

April 29, 2010



## WisdomTree Announces First Quarter 2010 Results

Total assets under management increase 11% from Q4 2009 to record \$7.4 billion

\$582 million net inflows for the quarter

22 out of 34 equity funds outperformed benchmarks since inception through Q1

NEW YORK--(BUSINESS WIRE)-- WisdomTree (Pink Sheets: [WSDT](#) - [News](#)), an exchange-traded fund ("ETF") sponsor and asset manager, today reported a GAAP net loss of \$3.6 million in the first quarter of 2010, as compared to \$5.0 million for the fourth quarter of 2009. Proforma operating net loss, which excludes stock-based compensation, depreciation and amortization, and interest and investment income, was just below \$1.0 million in the first quarter, a 34.3% improvement from a proforma operating net loss of \$1.5 million in the fourth quarter.

WisdomTree CEO Jonathan Steinberg commented, "WisdomTree garnered more than 7% of the ETF industry market share in the first quarter and continued to raise assets in emerging market equities and currencies. We continued to build awareness of emerging market currencies as an asset class, led by the WisdomTree Dreyfus Chinese Yuan Fund (CYB). CYB is now our second largest fund and is poised to benefit from the potential appreciation of the Chinese yuan, a trend many investors are watching."

Mr. Steinberg continued, "We are off to a strong start in the second quarter with an impressive \$423 million in net inflows already captured as of April 29, 2010. On the back of this progress, the Company has further strengthened its financial position and is now generating positive cash-flow. We continue to balance prudent cost management while still investing in important growth initiatives and we believe we are positioned to see significant operating leverage in the business going forward."

### Assets Under Management and Performance

As of March 31, 2010, assets under management ("AUM") managed by WisdomTree or against WisdomTree Indexes was \$7.4 billion, up 11% and ETF AUM was \$6.7 billion, up 12% from December 31, 2009. Net inflows into WisdomTree ETFs were \$582 million in the first quarter, primarily in emerging market currency and emerging market equity ETFs. Included in this amount was \$152 million of outflows related to previously announced fund liquidations which occurred on March 29, 2010.

WisdomTree's fundamentally weighted ETFs experienced relatively strong investment performance through the first quarter. Approximately 78% of the \$5.4 billion invested in WisdomTree's 34 equity ETFs on March 31, 2010 were in funds that, since their respective

inceptions, have outperformed their comparable benchmarks through that date. 22 of WisdomTree's 34 equity ETFs have outperformed their comparable benchmarks since inception and through the first quarter of 2010. For more information about WisdomTree ETFs, please [click here](#) or visit [www.wisdomtree.com](http://www.wisdomtree.com).

## Recent Business Activity

On March 29, 2010, WisdomTree completed the planned closure and liquidation of 10 ETFs.

On April 1, 2010, the WisdomTree Japan Total Dividend Fund (DXJ) was renamed the WisdomTree Japan Hedged Equity Fund and began to hedge its Japanese yen exposure. Since the change was made, DXJ has taken in approximately \$38 million.

On April 27, 2010, nine of WisdomTree's ETFs were cross-listed in Mexico on the Bolsa Mexicana De Valores.

## First Quarter Financial Highlights

### Comparison to the fourth quarter of 2009

#### Revenues

Total revenues for the quarter increased 13.7% to a record \$8.7 million as compared to \$7.6 million in the fourth quarter. Average ETF assets under management increased 16% in the first quarter as compared to the fourth quarter primarily due to \$582 million of net inflows as well as \$152 million of market appreciation. Included in the quarter were fund liquidations of \$152 million which occurred on March 29, 2010. The average advisory fee earned during the first quarter and fourth quarter was 0.54%.

#### Expenses

Total expenses decreased to \$12.3 million from \$12.8 million in the fourth quarter primarily due to lower stock issuance costs, marketing and business development and fund management and administration expenses. Partly offsetting these decreases were higher compensation and benefits and professional fees. Excluding stock-based compensation and depreciation and amortization charges, proforma operating expenses increased 5.7% to \$9.7 million from \$9.2 million in the fourth quarter.

- Compensation and benefits expenses increased 10.1% to \$5.3 million from \$4.8 million in the first quarter primarily due to an increase in accrued incentive compensation due to higher levels of inflows, as well as payroll taxes associated with vesting of restricted stock.
- Fund management and administration expenses decreased 7.8% to \$3.4 million from \$3.7 million in the fourth quarter. Included in the first quarter was a one-time reduction adjustment of \$0.2 million related to the Company's previously announced fund closures. In addition, fund administration related expenses decreased due to cost efficiency changes initiated in the Company's fund operations as well as lower index calculation fees as a result of consolidating vendors. Partly offsetting these decreases was an increase in fund related legal expenses.
- Marketing and business development expenses decreased 22.9% to \$1.6 million from \$2.1 million in the fourth quarter. This expense was higher in the fourth quarter of last year due to increased levels of television advertising to support the Company's emerging market currency and

emerging market equity sales efforts as compared to the first quarter of this year. In addition, the fourth quarter included a one-time charge of \$0.2 million to write off an intangible asset.

- Professional fees increased 62.3% to \$1.0 million in the first quarter as compared \$0.6 million in fourth quarter primarily due to strategic corporate consulting.
- Occupancy, communications and equipment expenses increased 7.2% to \$0.3 million in the first quarter from \$0.2 million in the fourth quarter. The fourth quarter of last year included a one-time reduction of overhead costs related to the Company's sub-leased space.
- Other expenses decreased 66.7% to \$0.4 million in the first quarter from \$1.3 million in the fourth quarter. The fourth quarter of last year included an expense of \$1.0 million related to the Company's final issuance of common stock to Treasury Equity LLC as a result of the satisfaction of certain conditions related to the Company's Currency ETFs.
- Partner sharing arrangements increased to \$0.2 million in the first quarter from (\$0.04) million in the fourth quarter. Net revenue sharing represents the amount paid to (or received from) the Bank of NY Mellon, after netting revenues and costs, for its collaboration with the Company's Currency ETFs. This amount increased primarily due to significantly higher average AUM as a result of the Company's currency sales efforts.
- Stock based compensation expenses decreased 27.6% to \$2.5 million in the first quarter from \$3.5 million in the fourth quarter. As referred to above, the fourth quarter of last year included an expense of \$1.0 million related to the Company's final issuance of common stock to Treasury Equity LLC as a result of the satisfaction of certain conditions related to the Company's Currency ETFs.

## Balance Sheet

As of March 31, 2010, WisdomTree had total assets of \$24.6 million, which consisted primarily of cash and cash equivalents of \$11.2 million and investments of \$7.9 million. WisdomTree has no debt. There were approximately 114.9 million shares issued as of March 31, 2010. Fully diluted shares issued and outstanding were approximately 136.9 million as of March 31, 2010.

## First Quarter 2010 Earnings Call Information

WisdomTree will discuss its results and operational highlights during a conference call on Friday, April 30, 2010 at 9:00 a.m. ET. The call-in number will be (888) 679-8037 passcode 45913077. Anyone outside the U.S. or Canada should call (617) 213-4849, passcode 45913077. The slides used during the presentation will be available at [www.wisdomtree.com/ir](http://www.wisdomtree.com/ir). For those unable to join the conference call at the scheduled time, an audio replay will be available on [www.wisdomtree.com/ir](http://www.wisdomtree.com/ir).

## About WisdomTree

WisdomTree(R) is an exchange-traded fund ("ETF") sponsor and asset manager using its own fundamentally weighted index methodology. WisdomTree also licenses its indexes to third parties for proprietary products and offers a platform to promote the use of WisdomTree ETFs in 401(k) plans. Approximately \$7.8 billion in assets currently are managed by WisdomTree or are managed against WisdomTree Indexes. For more information, please visit [www.wisdomtree.com](http://www.wisdomtree.com). WisdomTree is the marketing name for WisdomTree

Investments, Inc. and its wholly owned subsidiaries WisdomTree Asset Management, Inc. and WisdomTree Retirement Services, Inc.

WisdomTree Asset Management, Inc. is a registered investment advisor and is the investment advisor to the WisdomTree Trust and the WisdomTree ETFs. The WisdomTree Trust is a registered open-end investment company. Each WisdomTree ETF is a series of the WisdomTree Trust. WisdomTree Retirement Services, Inc. supports the use of the WisdomTree ETFs in retirement plans by financial professionals.

WISDOMTREE INVESTMENTS, INC.

# CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended		
	March 31,	December 31,	March 31,
	2010	2009	2009
Revenues			
Advisory fees	\$ 8,467	\$ 7,428	\$ 3,558
Other income	217	208	137
Total revenues	8,684	7,636	3,695
Expenses			
Compensation and benefits	5,255	4,775	4,751
Fund management and administration	3,389	3,674	3,191
Marketing and business development	1,620	2,101	910
Professional fees	1,024	631	303
Occupancy, communication and equipment	267	249	274
Depreciation and amortization	77	88	90
Other	426	1,281	386
Partner sharing arrangements	248	(36 )	23
Total expenses	12,306	12,763	9,928
Operating loss	(3,622 )	(5,127 )	(6,233 )
Interest and investment income	30	95	222
Net loss	\$ (3,592 )	\$ (5,032 )	\$ (6,011 )
Net loss per share - basic and diluted	\$ (0.03 )	\$ (0.05 )	\$ (0.06 )

Weighted average common shares - basic and diluted	110,820	108,374	101,561
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WISDOMTREE INVESTMENTS, INC

NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

(Unaudited)

	For the Three Months Ended		
	March 31,	December 31,	March 31,
	2010	2009	2009
Revenues			
Advisory fees	\$ 8,467	\$ 7,428	\$ 3,558
Other income	217	208	137
Total revenues	8,684	7,636	3,695
Operating expenses			
Compensation and benefits	3,250	2,807	2,732
Fund management and administration	3,389	3,674	3,191
Marketing and business development	1,620	2,101	910
Professional fees	532	130	230
Occupancy, communication and equipment	267	249	274
Other	376	231	334
Partner sharing arrangements	248	(36 )	23
Total operating expenses	9,682	9,156	7,694
Operating loss	(998 )	(1,520 )	(3,999 )
Stock-based compensation	2,547	3,519	2,144
Depreciation and amortization	77	88	90
Interest and investment income	(30 )	(95 )	(222 )
Net loss	\$ (3,592 )	\$ (5,032 )	\$ (6,011 )

WISDOMTREE INVESTMENTS, INC.

# CONSOLIDATED BALANCE SHEET

(in thousands, except per share amounts)

	March 31, 2010  (Unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,153	\$ 11,476
Investments	2,470	2,627
Accounts receivable	3,223	2,884
Other current assets	1,308	961
Total current assets	18,154	17,948
Fixed assets, net	920	977
Investments	5,457	6,693
Other noncurrent assets	55	85
Total assets	\$ 24,586	\$ 25,703
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current liabilities:		
Fund management and administration payable	\$ 6,360	\$ 5,055
Compensation and benefits payable	1,124	2,587
Accounts payable and other liabilities	1,710	1,603
Total current liabilities	9,194	9,245
Other noncurrent liabilities	407	430
Total liabilities	9,601	9,675
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01; 250,000 shares authorized:		
issued: 114,988 and 114,535	1,149	1,145
outstanding: 111,162 and 110,106		
Additional paid-in capital	152,032	149,487

Accumulated deficit	(138,196 )	(134,604 )
Total stockholders' equity	14,985	16,028
Total liabilities and stockholders' equity	\$ 24,586	\$ 25,703

WISDOMTREE INVESTMENTS, INC.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(Unaudited)

For the Three Months Ended

March 31,      March 31,

2010              2009

Cash flows from operating activities

Net loss	\$ (3,592 )	\$ (6,011 )
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Adjustments to reconcile net loss to net cash used in operating activities:

Depreciation, amortization and other	77	90
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Stock-based compensation	2,547	2,144
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Deferred rent	(23 )	(106 )
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Accretion to interest income	(9 )	(61 )
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Net change in operating assets and liabilities:

Accounts receivable	(338 )	170
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Other assets	(317 )	(316 )
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Fund management and administration payable	1,305	1,661
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Compensation and benefits payable	(1,463 )	(1,277 )
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Accounts payable and other liabilities	107	8
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Net cash used in operating activities	(1,706 )	(3,698 )
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Cash flows from investing activities

Purchase of fixed assets	(20 )	(8 )
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Purchase of investments	(966 )	(2,786 )
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Proceeds from the redemption of investments	2,368	3,780
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Net cash provided by investing activities	1,382	986
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Cash flows from financing activities

Proceeds from exercise of stock options	1	--
Net cash provided by financing activities	1	--
Net decrease in cash and cash equivalents	(323 )	(2,712 )
Cash and cash equivalents - beginning of period	11,476	13,275
Cash and cash equivalents - end of period	\$ 11,153	\$ 10,563
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 4	\$ 3
Non-cash investing and financing activities:		
Cashless exercise of stock options	\$ 28	\$ --

WisdomTree Investments, Inc.

Key Operating Statistics (Unaudited)

	For the Three Months Ended		
	March 31,	December 31,	March 31,
	2010	2009	2009
Total assets under management (in thousands)			
ETFs	6,712,983	5,978,605	2,775,647
Non-ETFs	709,048	689,103	399,110
End of period assets	7,422,031	6,667,708	3,174,757
Total ETFs (in thousands)			
Beginning of period assets	5,978,605	4,901,755	3,180,133
Inflows/(Outflows)	582,239	910,989	22,512
Market appreciation/(depreciation)	152,139	165,861	(426,998 )
End of period assets	6,712,983	5,978,605	2,775,647
Average assets during the period	6,311,374	5,438,756	2,885,250
International Developed Markets ETFs (in thousands)			
Beginning of period assets	1,953,363	1,794,248	1,339,002
Inflows/(Outflows)	26,262	135,791	(30,953 )

Market appreciation/(depreciation)	15,011	23,324	(188,399 )
End of period assets	1,994,636	1,953,363	1,119,650
Average assets during the period	2,168,987	1,896,356	1,181,812
International Emerging Markets ETFs (in thousands)			
Beginning of period assets	1,430,965	1,118,413	384,242
Inflows/(Outflows)	229,591	232,308	27,800
Market appreciation/(depreciation)	77,236	80,244	(6,395 )
End of period assets	1,737,792	1,430,965	405,647
Average assets during the period	1,307,976	1,297,459	390,576
Sector ETFs (in thousands)			
Beginning of period assets	358,187	322,145	246,501
Inflows/(Outflows)	(124,240 )	34,154	(19,625 )
Market appreciation/(depreciation)	(5,591 )	1,888	(36,778 )
End of period assets	228,356	358,187	190,098
Average assets during the period	345,023	338,336	211,554
US ETFs (in thousands)			
Beginning of period assets	1,329,597	1,271,172	986,568
Inflows/(Outflows)	71,963	(2,514 )	81,037
Market appreciation/(depreciation)	66,719	60,939	(201,381 )
End of period assets	1,468,279	1,329,597	866,224
Average assets during the period	1,405,777	1,272,642	896,404
Currency ETFs (in thousands)			
Beginning of period assets	906,493	395,777	223,820
Inflows/(Outflows)	378,663	511,250	(35,747 )
Market appreciation/(depreciation)	(1,236 )	(534 )	5,955
End of period assets	1,283,920	906,493	194,028
Average assets during the period	1,083,611	633,963	204,904
Average ETF assets during the period			
International Developed Markets ETFs	34	% 35	% 41 %
International Emerging Markets ETFs	21	% 24	% 14 %

Sector ETFs	5	%	6	%	7	%
US ETFs	22	%	23	%	31	%
Currency ETFs	18	%	12	%	7	%

Average ETF advisory fee during the period

International Developed Markets ETFs	0.55	%	0.55	%	0.54	%
International Emerging Markets ETFs	0.76	%	0.76	%	0.74	%
Sector ETFs	0.58	%	0.58	%	0.58	%
US ETFs	0.34	%	0.34	%	0.33	%
Currency ETFs	0.47	%	0.46	%	0.42	%
Blended Total	0.54	%	0.54	%	0.50	%

Number of ETFs - end of the period

International Developed Markets ETFs	14	15	14
International Emerging Markets ETFs	4	4	4
Sector ETFs	4	11	11
US ETFs	12	13	13
Currency ETFs	8	9	8
Total	42	52	50

Note: Previously issued statistics may be restated due to trade adjustments

#### GAAP to Non-GAAP Reconciliation

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 this non-GAAP financial measurement 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 and are therefore unlikely to be comparable to similar measures presented by other companies. These non-GAAP financial measures should be considered in the context with our GAAP results.

We have disclosed our results excluding certain non-operating items. We consider stock-based compensation, depreciation and amortization and interest and investment income as non-operating items. Management excludes these costs when measuring our financial performance as they are non-cash charges or not directly related to our business of being an index developer and ETF sponsor. As the company is currently incurring net losses, management focuses on its cash related expenses of being an index developer and ETF sponsor in measuring the financial health of its business and making related decisions. However,

stock-based compensation has been and will continue to be for the foreseeable future, a significant recurring expense in our business and stock-based compensation is an important part of our employees' compensation and impacts their performance.

WISDOMTREE INVESTMENTS, INC.

# CONSOLIDATED STATEMENTS OF OPERATIONS

## GAAP to NON-GAAP RECONCILIATION

(in thousands)

(Unaudited)

	For the Three Months Ended		
	March 31, 2010	December 31, 2009	March 31, 2009
GAAP expenses as reported	\$ 12,306	\$ 12,763	\$ 9,928
Less stock-based compensation included in			
Compensation and benefits	(2,005 )	(1,968 )	(2,019 )
Professional fees	(492 )	(501 )	(73 )
Other	(50 )	(1,050 )	(52 )
Total stock-based compensation expenses	(2,547 )	(3,519 )	(2,144 )
Less depreciation and amortization	(77 )	(88 )	(90 )
Proforma operating expenses	\$ 9,682	\$ 9,156	\$ 7,694
GAAP net loss, as reported	\$ (3,592 )	\$ (5,032 )	\$ (6,011 )
Add back stock-based compensation	2,547	3,519	2,144
Add back depreciation and amortization	77	88	90
Less interest and investment income	(30 )	(95 )	(222 )
Proforma net loss	\$ (998 )	\$ (1,520 )	\$ (3,999 )

## Forward Looking Statements

Statements in this Press Release regarding WisdomTree Investments, Inc. that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speaks only as of the date made. We have

no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect unanticipated events or circumstances occurring after the date of such statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors, some of which are listed below, that could cause actual results or outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. In assessing the forward-looking statements contained herein, readers are urged to carefully read the following risks and considerations:

- We have a limited operating history in our investment management business upon which you may evaluate us and we have experienced significant losses to date.
- Our ability to become profitable is dependent upon our ability to increase our assets under management and to control our expenses.
- Changes in the equity markets have a direct impact on our assets under management. A downturn in the equity markets can result in a significant reduction in assets under management, which, in turn, directly reduces our revenues.
- The mix of our assets under management could be subject to significant fluctuations and could adversely affect our revenues.
- Poor investment performance of our ETFs is likely to lead to a reduction in our assets under management and a reduction in our revenues.
- If our reputation is harmed we could suffer losses in revenue.
- The asset management industry is highly competitive and most of our competitors are larger companies with greater resources.
- We rely very heavily on third-party vendors, such as BNY Mellon, Standard & Poor's, and Bloomberg, to provide us with services that are very important to our business. If any of those vendors decided to terminate their relationship with us, we might experience a disruption in our ability to do business while we retain an alternative vendor.
- A failure in our operational systems or infrastructure, or those of the third-party vendors, could disrupt our operations, damage our reputation, and reduce our revenues.
- Our business is subject to extensive regulation, and compliance failures and changes in regulation could adversely affect us.
- We depend on key personnel and the loss of such personnel could disrupt our ability to develop new product and conduct our business.
- Our principal stockholders, including our directors and officers, control a large percentage of our shares of common stock and can control our corporate actions.

**Past performance is no indication of future results.**

Source: WisdomTree