WisdomTree, Inc.
Third Quarter 2026 Earnings Conference Call
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Presenters
Jessica Zaloom, Head of Corporate Communications
Bryan Edmiston, Chief Financial Officer
Jarrett Lilien, President & COO
William Peck, Head of WisdomTree Onchain
Jonathan Steinberg, Founder, CEO & Director
Jeremy Schwartz, Global Chief Investment Officer

Q&A Participants
Wilma Jackson Burdis - Raymond James
George Sutton - Craig-Hallum
Michael Cyprys - Morgan Stanley
John Coffey - Oppenheimer
Mike Grondahl - Northland Capital Markets
Aditya Sharma - Goldman Sachs Group

Operator
Greetings and welcome to the WisdomTree Q3 2026 Earnings Call.

At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. Should anyone require operator assistance during the conference, please press "*", "0" on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Jessica Zaloom, Head of Corporate Communications. Thank you. You may begin.

Jessica Zaloom
Good morning. Before we begin, I would like to reference our legal disclaimer available in today's presentation. This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. A number of factors could cause actual results to differ, materially, from the results discussed in forward-looking statements, including but not limited to the risks set forth in this presentation, in the Risk Factors section of WisdomTree's Annual Report on Form 10-K for the year ended December 31, 2025, and in subsequent reports filed with or furnished to the Securities and Exchange Commission.

WisdomTree assumes no duty and does not undertake to update any forward-looking statements.

Now it is my pleasure to turn the call over to WisdomTree CFO, Bryan Edmiston.

Bryan Edmiston
Thank you, Jessica, and good morning everyone. I'll begin with the review of our third quarter results, followed by updates to our forward-looking guidance, before turning the call over to Jarrett, Will and Jono for additional business updates.

Our assets under management reached a record 171 billion at quarter end, marking our seventh consecutive quarter of record annual AUM. Assets increased 5% from June 30, driven by strong net inflows and favorable market conditions.

All-time highs were achieved across our U.S., European and on-chain businesses, reflecting continued growth across our global platform. During the quarter we generated 4.6 billion of net inflows with positive contributions across the firm, including 2.4 billion in the U.S., 1.7 billion in Europe and 500 million from on-chain. Year-to-date net inflows totaled 13.6 billion, representing an annualized organic growth rate of approximately 13%.

Flows remain broad-based across strategies and geographies, with meaningful contributions from international equities, fixed income, commodities and U.S. equities.

The operating leverage inherent in our business model continues to translate into margin expansion, both sequentially and year over year, as record AUM and continued strong organic growth demonstrate the increasing earnings power of our business. We also remained active on capital management, retiring the remaining 18 million principal amount of our 2029 convertible notes, using cash, while repurchasing approximately 11 million of common stock during the quarter, representing roughly 500,000 shares.

These actions further simplify our capital structure while also returning capital to shareholders. Overall, our strong organic growth and record AUM continue to drive greater scale and higher earnings, strengthening our ability to create long-term value for shareholders.

Next slide. Revenues were 179.4 million during the quarter, an increase of 1% from the second quarter driven by higher AUM, partly offset by lower transaction fees from our European ETPs and lower performance fees. Revenues increased 43% from the prior-year quarter and 49% year to date, driven by higher AUM, elevated trading activity relative to the prior periods and contributions from the Ceres and Atlantic House acquisitions.

Adjusted operating margins were 43.1% for the quarter and 41.8% year to date, representing 750 basis points of expansion from the comparable prior-year period. This improvement underscores the operating leverage in our business model generated by strong revenue growth, including contributions from our recent acquisitions. Adjusted net income for the quarter was 49.5 million, or 32 cents per share.

Next slide. Now a few comments on our forward-looking guidance. Discretionary spending totaled 62.2 million, year to date. We are updating our full-year guidance to range from 83 to 87 million, reflecting a modest 2 million reduction to the high end of our previous range.

We are also narrowing our third-party distribution guidance to 21 to 23 million, having recognized 16.5 million, year to date. Our interest income guidance is increased by 1 million to 9 million, reflecting our current expectations for interest-earning assets.

Finally, we expect fourth quarter diluted shares to range from 154 to 160 million shares, including incremental shares associated with our convertible notes, assuming an average stock price of 21 to 24 dollars per share. Actual diluted shares may fall outside this range, depending on our average share price during the quarter. As a reminder, our earnings presentation includes an illustration to help quantify the potential dilution associated with our convertible notes, going forward.

All other elements of our forward-looking guidance remain unchanged from last quarter.

This concludes my remarks. I will now turn the call over to Jarrett.

Jarrett Lilien
All right, thanks Bryan, and good morning, everyone. As Bryan highlighted, this was another strong quarter for WisdomTree, with 4.6 billion of net inflows and continued broad-based strength across our global product suite. And what continues to stand out isn't just the magnitude of those flows but the breadth and depth of where they're coming from and how consistently we're generating growth, even as the funds driving it change with the market environment.

Over the last several years, an average of nine of our top 15 flow-generating funds each quarter weren't in the top 15 the quarter before. That's the broad-based growth Bryan describes in action, where a wide range of products are contributing at different times, giving us multiple ways to win business, as investors' needs change.

Our portfolio solutions business also continues to grow well. With model AUA now approaching 10 billion, we're adding new advisors while deepening relationships with existing users, driving stickier assets and more sustainable organic flows.

We're also beginning to see the benefits of our Atlantic House acquisition. We've launched our first two products in Europe, leveraging the team's capabilities with plans to launch 15 to 20 products over the next 18 to 24 months.

We see real opportunity to drive strong organic growth in liquid alternatives across both Europe and the U.S., combining differentiated investment expertise with our global distribution platform.

At Ceres, we launched Fund 2 in mid-June and already have a strong pipeline with more than 100 million of potential demand from over 100 investors in the mid to late stages. We remain very bullish on the combination of Ceres's differentiated farmland strategy and WisdomTree's distribution capabilities to drive attractive returns and strong organic growth. And Jono will talk more about how Atlantic House and Ceres fit into our broader evolution across public markets, private markets and digital assets.

Turning to efficiency, we're continuing to focus on scaling the business while finding ways to make our existing team even more productive. AI is an important part of that effort. We've been embedding AI into workflows across the firm for several years now, not as a headcount reduction initiative, but as a way to free up our employees to focus on higher-impact activities.

And we're seeing tangible results. In 2026, we've tracked more than 1,500 hours saved per month through AI, the equivalent of at least 10 full-time employees. And that's only from the initiatives we've been able to fully measure, so the actual impact is likely meaningfully higher. Jono will also touch on how we're using AI in the investment process, itself.

That focus on growth and efficiency is what's driving the margin expansion Bryan walked through, with 750 basis points of improvement year to date and, importantly, we're achieving that while continuing to invest in growth, maintaining expense discipline and leveraging incremental margins north of 50%.

So you've all heard me say this before, but we have an effective playbook that's been working for several years now, which is: drive high-quality organic growth, find ways to become more efficient as we scale and translate that into even greater earnings power, and we're continuing to execute on all three fronts.

That playbook is also extending into new areas of growth, and tokenization is a prime example. On-chain contributed 500 million of net inflows this quarter. And with so much going on in the space, we've invited Will Peck, our head of WisdomTree Onchain, to join the call. He'll share more about the progress we're making, from growing demand for our tokenized product to the partnerships expanding our distribution. And with that, Will, over to you.

Will Peck
Thanks, Jarrett, and good morning, everyone. I'm excited to spend a few minutes talking about where we stand with our Onchain business and where we're focused going forward. Let me start with something we announced recently, bringing our digital asset initiatives together under one name, WisdomTree Onchain. Historically, with WisdomTree Prime, WisdomTree Connect, and the different pieces of our infrastructure, it hasn't always been easy to understand how everything fits together. But these have always been part of building one integrated platform. And WisdomTree Onchain better reflects what that business has become.

That includes our retail app, WisdomTree Prime, our institutional and third-party distribution, API and portal through WisdomTree Connect, and Onchain Markets, which we're developing to expand secondary market trading. And importantly, we've built the underlying infrastructure, ourselves.

We've invested in our tokenization platform, on-chain transfer agent, broker-dealer, and regulated trust company. So, we're not just an asset manager putting funds on a blockchain. We've built an integrated financial services platform that we can use for our own products and, potentially, offer to others as a service.

And we're already seeing the benefits of that investment. A great example is WTGXX, our tokenized money market fund. While we've had some recent seasonal inflows and outflows, the trend line remains consistent. We are seeing continued growth across use cases. We've introduced the ability to trade the fund around the clock, seven days a week, along with continuous interest accrual. This functionality is leading to greater demand.

Stablecoin reserves, cash management and, increasingly, collateral mobility remain the major use cases we see for WTGXX and tokenized treasury funds. I like to think about stablecoins as money in motion and tokenized money market funds as money at rest. Stablecoins are incredibly useful for moving value around the blockchain ecosystem, but when that money isn't being used, investors should be able to earn yield without having to move back into the traditional financial system or take risks in DeFi.

And obviously, the benefits of this only increase when AI agents start handling a greater number of financial transactions and can always ensure idle cash is generating return for investors and businesses. That's exactly the kind of problem we're solving with WTGXX.

We're also looking to extend these capabilities beyond money market funds. We have a novel tokenized ETF proposal in front of the SEC today, which could be another important step in bringing the benefits of on-chain trading to a broader range of investment products. So, we've built the infrastructure, we have products demonstrating real demand, and now a major focus is distribution.

How do we get these products and services in front of more customers? Increasingly, the answer is through partnerships. We've recently announced relationships with firms globally, including BitGo, MoonPay, Stable Sea, HashKey, Marketnode, and Synthesys. They serve different customers and markets, but our objective is the same, making WisdomTree's products and infrastructure available where people are already doing business.

We've also joined a consortium of 21 global financial institutions developing a regulated U.S. dollar stablecoin. These are some of the largest banks in the world with millions of existing customers, and I think it's another indication of how quickly traditional finance is moving into this space.

The pipeline of conversations we're having, both around distributing our products and potentially providing tokenization services to other firms, is extremely robust. I can't predict when individual partnerships will come together, but I'm very encouraged by what we're seeing.

On the legislative and regulatory front, the environment remains constructive. The GENIUS Act's passage, last year, was a milestone event. And while the CLARITY Act stalled in the Senate, adoption of stablecoins and tokenized securities has continued.

Regulatory progress has also continued, including the SEC's proposed changes to Reg NMS, its innovation exemption for trading of tokenized securities and the OCC's final rule implementing the GENIUS Act.

So, stepping back, our investments in this platform have us extremely well-positioned for the secular bull market. We have the infrastructure, differentiated products, an expanding distribution network and an increasingly supportive regulatory environment. There's still a lot of work ahead, but I think we're very well positioned as more financial services moves on chain.

Thanks, everyone. I'll turn it back to Jono.

Jonathan Steinberg
Thank you, Will and good morning, everyone. As you've heard from Bryan, Jarrett, and Will, WisdomTree continues to execute, exceptionally well. It is becoming more apparent to more investors that WisdomTree is not simply an ETF company, we're becoming a truly modern global asset manager, a next-generation global asset manager.

After 20-plus years of continued strategic reinvestment, we are intentionally positioned at the intersection of three powerful transformations in financial services: the democratization of investing globally, the convergence of public and private markets, and the tokenization of financial markets on chain.

The most exciting opportunity, the real transformation comes from not merely participating in these three markets, independently. It's in integrating them into a cohesive platform and investment ecosystem, which is exactly what WisdomTree is doing.

WisdomTree has always taken a differentiated approach to our operating model. We only insource where it's strategic and we have a genuine edge, where our expertise can make a real difference. We retain the intellectual property, specialized investment capabilities and global distribution network that distinguishes us. And we've brought our technology development in-house, while outsourcing more commoditized activities. The result is an extraordinarily efficient and scalable business.

Today, we manage approximately 170 billion in assets with just 440 employees. As we continue to grow, that operating leverage translates into expanding margins and faster earnings per share growth.

But the operating model is only part of our story. Starting with public markets, which remain the foundation of our business, twenty years ago, we launched our first 20 ETFs and we introduced the concept of Modern Alpha, challenging traditional indexing. As Jarrett highlighted, the breadth of our product lineup and years of consistent organic growth demonstrate just how successful this approach has been.

Today, we're taking Modern Alpha further than we could have imagined back then. We're using AI to uncover new sources of alpha. In fact, one of our AI-driven long/short strategies, which uses leverage, it's a true hedge fund in the ETF wrapper, has outperformed the market by more than 900 basis points so far this year. And with Atlantic House, we significantly expanded our capabilities in sophisticated liquid alternatives and defined outcome solutions. These are differentiated, higher-revenue-yielding investment capabilities that we can now bring to a much broader global audience.

Turning to privates, our acquisition of Ceres gave WisdomTree a leading position in U.S. farmland, a differentiated asset class with attractive economics. But we're looking beyond farmland. Companies are staying private longer and, increasingly, significant value creation is happening before they ever reach the public markets. We believe ETF investors should have access to some of that opportunity. To me, that's another expression of Modern Alpha.

In 2027, we expect to bring private market allocations into the ETF wrapper, providing investors with greater diversification and, potentially, new sources of outperformance. I don't want to get ahead of ourselves here, but we're working on some very innovative approaches, and you'll hear more about that in coming quarters.

Finally, turning to tokenization and on-chain finance, as Will just outlined, we've spent years building a fully vertically integrated tokenization platform. We have the regulated infrastructure, the technology and the investment products to compete at the cutting edge of this market. And while we're still in the early stages, I believe very few firms have assembled the capabilities that we have.

And importantly, this platform is about more than just our own funds. We've built the infrastructure and services that other financial institutions can leverage as they embrace tokenization. I believe tokenization will fundamentally change how financial assets are issued, distributed, and traded. We've invested early, we've built the foundation, and we are exceptionally well-positioned to capitalize as adoption accelerates.

Stepping back, public markets, private markets and tokenization, three distinct but increasingly interconnected capabilities that I believe will define the future of asset management. Combine

that breadth of capabilities with our extraordinarily efficient business model, and that's what we're building at WisdomTree: a truly modern global asset manager.

Thank you. Let's open the call to questions.

Operator
Thank you. We will now be conducting a question-and-answer session. If you would like to ask a question, please press "*", "1" on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press "*", "2" if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please while we poll for questions.

The first question is from Wilma Burdis from Raymond James. Please go ahead.

Wilma Burdis
Hey, good morning. You just mentioned the ability to bring privately held companies to an ETF format. Realize this is still early stages, but would love to hear more if there's anything you can share. Seems like that would be a huge market. Thanks.

Jonathan Steinberg
Thanks, Wilma. So first our public, the target we're not sharing right now the specific fund mechanics or the launch dates, beyond that we expect this to be a 2027 event. But you know, what we're really trying to do is build strategies that are predominantly liquid that do incorporate limited allocations to private assets, really always towards to the benefit of the investor. So delivering after-fee returns that are enhanced by the addition of additional assets.

And so we really we believe obviously we made the acquisition of farmland, that would be an obvious area of allocation within the appropriate selected funds. But we also think we could expand that to incorporate shares of private companies as well. But I don't think I can say more about that at this time, but we are excited about the opportunity.

Wilma Burdis
Sounds like an interesting one.

Jonathan Steinberg
Sorry. Please continue, Wilma.

Wilma Burdis
Oh, no, I was just saying sounds like an interesting one. I didn't know if there was anything else you guys wanted to add there. But expense growth seemed to moderate this quarter as well. Maybe you could talk a little bit about that. Thanks.

Jonathan Steinberg

Bryan.

Bryan Edmiston
Yeah, well, thanks for the question. Yep, I got this one. Expenses were down and moderated a bit. Some of that is seasonality over the summer months, some of that's just continuing to control our spend, and some of that is just realizing further leverage in our comp ratio as well.

Wilma Burdis
Okay, thank you. And then, could you talk a little bit about the profitability of the tokenization business and how that's going to progress in the near future? Thanks.

Jonathan Steinberg
Will, do you want to start?

Will Peck
Yeah, happy to. Thanks for the question. So this business is very much in investment mode today, so we don't disclose kind of separate financials associated with it. You know, Bryan can maybe provide some more color there.

You just you can see in the AUM growth, you can see in kind of the pipeline that we have, remain extremely optimistic and bullish and trying to build this in a very disciplined way to take advantage of the infrastructure that we have here at WisdomTree, the benefits that we have with some of these global vendor relationships that we have that allow us to do this in a very cost-effective way than if you were just building, sort of trying to build the on-chain leader in registered funds from scratch.

So, we feel very good about how we positioned it from an investment side and expense side. And we'll continue to keep you posted as we have more details there that we can share.

Jonathan Steinberg
Hey, will, you mind just also maybe talking a little bit about the use cases and maybe the addressable market? I mean it does tie into future profitability.

Will Peck
Yeah, absolutely. So I spoke a bit about this in the prepared remarks. You know, we see a really large addressable market here for on-chain registered funds. You know, specifically with the money market fund, let's say, the use cases that we're seeing today being cash management, stablecoin reserves, collateral mobility, these are huge addressable markets in and of themselves.

So one of the ways that I like to think about, I mean you're really talking about M2 at a certain level. So that's $23 trillion today. I don't mean to overstate that, but M2 is a big number. People really want the risk-free rate today, especially when I think SOFR is at like 3.94% today. So there's

really a real cost of capital in terms of not getting or not trying to get to the risk-free rate with your cash.

And so, we see that being a trend across financial services. It's only going to take hold even more particularly as people incorporate agents, agentic finance into their workflows. And that's going to really put a lot of pressure on friction-based businesses or this idea that you're comfortable not getting the risk-free rate on your cash.

So while we do think it's going to be a huge addressable market. There's currently about $8 trillion in money market funds, $16 trillion in ETFs. I like to think about how big could these numbers get, especially if we see accelerated GDP growth from here, how big could those numbers get? The world really wants access to US dollar, US capital markets. It wants that access within the US regulatory perimeter. And that's something that we think on-chain formatting of these types of structures these types of exposures can really help solve.

So we are talking about a very, very big addressable market here, over time.

Jonathan Steinberg
You know, the only other thing again about the cost, Wilma. What I would just say is Bryan has given guidance that we're spending sort of the mid-20s from an operating loss standpoint. But I do believe that the value -- for those of the analysts or the investors that value us on a multiple of the P/E, you're really putting a negative value on the investments that we have made in this on-chain ecosystem. There are peers, a public peer with more than a billion dollars of value.

The delta here between what's in our stock today and what should be realized I think is quite immense. And obviously, we as management will be very diligent in trying to bring that value more closely to investors' attention to make it more obvious to more investors. So we're excited about it.

Wilma Burdis
Okay, thank you.

Jonathan Steinberg
Thank you.

Operator
The next question is from George Sutton from Craig-Hallum, please go ahead.

George Sutton
Thank you. Jono, just a little bit more to that point of the mis-valuation of your digital asset buildout. You had started to discuss in the prepared comments that you insource where you have an edge. I'm just curious if you could give us a sense of some of those edges that you've built from an insource perspective.

Jonathan Steinberg
Will, do you? I could, but maybe it's better if Will starts, the efficiency that comes from this fully integrated platform, Will.

Will Peck
Yeah, absolutely. I mean I think WisdomTree, historically, has been very smart about where it insources and where it outsources. You know, I think that allows this business to have $170 billion thereabouts in AUM with about just north of 400 employees. So, I think that's something that we're proud of in terms of how efficient we can be. And so, we've got a very high bar in terms of where we insource versus where we outsource and try to focus on real value-added areas of insourcing.

So in the on-chain business there's really a lot of blank space when we started on this. You know, it might not be so common for an asset manager in 2026 to own its own transfer agent, but that was a real area of innovation that we saw where doing things better really added value for your customers.

Another example could be the willingness to have a money services business and regulated trust company. That's something that WisdomTree saw as being important, the ability to deal in stablecoins. And so, bringing that or having that in-house has really allowed us to win certain business that we think we otherwise would not have been able to win.

And then the last piece that I'd kind of highlight is that we've, over the past few years, built out a broker-dealer. FINRA broker-dealer WisdomTree Securities, which supports various things in WisdomTree's business, one of which is the tokenization on-chain efforts. And that broker-dealer, we've previewed on-chain markets a bit, the importance of having secondary market liquidity, our tokenized ETF model, that broker-dealer is going to prove to be very important we think, going forward.

So, these are just examples where I think by being willing to think about how this technology actually adds value and what WisdomTree can do in order to achieve that, we've been willing to make those investments and have these entities, these regulated entities and related infrastructure that allows us to really maximize the opportunity. So we feel really good about those decisions to date, where we are today.

Jonathan Steinberg
And, George, let me just add. So the question really was about, like, insourcing the technology development. It does allow us to be an incredibly responsive partner. So all the partnerships that Will has recently -- that we mentioned or that we've announced or that are coming in the future -- our ability to move quickly, be responsive, as opposed to somebody who's outsourcing a lot of this, I think shows up in these partnerships and in just a smoother user experience from beginning to end for the end customer.

Thanks, George.

George Sutton
Perfect. And post the CLARITY Act not moving forward, I actually saw you as an enormous beneficiary of that in that stablecoins cannot offer interest. And when I look at your tokenized money market fund, it seems like a very unusually attractive option for folks. And I'm just curious if you can address sort of the impact since the CLARITY Act.

And you've also mentioned the agentic moves so that obviously agents will try to find the best options, independently. And then we were very pleased to see you offered now as part of the BitGo platform. So, just can you give us a sense of how big can this tokenized money market fund alone be?

Will Peck
Yeah, happy to. I think you spelled out a lot of the reasons there. I mean, yeah, we saw no impact, really, like no negative impact on the CLARITY Act failing to pass. It was really, for us, we saw like a pre GENIUS Act world and a post GENIUS Act world. And what the GENIUS Act kind of gave, for lack of a better term, blessing to US regulated institutions to start doing more business with stablecoins and wallets.

And so you've seen whether it's the consortium that we're a part of, some of the work that Open Standards is doing, or others, Circle, others. Really a real buildout in terms of stablecoins and most importantly for us, wallet infrastructure, things that like MoonPay and BitGo provide. And so, as this wallet infrastructure permeates the industry more broadly, that just opens up the real addressable market for our products and use cases.

Like I said earlier, people want the risk-free rate, especially when it's nearing 4%. When you're on-chain in payment stablecoins, it is not so easy to get that. You're reliant on some of these tenuous rewards programs or taking risk in DeFi where you think you're getting the risk-free rate but you don't know which kind of risk you're taking. So, that does open up a huge opportunity in money market funds. We think we've got, certainly by doing this as a registered fund in the '40 Act, a 2a-7 government money market fund.

We've done a lot of the hard work to make this as available to the most amount of people as possible with minimums as low as a dollar. Then we added the secondary market functionality with the exemptive relief we got, and we think it's a very compelling value prop. And you're starting to see that with some of these integrations that we're doing and partnerships where putting this fund into the workflows of individuals and businesses is just going to make it easier for them to access, so they don't need to separately come to WisdomTree, although we can continue to make that process extremely smooth for people.

So, it could be a huge fund, right? Like we're talking about a very, very large addressable market. Money market funds in general, especially as agentic finance kind of continues to take hold, could get to be very, very big in the coming years, so we're very bullish on it.

George Sutton
Finally, if I could, Will, how are you working with a know-your-agent technology? Is that an insourced or outsourced solution for you, and has that been deployed?

Will Peck
That's a good question. No, we don't have any specific kind of updates there. I think there have been a couple of interesting white papers that have been put out about, like, how you do KYC, KYB, CIP, in a when people are doing more business with agents. I mean, the one thing that I'd like to think about or point to today is, like we try to create a very good surface area by which people can code to our products, that they can access them, programmatically, in the way that works best for them.

So I've seen some very cool examples of firms in our sandbox building agentic workflows using the sandbox, and I think that's just representative of how this could come. So we can kind of in the future maybe have more updates on specific know-your-agent style workflows and I think more to come there. But in terms of creating a surface area by which people can access these products and access or approximate the risk-free rate, we think we're building a very good platform for that.

George Sutton
Awesome. Thanks guys.

Operator
The next question is from Michael Cyprys from Morgan Stanley. Please go ahead.

Michael Cyprys
Hey, good morning. Thanks for taking the question. So, I wanted to ask about digital. You guys have made substantial progress building out the on-chain platform and are expanding distribution. So as you look out over the next couple of years, how are you thinking about the opportunity to translate all of that growth there into meaningful revenue and earnings? Where do you see the greatest monetization opportunity and what might be the one or two or even three things that might be the notable catalysts around that?

Jonathan Steinberg
Will, start please.

Will Peck
Yeah, happy to continue here. I mean, the first is, as an asset manager, expense ratio. So the funds have an expense ratio. You look at the scale of some other asset, it can get very, very big.

And so, the expense ratio being kind of one main example of that where, even for funds that you might consider low fee, but they can get to be very, very big numbers over time.

The second example that I give is, or the second thing I'd point to rather, is the broker-dealer. So we do think that there's going to be a real opportunity for the broker-dealer to have kind of non-expense-ratio revenue for the business. You know, we'll have more to kind of talk about that in 2027 and beyond. But if I really had to point to two, it would be one as the expense ratio as an asset manager and the second would be services that the broker-dealer could provide.

Jonathan Steinberg
And I'll just add, Mike, with our partnership involvement in the bank stablecoin efforts, net interest income from greater stablecoin usage as our products are moving around the world more fulsomely. So I think there are three easy ones.

Michael Cypress
And then just on the partnerships with BitGo, MoonPay and others, can you just elaborate on the opportunity set that you see to expand distribution and what needs to happen for those partnerships to begin contributing more meaningfully to AUM inflows?

Will Peck
Yeah, absolutely. I mean, we just announced them, so very, very recent. But let's take the BitGo example, right? You know, BitGo has a lot of customers, a lot of assets under custody. Some of their customers have not been able to kind of, again, access the risk-free rate kind of natively in a way that's easy for them within the BitGo environment. And so, instead of needing to have held-away assets or not being willing to move over more money into BitGo because they want to have access to their money market fund separately, now within BitGo Mint they can just access the money market fund WTGXX, directly there.

So that's just an example. We're very excited about that. I believe BitGo is very excited about it. Where you can just make it easier for people to access these products directly in the place that they're doing business, today. So, success on these partnerships will be all these relationships continue to grow and people are seeing it. Oh, instead of just needing to do my certain crypto trading here or something, I can actually keep more assets in this platform and access WisdomTree's directly there.

It's good for the partner, it's good for the client and it's good for WisdomTree. So we think it's a really nice way to deliver this product to people.

Michael Cypress
Great. Sorry, one last one, if I could, just on the Binance hack, just curious your viewpoints there. And just given the significance of that security incident there at Binance, just curious how these sort of events potentially impact or affect institutions, institutional confidence and the pace of adoption of tokenized assets.

Will Peck
Yeah, I mean, it's a great question and very recent, so I think we're going to hear more and more news coming out of it. It sounds like the initial reports I read suggested it was some entity affiliated with North Korea doing the hack.

So, look, for true bearer crypto assets, it might be concerning. One thing that I found to be very interesting in the response to this hack is that the major stablecoin issuers actually froze their stablecoins that were implicated in the hack and the hacker does not have access to those or is not going to be able to, easily. Which just shows how, when you have actual issuer controls on the assets that you're issuing on-chain, that the desire for hacking those, like the reward for hacking them, is just much, much, much less.

So, it wouldn't really even be possible to do with our money market fund, for example, in the way that happened there, given how we do the transfer restrictions. So long term, I think this could be people might have questions about crypto assets on some decentralized exchanges, but I don't know that it's going to impact stablecoins or tokenized real-world assets that are regulated. I think we'll see how that kind of continues to develop, but I wouldn't necessarily say it's a negative for those.

Michael Cypress
Great. Thanks so much.

Jonathan Steinberg
Thank you.

Operator
The next question is from Chris Kotowski from Oppenheimer. Please go ahead.

John Coffey
Hey, good morning, this is John Coffey on for Chris. I had two questions, one on the digital asset platform and one on your sort of combined public-private ETFs in the future. On the Digital Asset Platform, have you entertained, or maybe if you look out several years in the future, do you think that there could be any sort of significant revenues that could come from maybe tokenization-as-a-service, not just from your asset management fees, but maybe for other people who have certain assets, public or private, who want to wrap them in a token? I mean, it would seem like you would have the technology to do that. Is that something you've contemplated, or you have some kind of partnerships that could lead to that, eventually?

Will Peck
Yep, it's definitely something we've contemplated. You know, mentioned that briefly in the prepared remarks and the presentation. There are active conversations regarding it, today. I mean, before we get into, like, what the revenue impact of that might be, which we stalled out

earlier some of the major areas of revenue we're seeing, we do think it's very constructive for all those ways that we can earn money to have, like, a really viable, thriving ecosystem of on-chain funds, on-chain ETFs.

If we can help bring that about and play a role in that, we would view that to be very constructive. Also, other transfer agents are going to try to do that as well. That can continue to be constructive. But we think there's, like, a right way to do this and would be very customer-friendly, and we do view it being there's going to be a multi-issuer future in this way. And we think our tokenization-as-a-service offering could play a really important role in that.

Jonathan Steinberg
I also, I just wanted to add, that is one way that we might be able to demonstrate the inherent value in the investments that we've made in the platform. And some of those announcements could be constructive in really closing the gap between how the stock is valued today and what we think the embedded value that we have in on-chain investments. So we're looking forward to pursuing that.

John Coffey
Thank you. And I just have one other question. And I know, again, it's very early days on these products that would be sort of a joint public and private fund. But I was thinking, if we were to look forward to that, would the model be something like what you may would have a Ceres seat, that the private assets would come from a company you own 100% of, or would it be something more like you would buy private, maybe pre-IPO shares, or some kind of private equity holding just from other parties, and those would eventually be put into different funds?

I was wondering, essentially how you think about the sourcing of the private equity funds would be, or the private equity assets would be.

Jonathan Steinberg
So, I think it'll be a combination of things that we own completely, like Ceres. And I think that there will be more of a partnership type of relationship in sort of the venture side of bringing privates to sort of equities. So we'll leave it at that, but I think it'll be a combination of both.

John Coffey
Perfect. Thank you very much.

Jonathan Steinberg
Thank you.

Operator
The next question is from Mike Grondahl from Northland Securities. Please go ahead.

Mike Grondahl

Hey, thanks, guys. We've seen some news about wealth platforms looking to charge ETF platform fees. Just wondering what you think this dynamic looks like, potentially, for WisdomTree.

Jonathan Steinberg
Bryan or Jarrett. Bryan, you want to go first, I think.

Bryan Edmiston
Sure. I can give you just some outlook as it relates to any potential financial impact, and then maybe, Jarrett, you can fill in with a lot more color. But without getting into any specifics regarding any particular relationships, these third-party distribution fees, they're roughly 3% of our total revenue, based on recent experience. We'll formalize our 2027 guidance next quarter. But there shouldn't be a material deviation from this ratio, going into next year.

Jarrett Lilien
Yeah, and I just double underline that. Distribution economics have been part of what we do for years. And so, this is part of the business. And what we do is we make sure that every dollar spent on a platform fee results in value add to us so that, as we grow assets on the platform, as the platforms grow, we get a return on that money spent. Yes, you have seen recent agreements. Those may affect others more than they do us. But we're, as Bryan said, and I've already said, it's part of what we do and it works well for us, right now.

Jonathan Steinberg
And I would just add the efficiency of our model, the margins that we're demonstrating, is very constructive, that it's a part of the business today. Bryan just said that the outlook may not change as a percentage of revenue, what are we paying for distribution or access. And so, again, having such an efficient model, we can afford this and it's a part of the business plan.

Mike Grondahl
Got it. And then, secondly, the portfolio solutions or models business seems to be really accelerating; 10 billion now. What is really driving that? And do you see that continuing?

Jonathan Steinberg
Thank you. Jarrett, and maybe Jeremy.

Jarrett Lilien
Yeah, I can maybe start on that one. And you're right, flows are strong there. The growth in the models and solutions business actually outpaces or leads the growth engine for the firm. Also, I think everyone should recognize the flows are higher quality, there's lower turnover, stickier assets. The areas of continued growth, right now, that are driving the growth within that growth, custom models in the U.S. have been really gaining a lot of traction and driving the recent growth that we're seeing.
But then something like Atlantic House is just an incredible addition. And I'd say on Atlantic House a couple things. You know, that integration couldn't have gone smoother. We couldn't be happier

with that acquisition. But Atlantic House has also added reach to our models and solutions business, and they've added more tools to the toolkit. So they will also be contributing great growth to the global effort and will also be bringing some of those capabilities to the U.S. to help further accelerate the U.S. efforts.

So it's a major focus area. Flows are strong and they continue to really be a growth driver for the firm, as a whole.

Mike Grondahl
Got it. Thank you.

Operator
As a reminder, to ask a question, please press "*", "1". The next question is from Alex Blostein from Goldman Sachs. Please go ahead.

Aditya Sharma
Hey everyone, this is actually Aditya filling in for Alex, this morning. Thank you so much for taking our question. So had a question on the SEC innovation of the exemption and probably some just looking for some clarity around that. So your U.S. tokenized funds, today, are digital funds rather than ETFs. Does the innovation exemption change how you think about bringing the U.S. ETF lineup itself on-chain, or does the digital fund wrapper remain the preferred vehicle?

Jonathan Steinberg
Great question. Will.

Will Peck
Yeah, it is a great question. So, if you look at the filing we made on the tokenized ETF, you look at how our digital funds actually work as you noted them. It's actually the funds that are issuing the shares directly on-chain. It's an issuer-sponsor tokenization model where they're really direct registration. So if you have the share of the money market fund in your wallet, you are on the shareholder register of a fund. It's different than a lot of the various wrapper models that exist out there.

You know, certainly offshore, you've seen a number of, whether they're notes or kind of other SPVs that are kind of wrapping existing securities and providing exposure to that wrapper, but not necessarily the underlying. With the Innovation Exemption, you've seen more examples and people trying to bring forward models of which a security entitlement is in there. I think we'll see how that kind of continues to evolve. We're very confident in our model of having the fund issue shares directly on-chain, what the benefits might come from doing that and creating a really good investor experience by doing that.
You know, it's going to be important, like the total cost of execution for these exposures, making sure that people can access them in a way that's very convenient for them and also trade them

at a low execution cost. So that's something that we're focused on. Very confident in our model for doing that. And that model is fully supported within the Innovation Exemption as well.

Jonathan Steinberg
And Will, again, padding tokenized ETFs into your camp and into your broker/dealer, the other revenue streams, does it all hold together?

Will Peck
Yes, absolutely. I mean, this is the direction of travel that we saw, probably two years ago now. And it's encouraging to really see it play out in that the way that we built the platform is, we think setting up very well for what we think is going to be to continue to come in this space, including as contemplated in the Innovation Exemption.

Jonathan Steinberg
Thank you, Will.

Operator
There are no further questions at this time. I would like to turn the floor back over to Jonathan Steinberg for closing comments.

Jonathan Steinberg
Well, thank you, everyone, for your interest and attention, today. And please continue to watch the WisdomTree story very carefully. There will be a lot of news coming in the future. So thank you all. Have a great day.

Operator
This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.