

**WisdomTree**  
**Second Quarter 2025 Earnings Call**  
**August 1, 2025**

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**Presenters**

**Jessica Zaloom, Head of Corporate Communications**  
**Jonathan Steinberg, CEO**  
**Bryan Edmiston, CFO**  
**Jarrett Lilien, President & COO**  
**Jeremy Schwartz, Global Chief Investment Officer**  
**William Peck, Head of Digital Assets**

**Q&A Participants**

**Chris Kotowski - Oppenheimer & Co**  
**George Sutton - Craig-Hallum Capital Group**  
**Michael Cyprys - Morgan Stanley**  
**Michael Grondahl - Northland Capital Markets**  
**Keith Housum - Northcoast Research Partners**

**Operator**

Greetings, and welcome to the WisdomTree Second Quarter 2025 Earnings Call.

At this time, participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require operator assistance, please press "\*", "0" on your telephone keypad.

As a reminder, this conference is being recorded.

It is now my pleasure to introduce Jessica Zaloom, Head of Corporate Communications. Please go ahead.

**Jessica Zaloom**

Good afternoon. 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, including, but not limited to, statements about our ability to achieve our financial and business plans, goals and objectives and drive stockholder value, including with respect to our ability to successfully implement our strategic goals relating to our acquisition of Ceres Partners.

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, 2024, 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's CEO, Jonathan Steinberg.

**Jonathan Steinberg**

Thank you, Jessica. Thank you, everyone, for joining us today. Before we go through our second quarter results, I wanted to begin by discussing our recently announced acquisition of Ceres Partners. On our earnings call, six months ago, we said we were looking to deploy capital in a way that is accretive, accelerates growth and gives us exposure to private markets. We've been disciplined and deliberate in that effort, and today, we're delivering on exactly what we said we would do.

Last night, we announced that WisdomTree is acquiring Ceres Partners, a leading U.S. farmland investment manager. This transaction adds real strength to our business today and even more potential, over the long term. Ceres expands our platform in a way that's accretive, strategic and highly aligned with where we see the future of asset management heading.

While others are paying up for private credit platforms, we focused on opportunities that fit our strengths. This is a business where our institutional expertise and distribution capabilities can make a meaningful impact going forward, where we can help drive the next stage of growth.

Looking at the numbers, this is an accretive transaction that accelerates both revenue growth and our margins. By 2030, we expect to raise at least \$750 million into farmland-focused strategies, which would more than double Ceres' current base and performance fee revenues.

WisdomTree has long been levered to ETFs and models and is a pioneer in tokenization with our efforts over the past five years. This acquisition adds another secular tailwind to our platform--private markets, and specifically, U.S. farmland--which we believe is one of the most stable and underpenetrated asset classes in all of asset management.

Let me explain why this team is the right partner and why farmland category is such a compelling opportunity.

Ceres is the premier partner to the American farmer. They are among the top five U.S. farmland managers with nearly \$2 billion of farmland and have delivered 10.3% net returns for investors, since inception. They bring deep operational expertise and a differentiated footprint in the upper Midwest, where water is abundant and agricultural fundamentals are strong.

Importantly, they operate in a \$3.5 trillion market that is highly fragmented and largely under-institutionalized. There is minimal competition from major asset managers, and we see a real

opportunity to scale. We believe WisdomTree's institutional capabilities across distribution, product structuring and technology can help bring farmland investing to a much broader base of clients, and we see a credible path to managing \$10 billion in farmland assets, 10 years from now.

Let's dig into the characteristics of farmland as an asset class. If you turn to Slide 5, you'll see a 20-year risk/return comparison across asset classes. Farmland delivers equity-like total returns, approximately 10% per year, with significantly less volatility. These returns are driven by both appreciation and a strong income component with unlevered rental yields between 4% and 5%. What's more, farmland has powerful diversification characteristics.

As the lower left chart shows, returns are negatively correlated with equities and other traditional asset classes while being positively correlated with inflation. That makes farmland not just a performance play, but also a tool for risk mitigation and inflation protection.

Now let's turn to Slide 6 and see how this plays out in real-world scenarios. This slide shows farmland's performance during three major extended equity drawdowns: the 2000 technology bust, the 2008 financial crisis, and the 2022 rate hiking cycle. While equities declined between 18% to 46% during those drawdowns, farmland returned positively between 17% and nearly 30%. That's a dramatic difference, and it makes a strong case for adding this uncorrelated asset to more portfolios.

We believe many of our existing clients will be interested in this exposure, and we're evaluating various ways to bring it to them, potentially even including farmland as an allocation in our model portfolios.

Now if we flip to Slide 7, I want to spend a moment on Ceres' performance and what sets them apart. Even before you factor in any optionality from solar, AI data centers or water, Ceres consistently outperforms the broader farmland benchmark. Their strategy is focused and disciplined, targeting high-quality row crops and specialty farmland, primarily in the upper Midwest, where water availability supports durable yields.

This thoughtful data-driven approach has resulted in net returns of 10.3% since inception, and above the national cropland index during all time periods.

And on top of the strong core, they've developed strategic overlays that can further enhance returns. First, solar. Ceres has a tactical overlay strategy where they write solar lease options on qualifying farmland. These contracts alone can double rental income and to fully exercise, can either generate 5x rental income or support high multiple sales of the properties.

Second, AI data centers. Certain properties have been acquired by developers building data centers to support AI infrastructure, generating 10x returns in isolated cases. These are lower probability, but high upside events that add attractive optionality to the investment profile.

Finally, water rights. Ceres is actively exploring water management opportunities in dryer regions, like the Colorado River Basin. It's still early here, but we think this initiative could become increasingly relevant in a resource-constrained future, driving even faster growth.

So to summarize, with this acquisition, we're entering a resilient income-generating asset class that complements our existing platform and opens up the door to long-term growth. It diversifies our revenue, supports our operating margins and gives us new ways to serve clients. We're excited about the path ahead.

With that, let me hand the call over to Bryan and Jarrett to walk you through the deal structure, our growth targets and our second quarter results, then we'll take all your questions. Thank you.

**Bryan Edmiston**

Thank you, Jono. I'm going to spend a few moments covering the deal terms, accretion and long-term growth targets.

Consideration paid for this acquisition includes \$275 million upfront in cash. Consideration also includes an earnout payable in the year 2030 of up to \$225 million, contingent on achieving a 5-year revenue CAGR of 12% to 22% during the earn-out measurement period of January 1, 2025 through December 31st, 2029. No earn-out is payable if revenue growth is less than 12% and the earn-out is capped at \$225 million upon achieving 22% revenue growth, or more.

Next slide. We expect this acquisition will immediately increase our fee capture and expand our operating margins. Although we can give no assurance to the nature of our financing and related terms, we have included an illustrative accretion analysis, assuming the acquisition is debt financed.

This analysis also highlights operating margin expansion of over 200 basis points, and revenue capture increases from 38 basis points to 41. The information on this slide is for illustrative purposes only, as the underlying assumptions may not ultimately materialize.

Next slide. As we look forward, we are targeting \$750 million of organic AUM into farmland-based strategies over the next five years, which would double our base fee revenues in 2030 from current levels. Performance fees are predicated on performance and are highly correlated to the mark-to-market of the overall farmland portfolio.

Long-term farmland returns have demonstrated appreciation of approximately 6%, implying at least 1.5 to 2x growth in performance fees over the next five years. We anticipate this acquisition closing in the fourth quarter.

That covers our prepared remarks over this pending acquisition.

Now turning our attention to our second quarter results.

Next slide. We are delivering strong sustainable momentum, generating \$6.6 billion of inflows year-to-date through June. Flows are broad and diverse, spanning regions, asset classes and strategies. We've generated approximately \$3 billion into our U.S. listed products, \$3.3 billion into our European products and more than \$300 million in digital assets, and we are capturing interest across our international equity, U.S. equity and fixed income strategies.

Our European Defense Fund, with AUM of approximately \$3.5 billion continues to outperform, attracting nearly \$2.1 billion of flows in the quarter and over \$2.8 billion, year-to-date. This cross-asset, cross-regional momentum is driving organic growth at an annualized rate of 12%.

Combined with favorable market conditions, these inflows have propelled their AUM to a record high of \$126 billion at June 30, with U.S.-listed AUM at \$85.2 billion and Europe at \$40.5, billion both all-time highs.

AUM in digital assets has more than doubled since last quarter, reaching \$350 million at June 30th and approximately \$500 million today.

Our business is operating from a position of strength, marked by record AUM, robust inflows and consistent growth, across all regions.

Next slide. Revenues were \$112.6 million during the quarter, an increase of 4.2% from the first quarter and up approximately 5.2% versus the prior year quarter, driven by higher average AUM. On a year-to-date basis, our revenues have grown 8.3%, driven by higher average AUM and higher other revenues attributable to our European-listed products, partly offset by a lower average fee capture.

Our adjusted net income for the quarter was \$25.9 million, or \$0.18 per share. Our adjusted net income excludes \$2 million of acquisition-related costs and other miscellaneous items.

Next slide. Now a few comments on our forecasted guidance. Our strong organic growth, including the recent success of our European Defense Fund and AUM expansion across our distribution platforms has led us to update our third-party distribution guidance to range from \$14 to \$15 million. We are also monitoring foreign exchange headwinds to our expense guidance, as expenses of our international business are denominated primarily in euros and pound sterling.

If today's exchange rates were to hold during the remainder of the year, it would have an adverse impact on our discretionary expense guidance by approximately \$3 million. This item is offset by incremental revenues earned on foreign-denominated advisory fees and other

revenues such that the overall impact of foreign exchange on our overall net operating results is immaterial.

Our weighted average diluted shares were \$146.6 million during the second quarter. There are no incremental shares associated with our convertible notes, as our average stock price during the period was less than the conversion price of our notes. An illustration is included within the appendix to our earnings presentation to disclose the impact of incremental shares related to our convertible notes at today's stock price.

With respect to the pending Ceres acquisition, our overall expense guidance for the year remains largely unchanged. The illustrative accretion analysis included in our materials offers a framework for updating your models to reflect the potential impact of the transaction.

Looking ahead, we remain focused on accretive capital deployment opportunities, including share repurchases and other strategic initiatives.

That's all I have. I will now turn the call over to Jarrett.

**Jarrett Lilien**

All right. Thank you, Bryan, and hi, everyone. At the start of the year, we laid out a vibrant vision, one that was ambitious but grounded in discipline and focused on delivering differentiated value across our business. Now midway through 2025, and we can confidently say we're not just tracking to that vision, we're outperforming it.

This quarter, we hit on every cylinder of our growth engine. We posted record AUM across the U.S., Europe and digital assets, fueled by more than \$6.5 billion in net inflows in just the first half of the year. And these flows weren't concentrated. They were broad and diverse with the U.S., Europe and digital all contributing, and we're now fully focused on carrying that momentum forward into the second half.

And a big driver of that momentum is Europe, where we're leaning into opportunity with conviction. Our WisdomTree Europe Defense Fund, which was launched in March, has already brought in more than \$3.5 billion in assets, and it's one of the strongest launches in our history and one we expect will continue to scale.

And we're not stopping there. We've expanded the European defense team to the U.S. market, and we are adding additional strategies to help investors capture global political risk themes. And that's what execution looks like: early identification, smart design and strong distribution.

In Q2, we also announced a strategic investment in Quorus. And this partnership gives us greater exposure to direct indexing, which is one of the fastest-growing segments in asset and wealth management. And we believe this move will accelerate our growth in other revenue and deepen our edge in the model portfolio space.

And speaking of models, we've already exceeded our 2025 full year AUA target with more than \$5.2 billion in AUA.

We're also on track to hit our adviser growth target as well, now with more than 2,800 advisers using our models. Looking ahead, we'll use our Quorus relationship to make it even easier for advisers and broker dealers to adopt our models with no additional tech trading or rebalancing costs, and that's solving a pain point and unlocking sustainable, scalable growth.

Let's now turn to digital assets where we're seeing meaningful traction. AUM grew to \$350 million at quarter end and now stands over \$500 million today, driven primarily by institutional flows through our Connect platform. And we're now working with 10 unique clients and our pipeline continues to grow.

Prime is also progressing, and we just received approval to operate in Texas and now only have Virginia left, before we have full countrywide coverage. And our on-chain transfer capabilities launch this fall, representing a major milestone that unlocks new use cases and deepens our product utility. Like in ETFs, we know the playbook: grow clients, grow wallet share, scale with discipline.

Now we've also been getting a lot of questions about our stablecoin strategy, especially with Circle's IPO and the GENIUS Act in the news. So here is our take. The stablecoin market is projected to grow from \$250 billion today to \$3.7 trillion by 2030, and we don't see any scenario where that market grows by more than 10x, and WisdomTree doesn't meaningfully benefit.

Our stablecoin strategy is built on two products: USDW and WTGXX. USDW is a purpose-built stablecoin issued by our New York chartered trust company. It powers tokenized investing in Prime and is designed from the ground up for real-world finance, not just crypto trading, and it will expand across platforms and chains, reflecting our chain agnostic infrastructure.

One of USDW's key advantage is structural. Because our customers receive distributions in USDW, AUM doesn't decline with every dividend or interest payment, giving us a persistent asset base and a powerful structural edge over traditional ETFs. And as more assets move into USDW, we earn net interest income on held balances, creating another scalable other revenue stream.

WTGXX is our '40 Act money market fund and acts like a yield-bearing stablecoin. It's already being used as a reserve asset by other stablecoin issuers and as a yield solution in on-chain treasury workflows. And importantly, it's interoperable, live today across six different blockchains with seamless functionality across ecosystems. And by owning the infrastructure across issuance, reserves and treasury tools and by being chain agnostic from day one, we've built a unified platform that's ready to scale with the digital economy.

Now we've often said we're underrecognized, but that's beginning to change. In 2025, we've received some major honors. Fortune ranked us one of America's most innovative companies, number 58 overall; number two in process innovation; number three in culture. FTF News named us one of the best digital asset processing solutions. Our India hedge fund was named Best New International Equity ETF by etf.com, and we were named Best ETF provider in Europe from the online money awards.

And these awards matter. They validate our approach, which is innovation-led, infrastructure-driven and client-centered.

And now with Ceres joining the fold, we add even more horsepower to our growth engine, opening up exposure to the structural tailwinds in private markets and further enhancing our asset mix and earnings power.

So, to wrap it up, these are foundational wins, and we're building a platform for continued momentum, greater impact and sustained outperformance. We said in February what 2025 would look like, and here we are delivering on every front.

And with that, we will now open it up to questions.

### **Operator**

We'll 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 that 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 the handset before pressing the star keys. One moment please while we poll for questions.

Our first question is from Chris Kotowski with Oppenheimer & Company.

### **Chris Kotowski**

Yeah, a question about Ceres. First of all, I'm wondering about where they raise funds from and the fund structure. Are they institutional drawdown funds or retail evergreen vehicles? And can you talk a little bit about the -- and fundraising plans for the future?

### **Jonathan Steinberg**

Certainly. Thank you for your question. So first of all, let me just say that with this acquisition, we're taking all of the employees of Ceres, 24 people. It's a tremendously easy integration. And what we're really doing is we're integrating their investment engine, their prowess in investing and tying it to our distribution. But in terms of their clients, Jeremy Schwartz, would you answer? I think it would be best coming from you.

### **Jeremy Schwartz**



Sure. Happy to. And I think you mentioned the evergreen or the traditional drawdown fund; it's a combination. It's an evergreen fund. So it's not a drawdown fund. It's meant to be the -- when Perry Veith set it up, it was meant to be the real partner for the farmers. And if you were having to sell the farms every time you're having to distribute your traditional private equity fund, you wouldn't be a great partner. So they were forward-looking in setting up this evergreen structure.

And so, their client base is really a cross-section of, really, our client base in a way. So institutions, RIAs, advisers. And so, I think we -- the synergy is that we've got a strong distribution team that will help them raise capital, and this is a nice diversifying asset class for our traditional client base as well.

**Chris Kotowski**

Okay. And then as a follow-up, I'm looking at Slide 10, the accretion example. And looking at the Ceres' P&L, it looks like a significant amount of their revenues come from performance fees. And so, I wonder if you could talk a bit about how durable, consistent and predictable those are?

**Jonathan Steinberg**

Bryan, can you take this?

**Bryan Edmiston**

Yeah, I'll take this one. Hey, Chris, thanks for the question. The performance fees, they'll largely be driven by the underlying mark on the farmland portfolio, but let's walk through the economics of the fund itself, because the performance fees are computed on the fund's bottom line.

If you think about the fund, it owns roughly 540 properties. Those properties are leased to farmers, and those leases are generating a steady stream of rental income, 4% yields on average. That's rental income that's recognized by the fund, and it's fairly steady.

And then the fund will also benefit from marking to market the overall farmland portfolio. So there's roughly \$1.8 billion of AUM today. That's largely the valuation of the 540 properties. So you make your own estimates about market appreciation but over the long term, farmland appreciated at roughly 6% on average, and it's had only nine down years since World War II.

So, say a 6% mark on \$1.8 billion, that's the unrealized gain that's recognized by the fund and it's a meaningful number. You have the rental income and you have the unrealized recognized by the fund. You then deduct the fund-related expenses and the management fee and that's what gets you to the net profits of the fund, which serves as a basis for the performance fee.

The performance fees, they're not episodic. You don't need to recognize or it doesn't require asset realizations. The performance fees are earned on the net profits of the fund, and it's

largely driven by the mark. The rental income earned by the fund, it generates sufficient cash to pay the performance fees. And what we just walked through, it didn't touch upon the embedded optionality in the portfolio regarding solar and AI data centers, as mentioned in Jono's prepared remarks.

About a third of the farmland is under solar lease option. If those options are exercised, the farm that was generating 4% yields on average is converted to solar and those solar farms will boost the rental income 3 to 5x versus what the farm had been generating. And that's incremental upside.

The data centers also serve as a real opportunity. Data centers could attract valuations 10x the current mark of a farm, meaning selling a farm in the portfolio at 10x today's value. And again, that's additional incremental upside.

The performance fee, it's going to ebb and flow depending on the market environment. But again, we're talking about an asset class with price returns of 6% on average, and only nine down years since World War II. And the asset class, it contains embedded upside when considering the solar and AI data center opportunities. Hopefully, that helps clarify things.

**Chris Kotowski**

Yeah, and just the evergreen fund structure, is it like kind of what we see from some of the other alternative asset managers where the -- you're investing in illiquid assets. And so therefore, there -- I mean typical is like that it's 2% a month or 5% a quarter kind of limits on withdrawals. Is it similar structure to that?

**Bryan Edmiston**

Jeremy Schwartz, can you -- it's -- confirm for me, it's an annual withdrawal, right?

**Jeremy Schwartz**

Yes, that's my understanding. as well.

**Bryan Edmiston**

Right, right.

**Chris Kotowski**

Alright, thank you. That's it for me.

**Operator**

Our next question is from George Sutton with Craig-Hallum.

**George Sutton**

Thank you. I was particularly compelled with the theme that very few of the large asset managers are in this farmland space. And you mentioned that you may add this to your models

portfolios. I'm wondering why in the world you wouldn't do that, given the competitive opportunity.

**Jonathan Steinberg**

Thank you for that. No. So I think that we will look for opportunities like adding them allocations to our models, maybe even adding a sleeve into selected ETFs where it would be appropriate. And so again, it is such an attractive asset class. I think it's underappreciated in the world.

And to your point about not having to compete with the Blackstones and the BlackRocks of the world, it really is pretty extraordinary that a \$3.5 trillion market that's so highly fragmented with such attractive return potentials and we're really finding that we're competing -- in all seriousness, we're competing with the Mormon Church. They're the largest owner of farmland. Bill Gates is -- and some of his entities, I think, make up the second largest investor. And we are the fifth largest investor. And so we're really coming at this with real scale, and I think it's really poised this platform to grow even faster. So thank you for that question.

**George Sutton**

So, I'm curious with respect to the models, it's great to hear that you've hit your goals for the year there. I don't believe you updated your goals for the year. I'm just curious what the expectation is for the models business for the rest of the year.

**Jonathan Steinberg**

Jarrett.

**Jarrett Lilien**

Yeah, our goal has just been a lot of blocking and tackling there, and it's what we've talked about is to get new users using the models and then get existing users to use either more models or use the models more. And that's been the focus. We set out goals at the beginning of the year. We're on track in terms of number of users. But actually, that compounding effect of getting new people on and existing people to do more has been even better than we thought, and that's where it's driven that above-target result.

For the rest of the year, it's just to continue the progress, just keep pounding away, continued execution. And we'll think about it. Generally speaking, that was a departure for us by giving that kind of target. Historically, we give expense guidance, but we don't give anything around revenue guidance. We leave that to you. This was an exception because we wanted to show our confidence.

Right now, we're not updating any of those forward-looking thoughts. But I mean, our expectation, as I said, is to continue to grow, continue to execute, continue doing what I said, get new users and engage further with existing users.

**George Sutton**

One other question, and congratulations on the approval from the Great State of Texas. You've been fairly quiet in your marketing, although you're well ahead of the market in terms of WisdomTree Prime. What does this mean for your ultimate event-type marketing, going forward?

**Jonathan Steinberg**

Will Peck, our Head of Digital Assets. Could you answer this?

**William Peck**

Yeah, absolutely. So glad to be able to talk about our success in digital assets this year. I mean, we've been very proud of the AUM growth we've had. And I think certainly, what Jarrett touched on with our overall stablecoin strategy, I think you're really seeing that play out with the AUM growth of WTGXX.

So as we've talked about in the past, I mean, it wasn't really a focus of the first half of the year to grow WisdomTree Prime accounts. It's really been about growing AUM, expanding our functionality and getting approvals. We're well on our way. We've certainly done a lot of AUM growth. Like I said, we've added functionality. We've got approvals in Texas as well, which I think sets us up very well with a couple more things to start expanding marketing in the fall.

So I wouldn't really say it's like one big bang marketing event, right? We want to be very prudent with shareholder capital. But I think we've got a great plan leaning into on-chain transfers, leaning into the overall growth in the stablecoin ecosystem, which is truly one of the stories of financial services this summer and by leaning in on that in the fall and growing accounts well from there.

**George Sutton**

Great. Thanks, guys.

**Operator**

Our next question is from Michael Cyprys with Morgan Stanley.

**Michael Cyprys**

Hey, good morning. Or I guess good afternoon, by this point. Thanks for taking the question. On the Ceres acquisition, I was hoping you could elaborate a bit on how you plan to help accelerate the growth of that property, the steps you'll be looking to take, and then if you could just elaborate a bit on the profitability of the management fees, what that looks like versus the profitability on the performance fees and how you expect the management fee growth of Ceres to evolve over the next couple of years. What sort of growth rate are you anticipating there?

**Jonathan Steinberg**

So let me take the first part on how we plan on accelerating their flows. So first, as I said, this is a very easy integration. Ceres is a 24-person team, and we're taking all 24 people, and we have this 5-year earnout, so we're completely aligned. So that's very, very easy.

Really, for the last 17 to 20 years, Ceres has really been focused on building their investment prowess, executing acquisition, farmland by farmland, building that network. And they've really proven to be the best investors in the space.

We think that our distribution, particularly in the United States, our 50-plus person team will be very constructive in bringing their investment prowess to a much broader financial intermediary family office, high net worth teams. And so, that we should find that we're going to be very, very successful in generating interest and, ultimately, flows into the asset class.

Now we said that we expect to at least take \$750 million over the next five years. But if you look out to 10 years, I will not be surprised if we're managing \$10 billion in farmland. So I think that -- it just feels like 1 plus 1 equals 3 on this particular acquisition.

Jarrett, would you like to add something?

**Jarrett Lilien**

Yeah, just one thing. If we look back at when we acquired ETF Securities in Europe, one of the benefits that we saw there, a very valuable benefit was the established distribution pipes that came with that acquisition. In a similar way here, when we combine ourselves with Ceres, we're the ones with the established distribution pipes that are leverageable. And that will be a big part of the growth, too.

This is -- as we've been describing, this is a unique, differentiated but very attractive asset class, and we believe that our current distribution or our current clients will have a great interest. So, we do believe we can help scale them very quickly.

**Jonathan Steinberg**

And Bryan, could you answer the second part of this question regarding the performance fees?

**Bryan Edmiston**

Yeah, I think so. And Mike, tell me if I'm not answering your question. Some of this just goes back to our prepared remarks. If we are -- if you think about it this way, our target of \$750 million of organic AUM over the next five years, that would double our base fee revenues in 2030 from what we're seeing today.

And when we think about the performance fee, if you make the assumption that the rate of return or the price appreciation on farmland is what history has shown to be roughly 6% on average, if you have a 6% on average mark on the farmland portfolio and \$750 million of

organic AUM over those five years, the performance fee will increase from where it is today, it will be 1.5 to 2x growth.

As it relates to profitability of one revenue stream versus the other, I don't think we necessarily think about it that way. Like our guidance, when we think about our guidance and we think about WisdomTree in total, our comp ratio is 28 to 30%. This acquisition doesn't change that guidance, meaningfully, in any way, shape or form. And their non-comp expenses are immaterial in the grand scheme of things. So I think that should help. Hopefully, that helps just with clarity in regards to the question you're asking.

**Michael Cyprys**

Great. Thanks. That's helpful. And then just a follow-up question, if I could, just on the digital asset side. I think on stablecoins, you mentioned could be a \$3.7 trillion marketplace by 2030. Hoping you could elaborate on what you see unlocking that magnitude of growth? How much do you anticipate migrating from money funds to stablecoin versus other drivers of growth?

And then just more broadly on your stablecoin and digital asset initiatives. Can you elaborate on the traction you're seeing? What are some of the hurdles that you're trying to navigate to drive wider adoption? And what might be the big unlock as you look out from here?

**Jonathan Steinberg**

Will?

**William Peck**

Yeah, happy to take that question. So that forecast, I think that actually came from the Treasury Secretary in terms of what the stablecoin market could be, \$3.5 trillion or something, within the decade. Stablecoins are \$260 billion today. That's up, I think, something like \$60 billion year-to-date. And we see, post-GENIUS Act, just incredible adoption from here.

So, I mean like one use case that I like to give is corporates doing cross-border payments, right? Like treasury management for large corporates, it's a very complicated process. Stablecoins can definitely help them simplify that where they don't lose money kind of sending something overseas for like two weeks. It can make a transaction with instant finality instantly, very low fees on-chain. And that's something where WisdomTree is actually very well played to, right?

So, one thing and doing some research around it, I think if you look at U.S. money supply today, yielding instruments are something like 3x the size of demand deposits. So stablecoins can be a \$3.5 trillion market. We're talking about tokenized money market funds being a \$10 trillion market, if things play out that way.

And I think we've got the best '40 Act tokenized fund money market fund in the market today. We certainly had the most growth over the past three months, for sure, if you look at some of the market statistics. I think WisdomTree is incredibly well positioned. I frankly view this as a bit

of a land-grab moment. And we're in conversations with other stablecoin issuers. We're in conversations with kind of stablecoin tech platforms. We're in conversations with corporates and other traditional finance use cases.

And I wouldn't really say there's big inhibitors, right now. We're working through some of the final regulatory aspects. There's some new functionality with some -- whether it's exemptive relief or something that we're looking to get. And I don't know, I'm incredibly excited about it. I think it's a huge opportunity for us.

**Jonathan Steinberg**

Thanks, Will.

**Michael Cyprys**

Great, thank you.

**Operator**

Our next question is from Michael Grondahl with Northland Securities.

**Michael Grondahl**

Hey, thanks, guys. First question, just on the acquisition. You talked about your distribution and your current pipes. Which end customer market do you think you're going to go to first, the RIA channel, the institutional market, family offices, which one do you think is best positioned for this farmland opportunity?

**Jonathan Steinberg**

Jeremy, you want to take it? I mean, I can, but you want to?

**Jeremy Schwartz**

Sure. And I wanted to add a little bit of the context on just the market outlook for the markets and how this fits in and why I do think the RIA is the answer on this one for where the models can deliver it and how we think about it. Like from the broad markets perspective, you have bonds yielding 4.25% on the 10-year, you got tips yielding 2%. So inflation-adjusted bonds are giving you 2% income.

And when you think about the return drivers we said, they did 10%, historically, but trying to get historically, 4% to 5% cash flow, that's an inflation-adjusted cash flow, that is diversifying. So we think this is a great long-term asset.

So the models team, the custom models, I think, will be a big use case, and that is really the RIA and adviser. So that high net worth adviser. And so that -- as we talked about the, Jarrett talked about hitting the goals in the \$5 billion plus in our AUA and the models platform, this is a first set of calls that we could be making to people who might find this asset class diversifying to their portfolios. And then beyond that, we'll continue to find other opportunities.

**Michael Grondahl**

Got it. That's helpful, and that makes a lot of sense. Secondly, maybe just for Jono and Jarrett. If you look at and think about your digital asset strategy, kind of what you guys summarized on Slide 21 and Slide 22, what are two things you're most excited about for the back half of '25 that drives that success for you guys in digital assets and execution?

**Jonathan Steinberg**

Jarrett, do you want me to go first, or would you like to?

**Jarrett Lilien**

I can tell you, quickly, what I find exciting. Very early on in this journey for us, we decided that everything needed to be regulated. This was responsible DeFi. And we went through -- we really took the long route by working with various regulators and taking on various structures like our trust company, the broker-dealer that we have, the state approvals.

There was a lot of work that we felt was important. And the result of that is that, as Will mentioned, we think our money market fund is the best structured one in the market. And so, what excites me, one of the things is that we're beginning to see that stance payout. The fact that we took the long route, that we did the extra work, that we got worked with regulators has left us with the best structured product at a time when we're starting to see traction. So I think that's very exciting.

The other thing that excites me is that it's so early in the market that these really fundamental things are exciting. Yield is exciting. And we've got some other yield ideas in the tokenized forum that I think are just going to continue to leverage the success that we're starting to see. So, those would be two off of the top of my head.

**Jonathan Steinberg**

Let me just add. So, when we started this journey in broadly digital assets, maybe six or seven years ago now, which includes crypto ETPs, but it also included sort of tokenization infrastructure, the platform, which allows us to -- we're vertically integrated in all of digital assets, including having our own TA.

What I -- what's very exciting is because back six to seven years ago, you couldn't be quite as confident as you are, today, that the market was going to really develop the way it's developing. But with this administration, with others in the space talking about tokenization, tokenization of real-world assets, I just feel that we did not overestimate the potential of this market and that starting so early has given us a real advantage over many of the TradFi, the traditional financial service firms who are, in my opinion, years behind us in really building this out. People have tokenized unregulated offshore vehicles.



They just haven't made all of the investments that we have made that has put us in the position as the market does develop and for us, that market starts with the on-chain community, which is now like a \$4 trillion market. And -- so we're very, very early, and it feels to me that it's breaking exactly how we were hoping and that the next three or four years with this administration should really allow us to scale in the way we were hoping.

**Michael Grondahl**

Got it. Hey, thanks, guys.

**Jarrett Lilien**

Thank you.

**Operator**

Our next question is from Keith Housum with Northcoast Research.

**Keith Housum**

Good afternoon, guys. Some of the questions with the acquisition. But I guess in terms of the current market environment, is there any regulatory or other changes that you need necessary in order to distribute the assets from Ceres in order to customers in order to help grow it?

**Jonathan Steinberg**

No, there is not.

**Keith Housum**

Okay. And then secondly, this being a private asset, 540-or-so farms. How is the mark-to-market done on a regular basis? And is that a cost that's going to change under your ownership?

**Jonathan Steinberg**

Bryan.

**Bryan Edmiston**

Yeah, the process won't change. They mark their farms every year. So they'll -- and break it down, they'll do a quarter of the portfolio in the first quarter, a quarter of the portfolio in the second quarter, so on and so forth, throughout the year. Their prospectus lays out their procedure with respect to their appraisers that they use and the cadence with respect to the appraisers they can use. They can't use an appraiser for more than three years in a row and they have to change to another appraiser. But every property is appraised, annually.

**Keith Housum**

Got you. And I guess, last question. Are you guys also taking the private equity part of the company as well? And any thoughts on that going forward?

**Jonathan Steinberg**

Repeat that question, I'm sorry?

**Keith Housum**

Yeah, there are some other like private equity investments they have or some investments in some individual companies outside of farmland, within Ceres Partners. Is that being acquired as well, or is that not included?

**Jonathan Steinberg**

Bryan.

**Bryan Edmiston**

It's not. Ceres Partners will continue to manage it, but the economics will stay with the former sellers. One strategy that is PE related is their water strategy and that will fall under our roof, and we will retain the economics there. But as it relates to the two funds, it had a \$20 to \$40 million of AUM within those two PE funds. The economics don't stay with us.

**Keith Housum**

Great, thank you.

**Operator**

Thank you. There are no further questions at this time. I'd like to hand the floor back over to management for any closing comments.

**Jonathan Steinberg**

Thank you. So just a closing thought here. When I was launching WisdomTree, my pitch to the fantastic Michael Steinhardt, to the incredible Jeremy Siegel and to the legendary Jim Robinson was I thought I knew how to thrive in a Vanguard world, recognizing the importance of after fee, after-tax performance, recognizing the fee compression that the industry was facing and would continue to face in the coming decades.

At WisdomTree, we did that by embracing the ETF wrapper before Vanguard and other traditional asset managers got serious about ETFs. And by using proprietary self-indexing strategies and active funds, we weren't competing, solely, on commoditized exposures.

Today, another way to thrive in a Vanguard world is to invest where there is no beta. And in farmland, there is no beta. Plus, we are buying the Michael Steinhardt of farmland investing.

Gladly, Ceres is the best investor in this asset class. So we are embracing this acquisition. We could not be more proud to be entering this space. We will be in this space for as long as we're in asset management and we look forward in the coming quarters to give you updates on our progress. So thank you for joining us on this call.

**Operator**

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