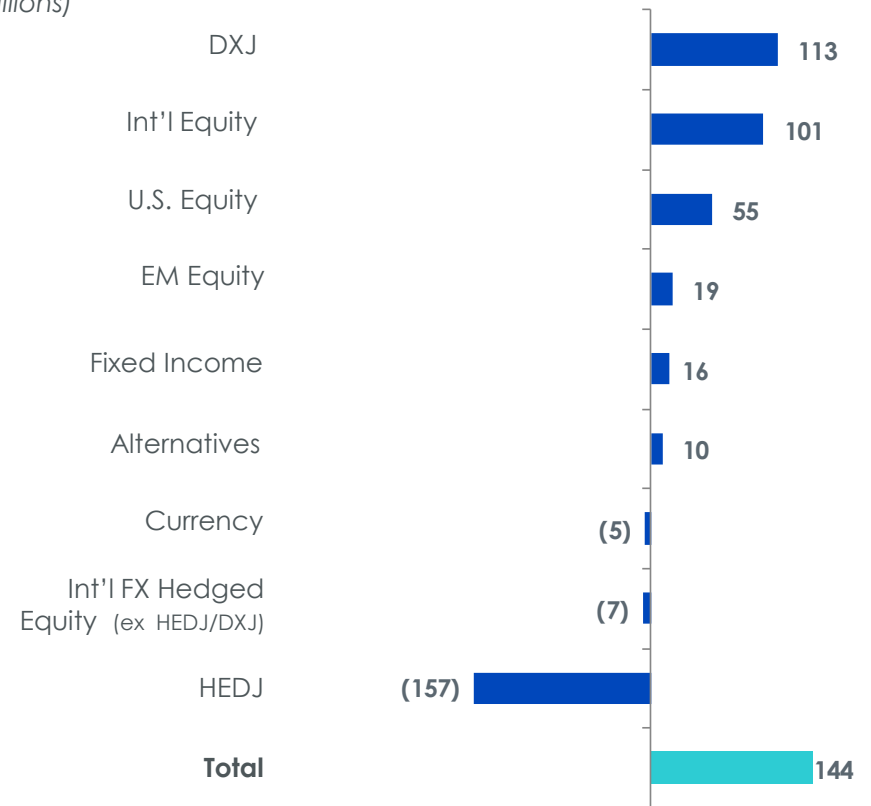
## WisdomTree U.S. Listed AUM

(\$ billions)



## U.S. Net Inflows

(\$ millions)



\* International Segment Q3/17 QTD inflows of \$18M (Boost \$3M, UCIT \$12M, Canada \$3M) through 7/27/17

# Progress made positioning WisdomTree to benefit from secular shifts

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## + **AUM and flow diversification efforts are showing progress**

- % and \$ amount of AUM in core/strategic funds has increased
- In 2Q17 10 funds had inflows of greater than \$50 million

## + **Monetization of model portfolio initiatives has commenced**

- Announced launch of WisdomTree model portfolios on Envestnet platform

## + **Technology will be a key differentiator for WisdomTree**

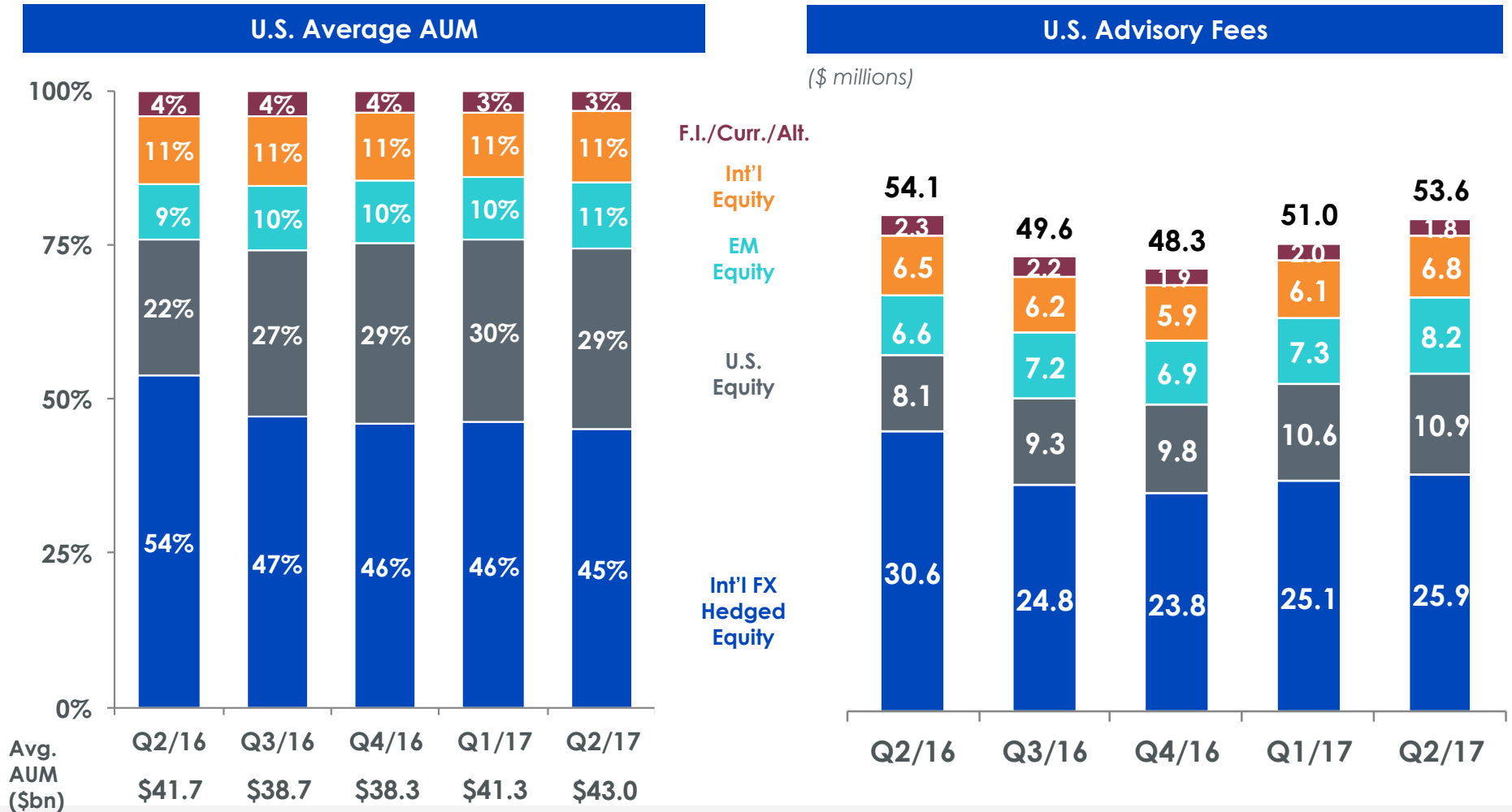
- Portfolio analytics tools
- Portfolio construction services
- AdvisorEngine
- Internally focused data analytics and distribution tools including the collaboration with IBM Watson

## + **Advisor Solutions program to empower financial intermediaries and drive deeper relationships with a broader range of advisors**

- Kredible
- Leadership and Retirement experts

# Appendix

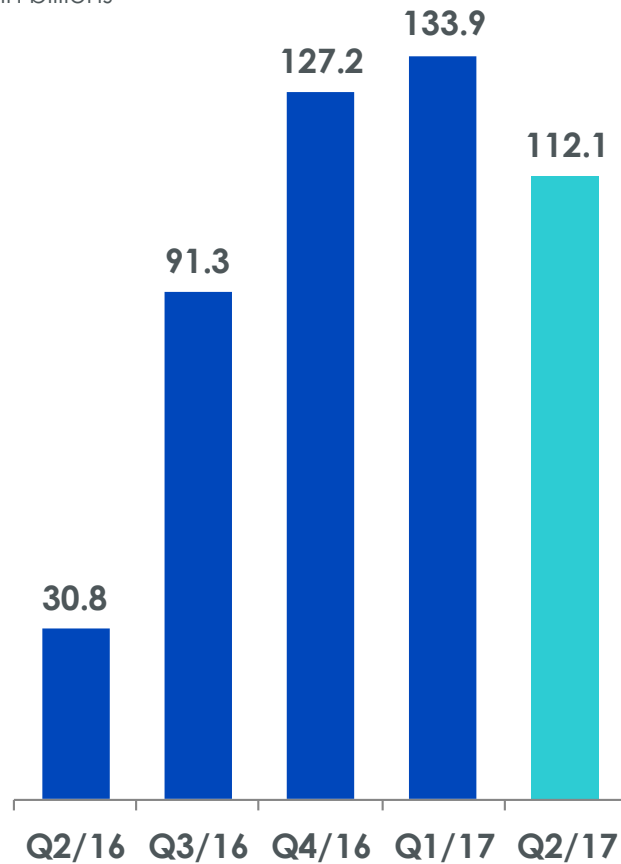
# U.S. average AUM and advisory fees



# U.S. listed ETF flows

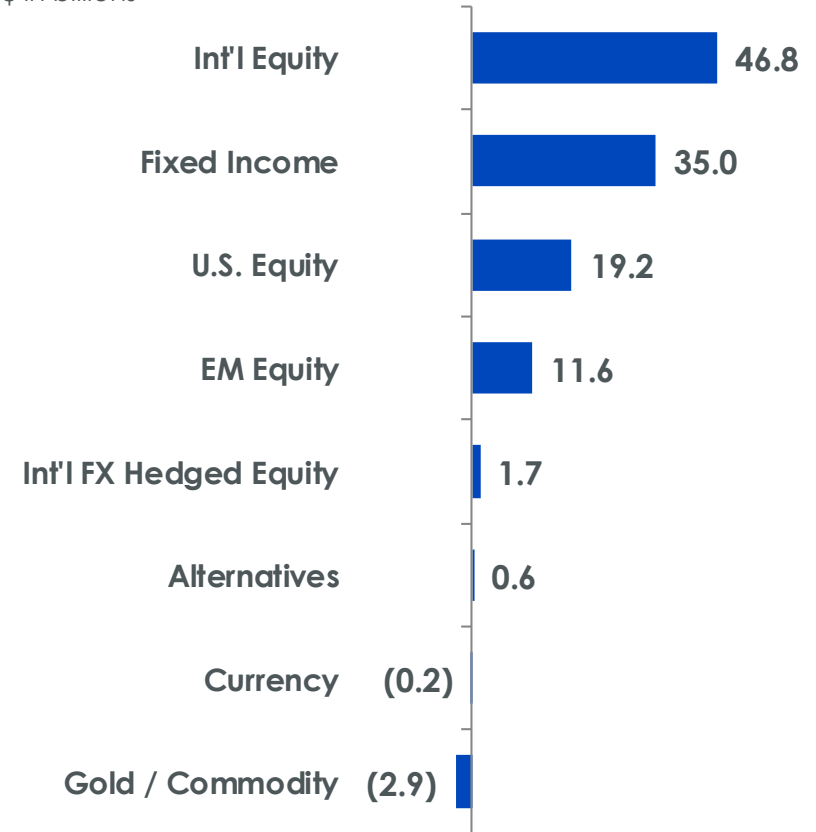
## U.S. ETF Industry Net Inflows

\$ in billions



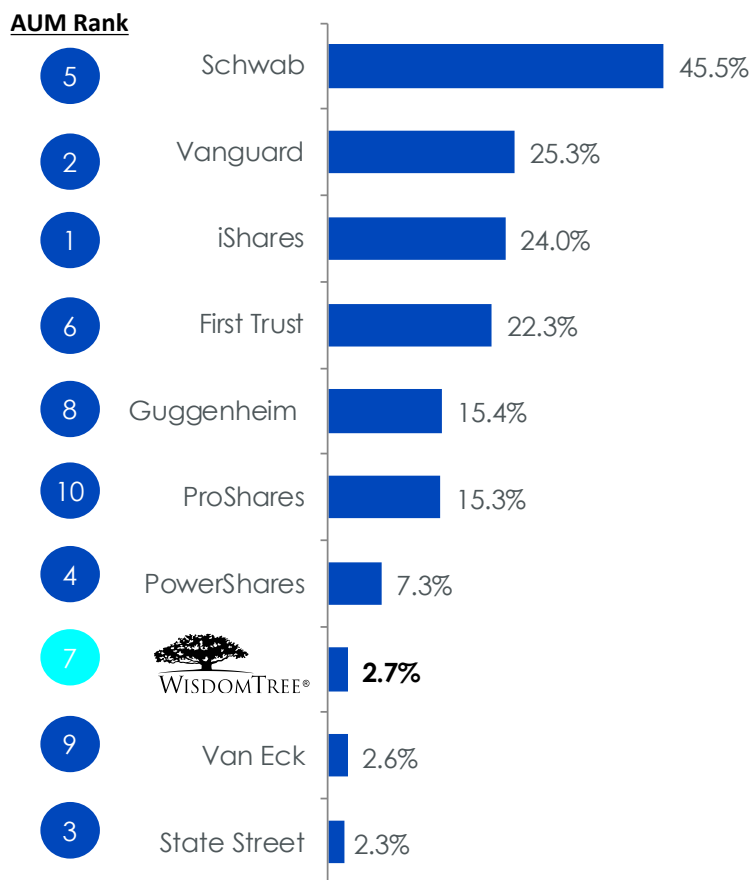
## Net Inflows by Category Q2/17

\$ in billions

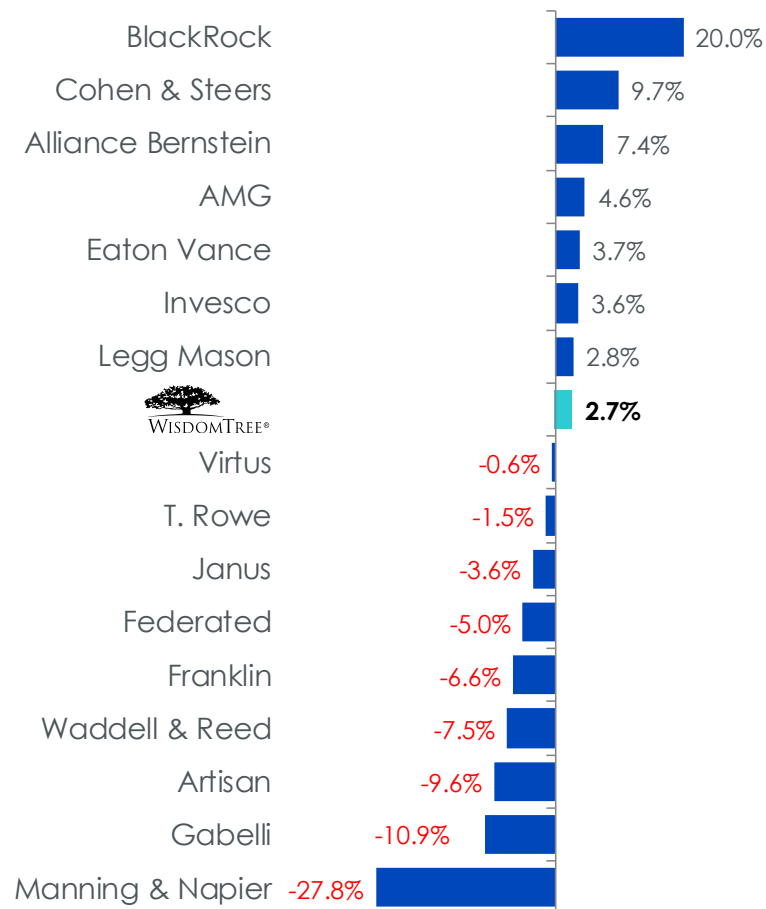


# Organic growth

## Top 10 U.S. ETF Sponsors 1H/17 Organic Growth <sup>(1)</sup>



## Public Asset Managers 1H/17 Organic Growth <sup>(1)</sup>



Source: Bloomberg, WisdomTree, Morningstar.

(1) Calculated as net mutual fund and ETF inflows of for the period over BoP AUM annualized.

Excludes money market funds.



## 2017 Guidance Items

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- + U.S. Segment compensation to revenue ratio of 28-31% in a normal operating environment
- + Near-term U.S. gross margin of ~82%
- + Roughly flat baseline U.S. expenses (\$138-\$139 million) before impact of AUM changes on fund costs and net flow impact on incentive compensation. Includes \$3-4 million of incremental growth initiative spending
- + International Business segment (Europe & Canada) anticipated pre-tax loss of \$9-\$13 million
- + Negative tax impact of \$1.5 million (primarily in 1Q and 3Q) from new accounting rules related to stock-based compensation. Base U.S. tax rate of ~40% on U.S. segment pre-tax earnings

# Estimated impact from stock-based comp tax changes

- + 2017 GAAP accounting change requires tax effects of stock-based compensation be recorded in income tax expenses vs. prior rules which impacted equity
- + Awards vesting or being exercised at stock price below/above their grant date price will increase/decrease income tax expense
- + New requirements will increase volatility in reported income tax expenses. On a cash basis, tax windfalls reduce cash taxes while short falls are non-cash

(shares and dollars in '000s)

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D = (C-B) x A</b>	<b>E</b>	<b>-D x E</b>
Vest Period	# of Shares	Weighted Average Grant Date Price	Vest Date Stock Price (Illustrative)	Tax Shortfall	Tax Rate (Illustrative)	Increase to Tax Expense
Q1 2017						\$1,039
Q2 2017						\$59
Q3 2017	151	\$16.74	\$10.40	(\$957)	40%	\$383
Q4 2017	2	\$11.14	\$10.40	(\$1)	40%	\$1
2017						\$1,482
2018	1,047	\$12.99	\$10.40	(\$2,712)	40%	\$1,085

Note: Analysis above excludes options as the timing of employee exercises is outside of our control. Vesting stock price and tax rate is illustrative.

# Balance Sheet

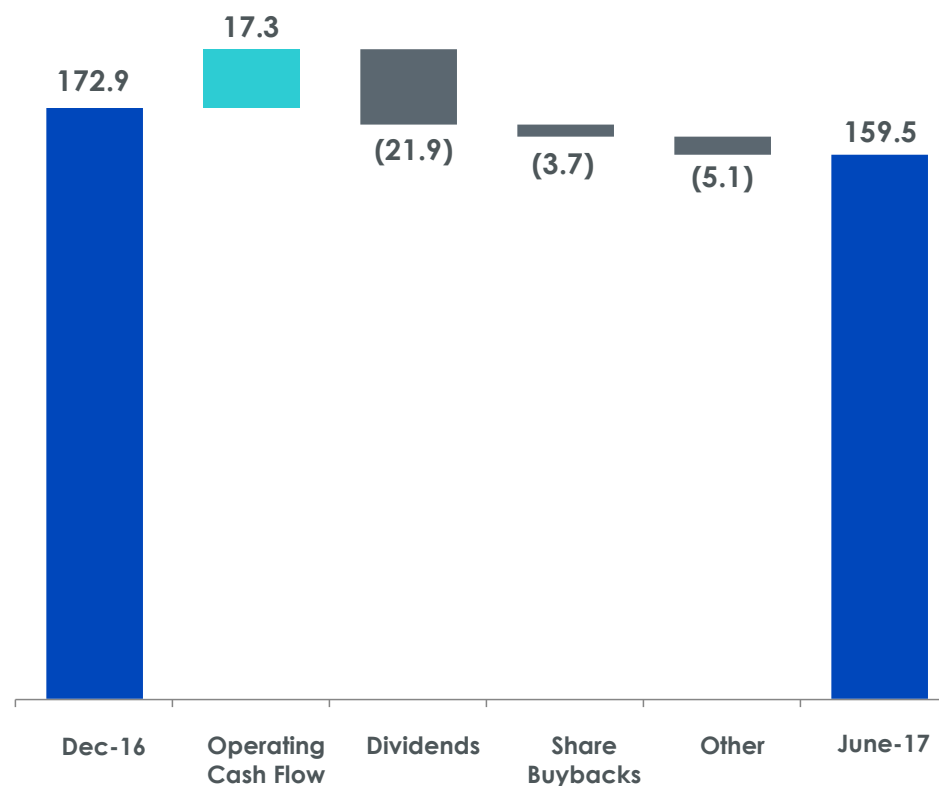
## Balance Sheet

(\$ millions)

	June 30, 2017	Dec. 31, 2016
<b>Assets</b>		
Cash and securities <sup>(1)</sup>	\$159.5	\$172.9
Investment	31.9	20.0
Accounts receivable	19.4	17.7
Deferred tax asset, net	4.0	9.8
Fixed assets, net	11.3	11.7
Goodwill and intangibles	11.8	11.8
Other assets	6.0	4.6
<b>Total assets</b>	<b>\$243.9</b>	<b>\$249.8</b>
<b>Liabilities</b>		
Fund management and administration	\$13.0	\$13.6
Compensation and benefits	10.8	14.7
Accounts payable and other liabilities	12.8	15.3
Deferred rent	4.8	4.9
Total liabilities	41.4	48.4
<b>Stockholders' equity</b>	202.5	201.3
<b>Total liabilities and stockholders' equity</b>	<b>\$243.9</b>	<b>\$249.8</b>

## 1H/17 Change in Cash & Securities<sup>(1)</sup>

(\$ millions)



(1) Includes \$49.7 million invested in short-duration fixed income securities classified as securities owned and \$21.1 million in securities held to maturity

# Consolidated Financial Results

	2015				2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Revenues</b>										
Advisory fees	\$ 59,869	\$ 81,320	\$ 80,520	\$ 76,235	\$ 60,615	\$ 55,931	\$ 51,553	\$ 50,366	\$ 53,262	\$ 56,114
Settlement gain										6,909
Other income	272	239	233	254	263	50	236	432	1,337	405
Total revenues	60,141	81,559	80,753	76,489	60,878	55,981	51,789	50,798	54,599	63,428
<b>Expenses</b>										
Compensation and benefits	19,601	18,669	19,407	15,551	15,226	14,343	15,328	18,366	17,874	18,421
Fund management and administration	10,168	11,208	10,519	10,887	10,044	10,621	10,372	10,046	9,600	10,112
Marketing and advertising	3,076	3,628	3,573	3,094	3,832	4,566	3,600	3,645	3,537	3,825
Sales and business development	1,900	2,076	2,438	2,775	2,447	3,834	3,075	3,181	2,962	3,389
Professional and consulting fees	1,463	1,604	1,570	2,430	2,835	1,365	1,035	1,457	1,558	1,221
Occupancy, communications and equipment	918	943	1,183	1,255	1,222	1,241	1,469	1,279	1,353	1,371
Depreciation and amortization	220	223	253	310	316	330	332	327	337	352
Third party sharing arrangements	283	497	485	1,178	907	709	622	589	932	670
Acquisition payment	257	264	172	1,492	745	5,993	--	--	--	--
Goodwill impairment	--	--	--	--	--	--	--	1,676	--	--
Other	1,235	1,509	1,620	1,823	1,632	1,823	1,731	1,723	1,624	1,842
Total expenses	39,121	40,621	41,220	40,795	39,206	44,825	37,564	42,289	39,777	41,203
<b>Income before taxes</b>	21,020	40,938	39,533	35,694	21,672	11,156	14,225	8,509	14,822	22,225
Income tax (benefit)/expense	8,958	16,766	16,245	15,164	9,600	7,505	6,270	6,032	7,942	10,120
<b>Net Income</b>	<b>\$ 12,062</b>	<b>\$ 24,172</b>	<b>\$ 23,288</b>	<b>\$ 20,530</b>	<b>\$ 12,072</b>	<b>\$ 3,651</b>	<b>\$ 7,955</b>	<b>\$ 2,477</b>	<b>\$ 6,880</b>	<b>\$ 12,105</b>
Note:										
Stock-based compensation included above	\$ 2,344	\$ 2,608	\$ 2,926	\$ 3,022	\$ 3,503	\$ 3,767	\$ 3,822	\$ 3,800	\$ 3,421	\$ 3,530
<b>Adjusted net income:</b>										
Net income, as reported					\$ 3,651		\$ 2,477		\$ 12,105	
Add back acquisition contingent payment					5,993		-		-	
Add back goodwill impairment					-		1,676		-	
Subtract settlement gain, net of tax					-		-		(4,256)	
Adjusted net income					9,644		4,153		7,849	
<b>Adjusted pretax income:</b>										
Income before income taxes					11,156		8,509		22,225	
Add back acquisition contingent payment					5,993		-		-	
Add back goodwill impairment					-		1,676		-	
Subtract settlement gain, before income taxes					-		-		(6,909)	
Adjusted income before income taxes					17,149		10,185		15,316	

# Segment Financial Results

## U.S. Business Segment

### U.S. Business Segment

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
<b>Revenues</b>					
Advisory fees	\$54,061	\$49,568	\$48,345	\$51,026	\$53,641
Settlement gain					6,909
Other income	387	323	493	1,312	508
Total revenues	54,448	49,891	48,838	52,338	61,058
<b>Expenses</b>					
Compensation and benefits	12,674	13,416	15,798	15,070	15,910
Fund management and administration	9,339	8,866	8,611	8,327	8,782
Marketing and advertising	3,943	3,036	3,148	3,069	3,253
Sales and business development	3,368	2,881	3,046	2,610	2,824
Professional and consulting fees	1,169	823	1,118	1,322	1,013
Occupancy, communications and equipment	1,126	1,272	1,161	1,228	1,232
Depreciation and amortization	325	327	320	331	339
Third party sharing arrangements	709	622	589	927	670
Other	1,711	1,616	1,652	1,546	1,725
Total expenses	34,364	32,859	35,443	34,430	35,748
<b>Income before taxes</b>	<b>\$20,084</b>	<b>\$17,032</b>	<b>\$13,395</b>	<b>\$17,908</b>	<b>\$25,310</b>
Pre-tax margin	36.9%	34.1%	27.4%	34.2%	41.5%
Compensation ratio	23.3%	26.9%	32.3%	28.8%	29.4% <sup>(2)</sup>
Gross Margin <sup>(1)</sup>	81.4%	80.9%	81.0%	81.9%	82.4%

## International Business Segment

### International Business Segment

	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
<b>Revenues</b>					
Advisory fees	\$ 1,870	\$ 1,985	\$ 2,021	\$ 2,236	\$ 2,473
Settlement Gain					
Other income	(337)	(87)	(61)	25	(103)
Total revenues	1,533	1,898	1,960	2,261	2,370
<b>Expenses</b>					
Compensation and benefits	1,669	1,912	2,568	2,804	2,511
Fund management and administration	1,282	1,506	1,435	1,273	1,330
Marketing and advertising	623	564	497	468	572
Sales and business development	466	194	135	352	565
Professional and consulting fees	196	(237)	339	236	208
Occupancy, communications and equipment	115	197	118	125	139
Depreciation and amortization	5	5	7	6	13
Third party sharing arrangements	--	--	--	5	--
Other	6,105	115	1,747	78	117
Total expenses	10,461	4,256	6,846	5,347	5,455
<b>Loss before taxes</b>	<b>\$ (8,928)</b>	<b>\$ (2,358)</b>	<b>\$ (4,886)</b>	<b>\$ (3,086)</b>	<b>\$ (3,085)</b>



(1) See "Non-GAAP Financial Measurements"

(2) Compensation ratio in Q2/17 adjusted to remove impact of settlement gain

# Key Operating Statistics

	2015				2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<u>AUM (end of period)</u>										
International Hedged Equity	\$33,925	\$39,222	\$34,608	\$33,311	\$25,140	\$18,798	\$17,270	\$18,752	\$19,112	\$19,031
U.S. Equity	9,748	9,245	8,247	8,603	8,966	9,766	10,698	11,996	12,402	12,782
International Developed Equity	4,323	4,829	4,394	4,525	4,653	4,184	4,334	4,152	4,561	5,134
Emerging Markets Equity	6,068	6,244	4,288	3,825	3,803	3,683	4,020	3,881	4,508	4,771
Fixed Income	904	956	794	799	828	790	597	534	585	632
Alternative Strategy	225	230	211	208	440	452	445	510	476	574
Currency	565	573	505	368	426	373	340	339	296	259
	\$55,758	\$61,299	\$53,047	\$51,639	\$44,256	\$38,046	\$37,704	\$40,164	\$41,940	\$43,183
Average ETF AUM	\$46,391	\$61,153	\$59,572	\$56,603	\$45,475	\$41,830	\$38,710	\$38,253	\$41,292	\$42,961
<u>Net Inflows / (Outflows)</u>										
U.S. Equity	\$294	(\$320)	(\$259)	(\$14)	(\$8)	\$500	\$759	\$609	\$221	\$258
Emerging Markets Equity	(165)	250	(1,013)	(418)	(171)	(160)	93	(41)	141	189
Alternative Strategy	17	14	(13)	(4)	5	(10)	5	72	(27)	97
Currency	(44)	7	(63)	(121)	65	(54)	(29)	(13)	(30)	(33)
International Developed Equity	188	497	21	(56)	160	(251)	(139)	(120)	102	311
Fixed Income	(210)	67	(85)	9	(14)	(47)	(204)	(35)	50	43
International Hedged Equity	13,440	6,083	751	(1,997)	(5,396)	(4,927)	(2,865)	(341)	(514)	(259)
Total	\$13,520	\$6,598	(\$661)	(\$2,601)	(\$5,359)	(\$4,949)	(\$2,380)	\$132	(\$58)	\$605
Average ETF Advisory Fee	0.52%	0.53%	0.53%	0.52%	0.52%	0.52%	0.51%	0.50%	0.50%	0.50%
<u>Average Mix</u>										
International Hedged Equity	53%	63%	66%	66%	61%	54%	47%	46%	46%	45%
U.S. Equity	21%	16%	15%	16%	18%	22%	27%	29%	30%	29%
International Developed Equity	9%	8%	8%	8%	9%	11%	11%	11%	11%	11%
Emerging Markets Equity	14%	10%	9%	7%	8%	9%	11%	10%	10%	11%
Fixed Income	2%	2%	1%	2%	2%	2%	2%	2%	1%	1%
Currency	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Alternative Strategy	0%	0%	0%	0%	1%	1%	1%	1%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
# of ETFs	70	75	79	86	93	99	93	94	88	90
<u>European Listed ETFs: (in thousands)</u>										
AUM (end of period)	\$288,801	\$384,089	\$431,259	\$437,934	\$488,069	\$560,063	\$647,497	\$626,280	\$774,487	\$812,604
Net Inflows	\$145,381	\$50,331	\$191,044	\$153,023	\$123,461	\$20,578	\$92,045	(\$38,214)	\$160,327	\$102,783
Average Advisory Fee	0.81%	0.82%	0.83%	0.85%	0.84%	0.84%	0.82%	0.80%	0.79%	0.78%
<u>Total UCITS ETFs: (in thousands)</u>										
AUM (end of period)	\$45,846	\$228,588	\$264,452	\$335,938	\$396,901	\$391,900	\$371,307	\$398,015	\$576,503	\$643,199
Net Inflows	\$28,851	\$144,234	\$62,217	\$52,271	\$71,440	\$26,931	(\$58,908)	\$12,442	\$159,774	\$44,022
Average Advisory Fee	0.40%	0.44%	0.45%	0.45%	0.47%	0.46%	0.44%	0.42%	0.43%	0.44%
<u>Total Canada ETFs: (in thousands)</u>										
AUM (end of period)							68,427	68,618	72,927	91,490
Net Inflows							68,531	3	(2)	15,280
Average Advisory Fee							0.51%	0.52%	0.46%	0.42%
U.S. Headcount	109	118	132	143	153	157	159	163	163	166
Non-U.S. Headcount	27	28	29	34	38	47	43	46	47	46

# Non-GAAP Financial Measurements

In an effort to provide additional information regarding our results as determined by GAAP, we also disclose certain non-GAAP information which we believe provides useful and meaningful information. Our management reviews these non-GAAP financial measurements when evaluating our financial performance and results of operations; therefore, we believe it is useful to provide information with respect to these non-GAAP measurements so as to share this perspective of management. Non-GAAP measurements do not have any standardized meaning, do not replace nor are superior to GAAP financial measurements and are unlikely to be comparable to similar measures presented by other companies. These non-GAAP financial measurements should be considered in the context with our GAAP results. The non-GAAP financial measurements contained in this release include:

- *Gross margin and gross margin percentage (U.S. Business segment).* We disclose our gross margins and gross margin percentage for our U.S. Business segment separately from the start up stage of our international businesses (Europe and Canada) to allow investors to better understand and track the performance and operating efficiency of our core U.S. operations, which make up the vast majority of our operating and financial results. We disclose U.S. Business segment gross margin, which we define as U.S. advisory fees less U.S. fund management and administration expenses and U.S. third-party sharing arrangements, and U.S. Business segment gross margin percentage as non-GAAP financial measurements because we believe they provide investors with a consistent way to analyze the amount we retain after paying third party service providers to operate our ETPs and third party marketing agents whose fees are associated with our AUM level. Management tracks gross margin and gross margin percentage to analyze the profitability of our products.
- *Consolidated and U.S. Business segment operating results and pre-tax margin for the second quarter of 2017 excluding a pre-tax gain of \$6.9 million (or \$4.3 million after-tax) associated with the settlement of a dispute with a third party.* We exclude this gain when analyzing our results as it is a one-time, non-recurring item and not core to our operating business.
- *Consolidated operating results and pre-tax margin for the second quarter of 2016 excluding a \$6.0 million charge related to the acceleration of the buyout of the remaining minority interest in our European business.* We exclude this charge when analyzing our results, which is not deductible for tax purposes, as it is a one-time, non-recurring charge and not core to our operating business.

## WISDOMTREE INVESTMENTS, INC. AND SUBSIDIARIES GAAP to NON-GAAP RECONCILIATION

(in thousands)

(Unaudited)

	Three Months Ended				
	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016	June 30, 2016
<b>Gross Margin and Gross Margin Percentage (U.S. Listed Business):</b>					
Advisory Fees.....	\$53,641	\$51,026	\$48,345	\$49,638	\$54,061
Less: Fund management and administration.....	(8,782)	(8,327)	(8,611)	(8,866)	(9,339)
Less: Third-party sharing arrangements.....	(670)	(927)	(589)	(622)	(709)
U.S. Gross margin.....	<u>\$44,189</u>	<u>\$41,772</u>	<u>\$39,145</u>	<u>\$40,150</u>	<u>\$44,013</u>
U.S. Gross margin percentage.....	<u>82.4%</u>	<u>81.9%</u>	<u>81.0%</u>	<u>80.9%</u>	<u>81.4%</u>
<b>Adjusted net income and diluted earnings per share:</b>					
Net income, as reported.....	\$12,105		\$ 2,477		\$ 3,651
Add back: Goodwill impairment.....			1,676		
Add back: Acquisition payment.....					5,993
Subtract: Settlement gain.....	(4,256)				
Adjusted net income.....	7,849		4,153		9,644
Weighted average common share - diluted.....	135,574		135,373		135,132
Adjusted net income per share - diluted.....	\$0.06		\$0.03		\$0.07
<b>Adjusted pre-tax margin:</b>					
Income before income taxes.....	\$22,225		\$ 8,509		\$11,156
Add back: Goodwill impairment.....			1,676		
Add back: Acquisition payment.....					5,993
Subtract: Settlement gain, before income taxes.....	(6,909)				
Adjusted income before income taxes.....	15,316		10,185		17,149
Total revenues.....	63,428		50,798		55,981
Subtract: Settlement gain, before income taxes.....	(6,909)				
Adjusted revenues.....	56,519				
Adjusted pretax margin.....	27.1%		20.1%		30.6%
<b>Adjusted pre-tax Margin (U.S. Business Segment):</b>					
Total revenues.....	61,058				
Subtract: Settlement gain, before income taxes.....	(6,909)				
Adjusted revenues.....	54,149				
Income before income taxes.....	25,310				
Subtract: Settlement gain, before income taxes.....	(6,909)				
Adjusted net income before income taxes.....	<u>18,401</u>				
Adjusted pre-tax margin.....	34.0%				

# Historical Statistics – U.S.

	U.S. Net Inflows		Market Share	Market Movement	AUM
	Industry (in billions)	WisdomTree (in millions)			
2006	\$74.0	\$1,408	1.9%	\$116	1,523
2007	\$150.6	2,961	2.0%	74	4,559
2008	\$177.2	907	0.5%	(2,286)	3,180
2009	\$116.5	1,774	1.5%	1,025	5,979
2010	\$118.0	3,135	2.7%	777	9,891
2011	\$117.6	3,898	3.3%	(1,607)	12,182
2012	\$185.4	4,732	2.6%	1,372	18,286
2013	\$179.9	14,323	8.0%	2,275	34,884
2014	\$240.7	5,076	2.1%	(679)	39,281
2015	\$230.9	16,856	7.3%	(4,273)	51,864
2016	\$283.3	(12,556)	n/a	856	40,164
'17 YTD	\$246.0	547	0.2%	2,472	43,183
<b>Total</b>	<b>\$2,120.1</b>	<b>\$43,061</b>	<b>2.0%</b>	<b>\$123</b>	

Source: ICI, Bloomberg, WisdomTree. YTD through 6/30/17