

WisdomTree

**Q4/15 and 2015 Results**



February 5, 2016

# Forward looking statement

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

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

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

Recent historical growth may not provide an accurate representation of the growth we may experience in the future, which may make it difficult to evaluate our future prospects.

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

Fluctuations in the amount and mix of our AUM may negatively impact revenue and operating margin.

We derive a substantial portion of our revenue from a limited number of products – in particular two funds, the WisdomTree Europe Hedged Equity Fund and the WisdomTree Japan Hedged Equity Fund – and, as a result, our operating results are particularly exposed to the performance of those funds, investor sentiment toward the strategies pursued by those funds and our ability to maintain the AUM of those funds.

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

We derive a substantial portion of our revenue from international hedged equity ETFs and are exposed to the market-specific political and economic risks, as well as general investor sentiment regarding monetary policy of those markets.

We derive a substantial portion of our revenue from products invested in securities of Japanese and European companies and are exposed to the market-specific political and economic risks, as well as general investor sentiment regarding future growth of those markets and currency fluctuations.

We derive a significant portion of our revenue from products invested in emerging markets and are exposed to the market-specific political and economic risks as well as general investor sentiment regarding future growth of those markets.

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

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

Other factors, such as general economic conditions, including currency exchange rate fluctuations, also may have an effect on the results of our operations. For a more complete description of the risks noted above and other risks that could cause our actual results to differ from our current expectations, please see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014. The forward-looking statements in this presentation represent our views as of the date of this presentation. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this presentation.

# Q4 and 2015 highlights

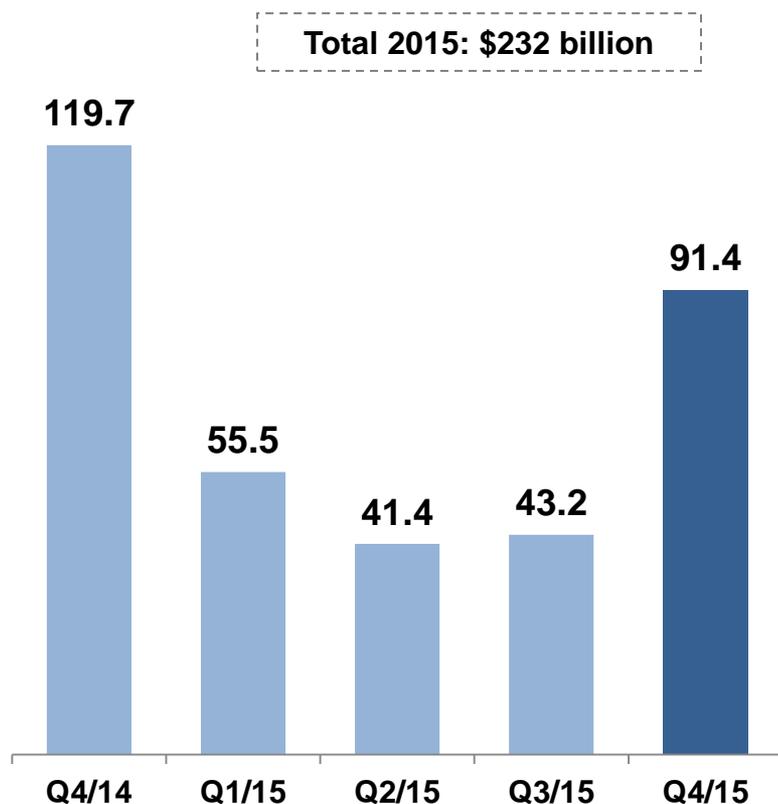
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- 2015 was a record breaking year
- Record inflows and AUM
- Record financial results and operating margin
- Returned \$100 million to shareholders
- Expanded distribution and marketing efforts
- Launched 17 new ETFs
- Grew in Europe and opened Japan office
- Laying foundation for continued growth

# Domestic and international equities led U.S. flows

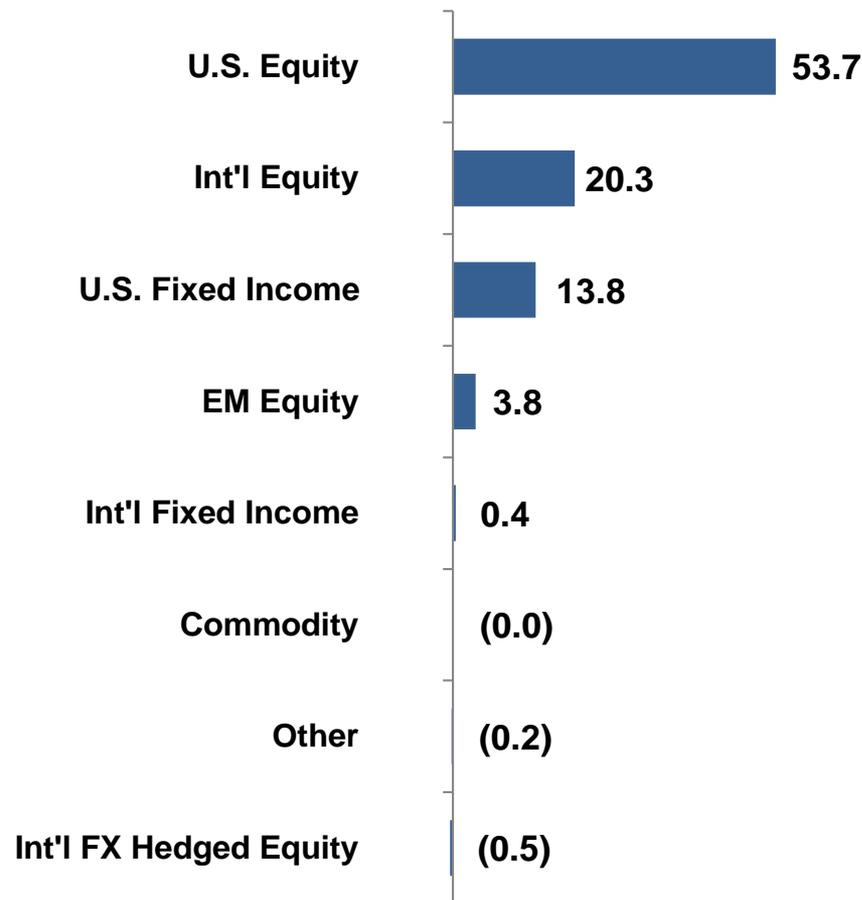
## U.S. ETF Industry Net Inflows

(\$ billions)



## Q4/15 Net Inflows by Category

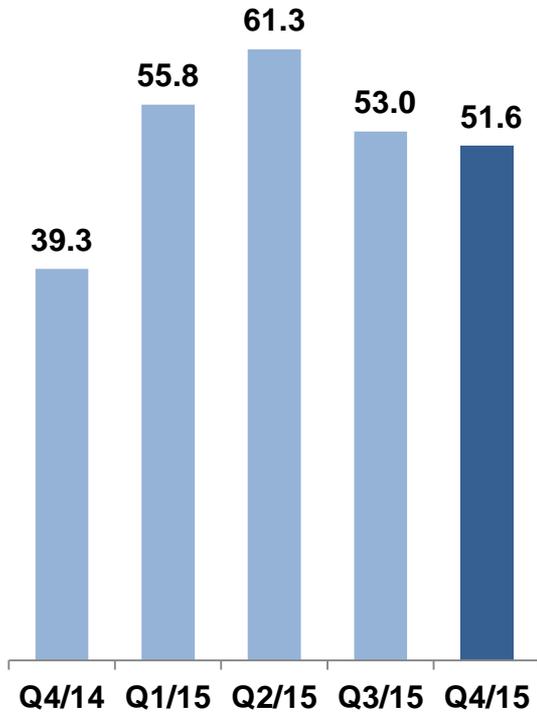
(\$ billions)



# Q4 outflows in otherwise very strong 2015

## U.S. AUM

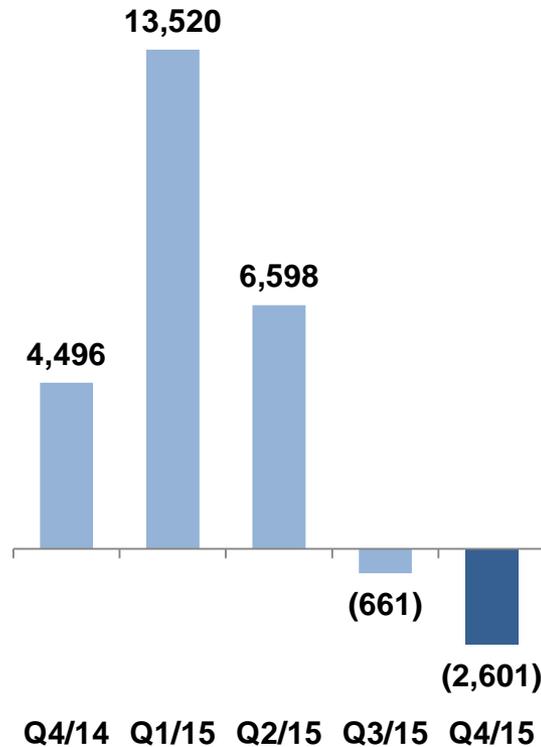
(\$ billions)



## U.S. Quarterly Net Inflows

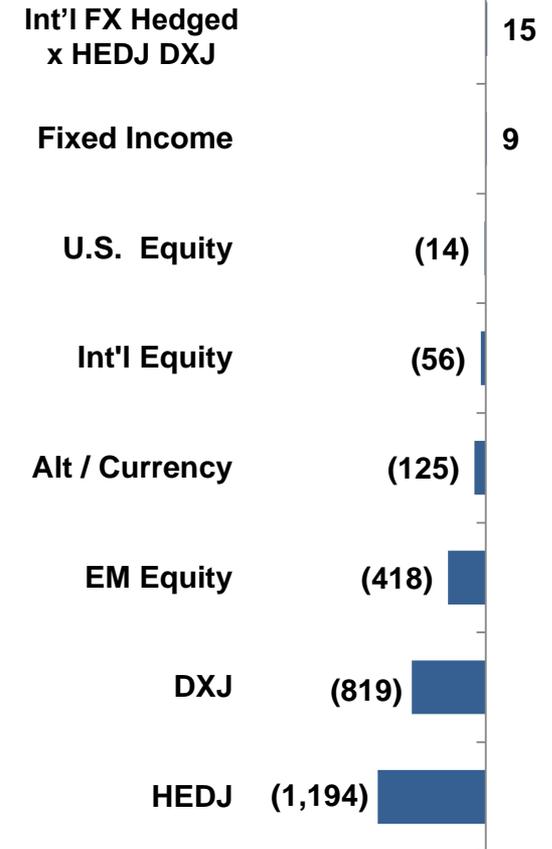
(\$ millions)

Total 2015: \$16.9 billion



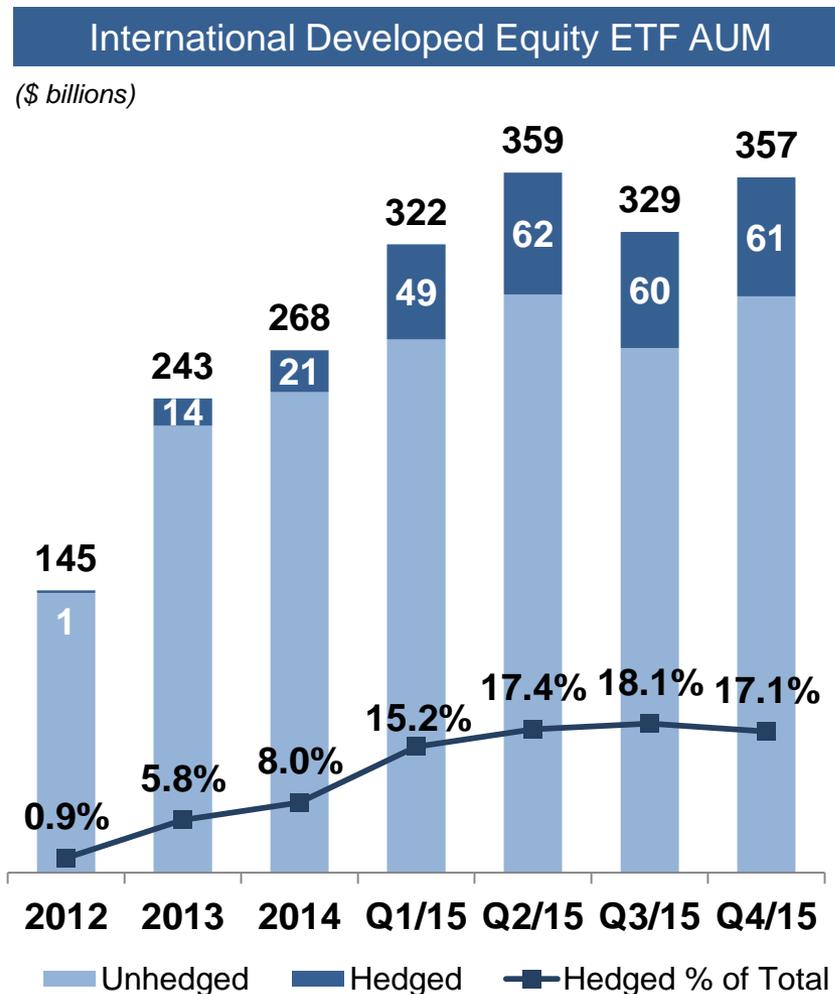
## Q4/15 Net Inflows

(\$ millions)



# FX hedging percentage more than doubled over 2015

- FX hedged equities ended the year at 17% of total international developed equity AUM
- ~40% of 2015 international net inflows went to FX hedged equities, compared to 19% in 2014
- We continue to innovate in currency hedging, launching 4 new dynamically hedged products in the first week of January



# The fastest growing top-5 ETF player

## 2015 U.S. ETF Industry Net Inflows

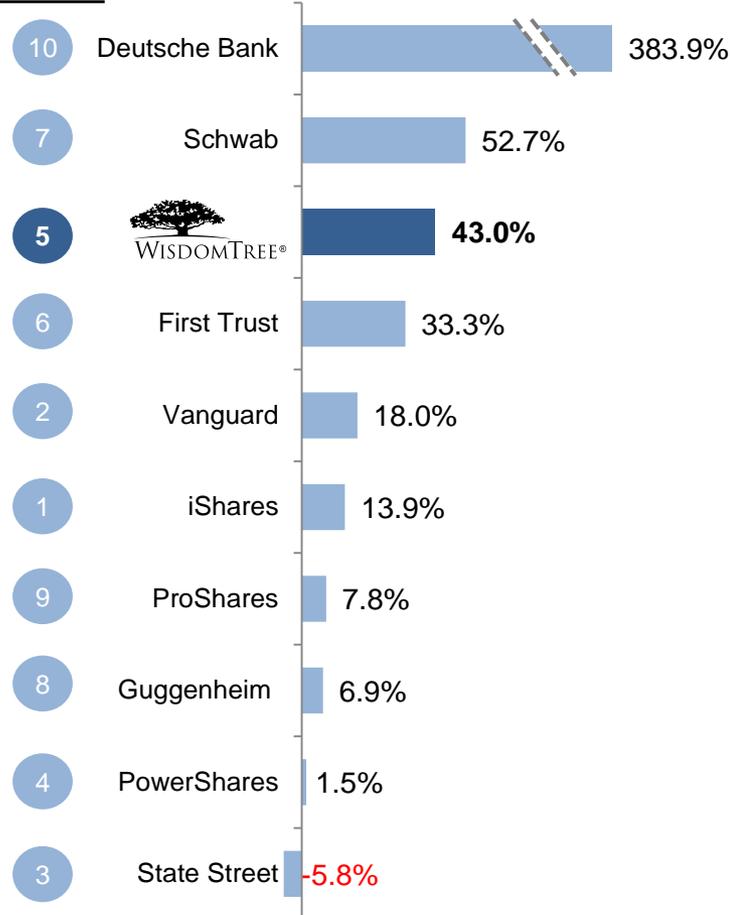
(\$ billions)

Rank	ETF Sponsor	Net Inflows
1	iShares	106.0
2	Vanguard	76.7
3	Deutsche Bank	16.9
4	<b>WisdomTree</b>	<b>16.9</b>
5	Schwab	14.2
6	First Trust	11.1
7	U.S. Commodity Funds	3.3
8	Direxion	2.9
9	Guggenheim	2.0
10	ProShares	2.0
<b>Top 10</b>		<b>251.8</b>
	State Street	(26.4)
	Others (64)	6.1
<b>Total Industry</b>		<b>231.5</b>

7% market share

## Top 10 U.S. ETF Sponsors 2015 Org. Growth <sup>(1)</sup>

AUM rank



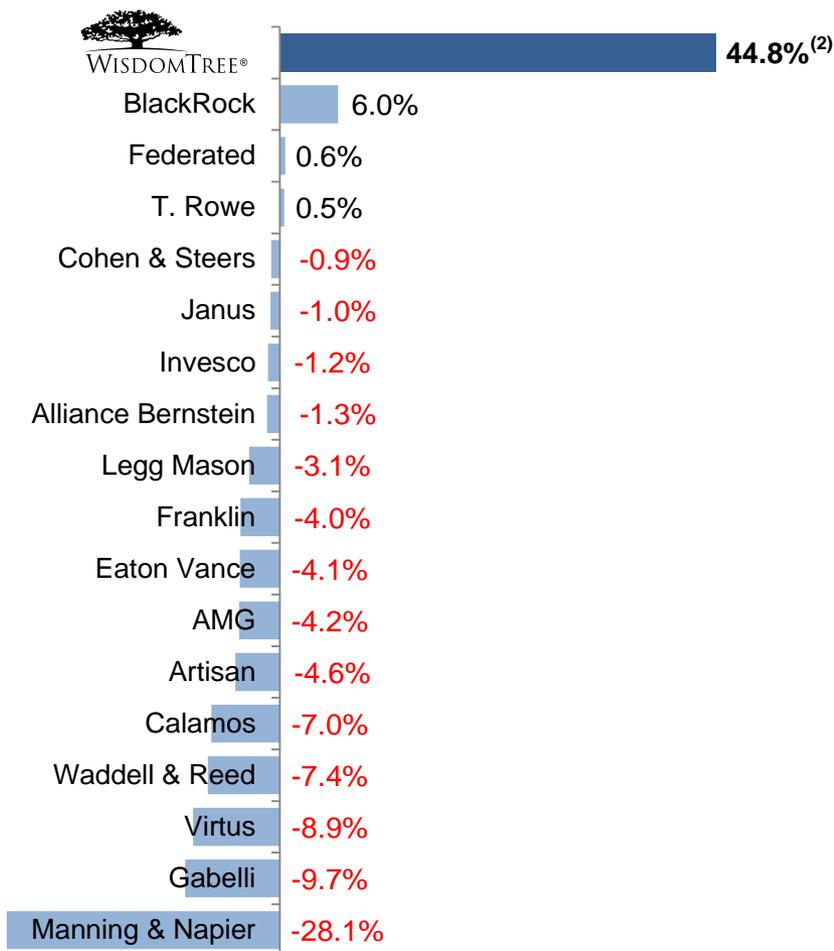
# 2015 organic growth far higher than public peers

## 2015 Total U.S. ETF & Mutual Fund Inflows

(\$ billions)

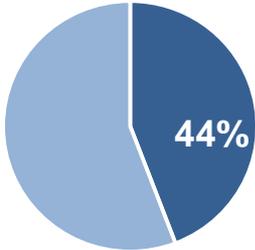
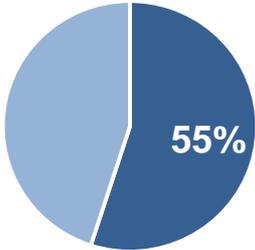
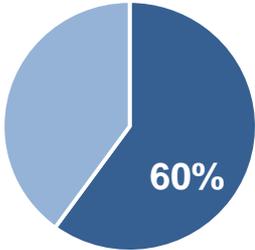
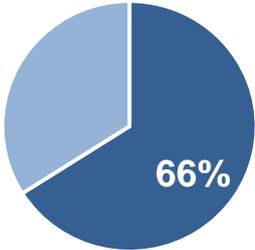
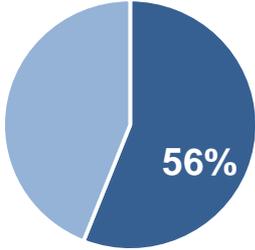
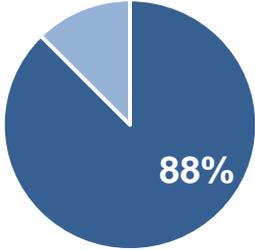
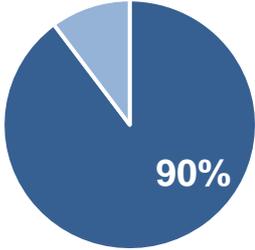
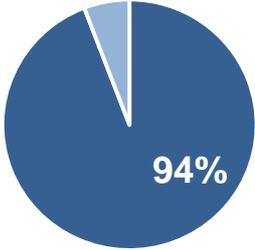
Rank	Fund Family	Net Inflows
1	Vanguard	230.4
2	BlackRock / iShares	108.0
3	Dimensional	21.6
4	Metropolitan West	18.7
<b>5</b>	<b>WisdomTree</b>	<b>16.9</b>
6	Bridge Builder	15.6
7	Fidelity Investments	14.2
8	DoubleLine	14.0
9	Deutsche Bank	13.8
10	JPMorgan	13.3
<b>Top 10</b>		<b>466.5</b>
Others (876)		(258.1)
<b>Total Industry</b>		<b>208.4</b>

## Publicly Traded Asset Managers 2015 Org. Growth <sup>(1)</sup>



# Morningstar performance of U.S. listed ETFs

Our performance against *actively managed and indexed mutual funds and ETFs*

As of Dec. 31, 2015	<b>1 Year</b> (52 applicable ETFs)	<b>3 Year</b> (40 applicable ETFs)	<b>5 Year</b> (35 applicable ETFs)	<b>Since Inception</b> (65 applicable ETFs)
<b>% of ETFs</b> Outperforming Morningstar peer group average	 44%	 55%	 60%	 66%
<b>% of AUM</b> Outperforming Morningstar peer group average	 56%	 88%	 90%	 94%

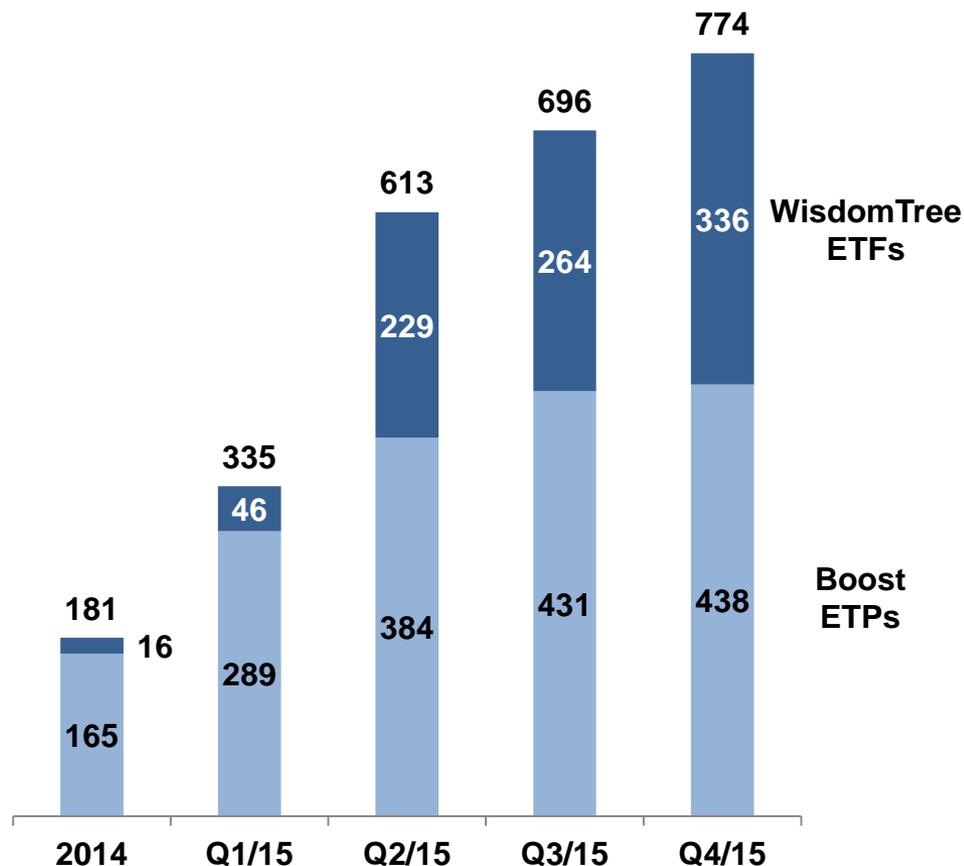
# Europe has delivered growth despite global volatility

## Highlights

- Boost ETP product suite had significant inflows amidst the volatile market environment with \$153m in net inflows, offset by negative market move in oil
- WisdomTree ETFs had consistent inflows of \$52m led by growth in HEDJ
- Europe has a number of achievements in 2015 to position the platform for growth
  - Significant expansion in client-facing headcount
  - Launched 6 new strategies, including HEDJ and DXJ, with 10 additional currency-hedged share classes
  - Launched 14 new Boost ETPs

## AUM

(\$ millions)

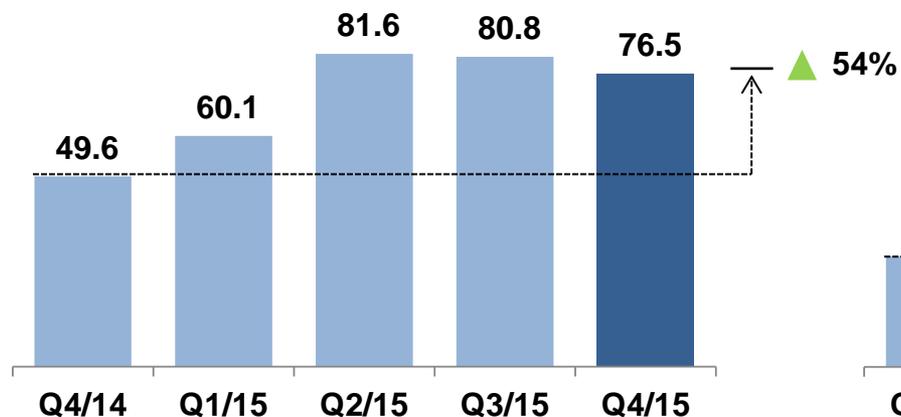


# Financial Results

# Revenue and net income up year-over-year

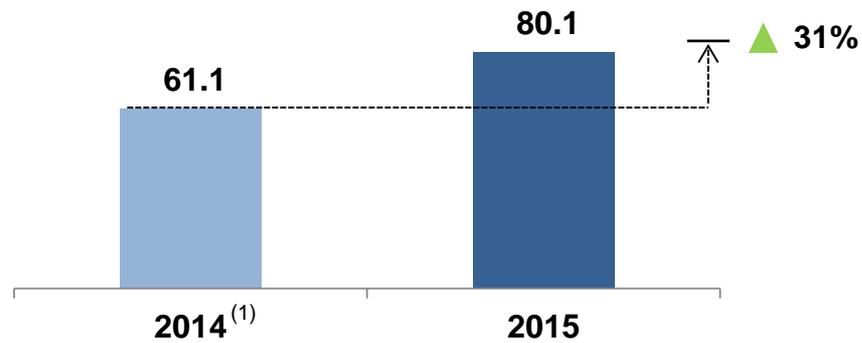
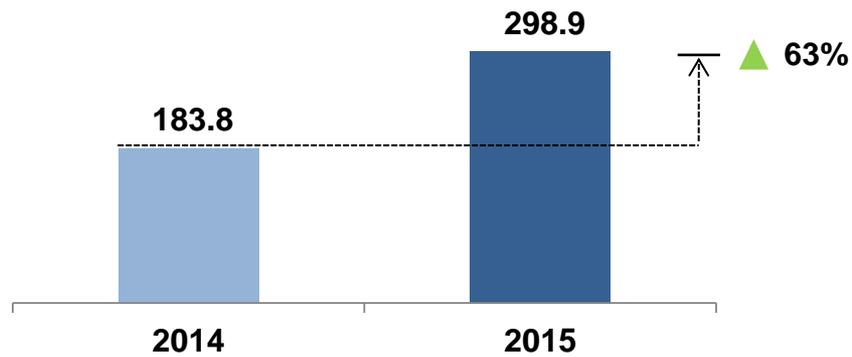
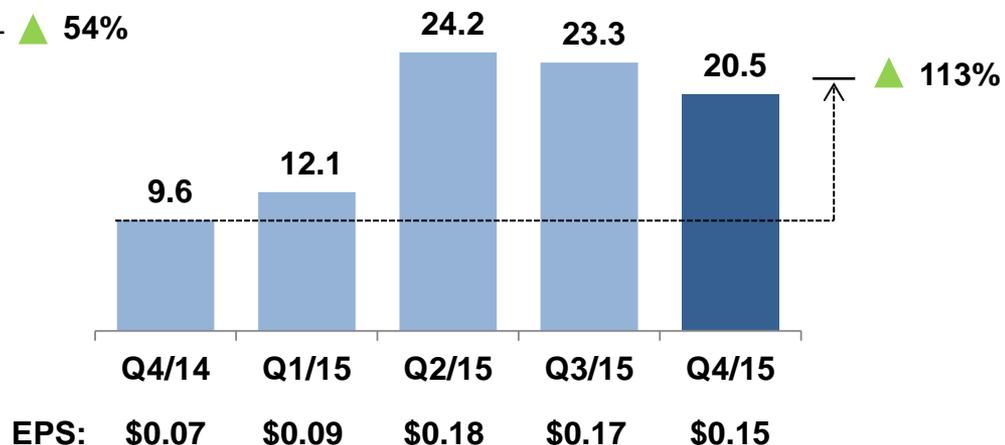
## Revenue

(\$ millions)



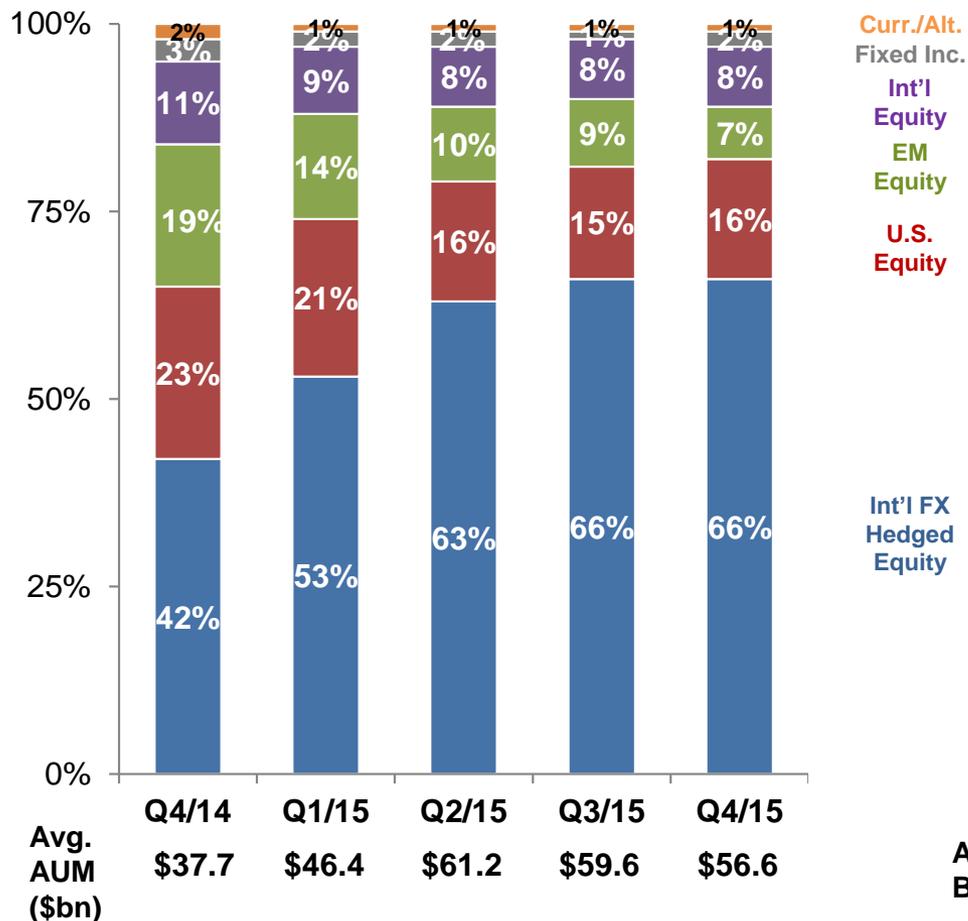
## Net Income

(\$ millions)



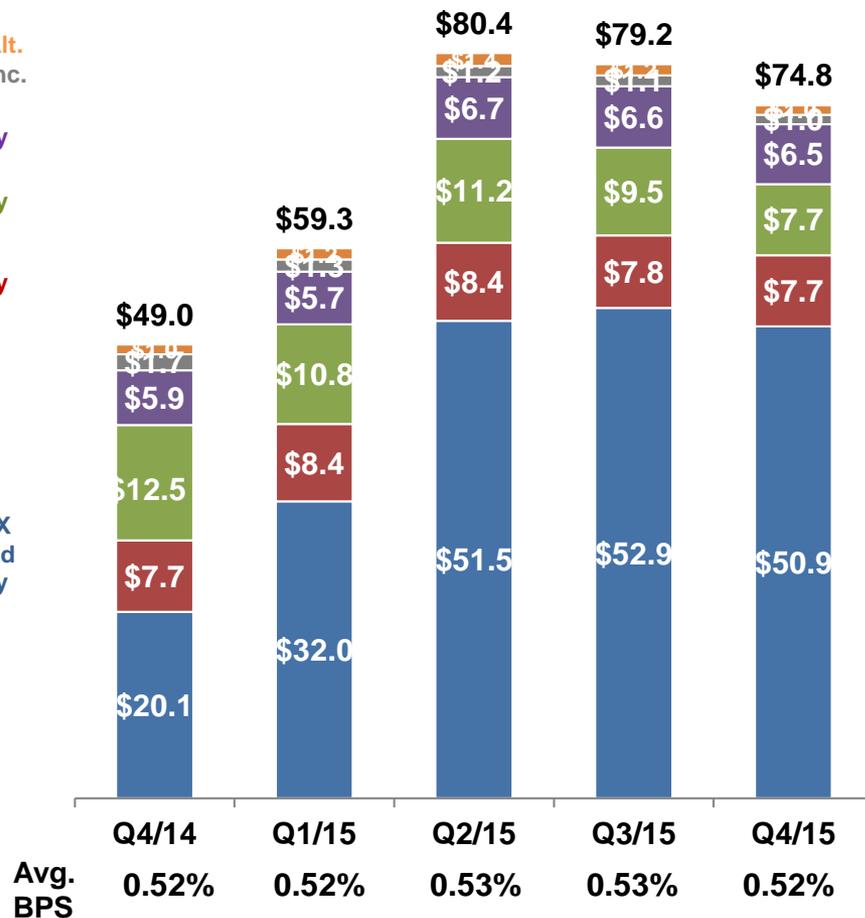
# U.S. AUM and revenue decreased in Q4

## U.S. Average AUM



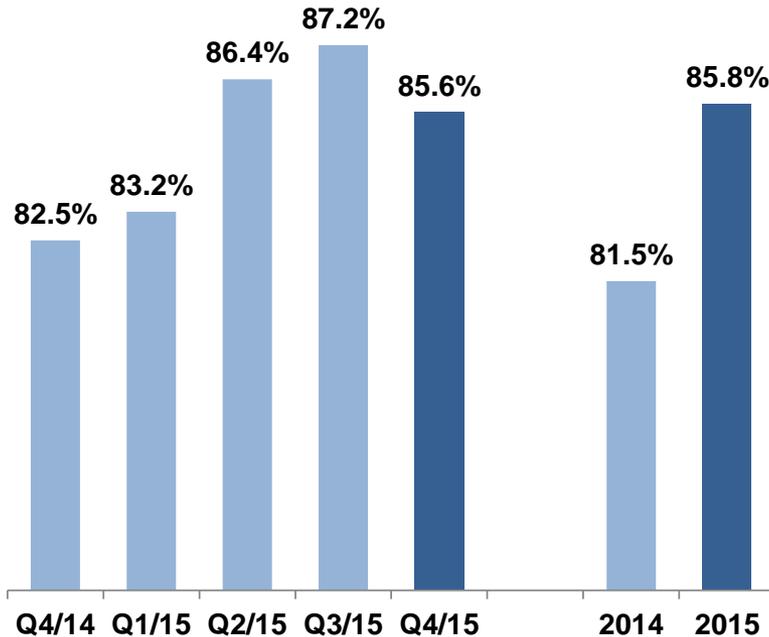
## U.S. ETF Revenue

(\$ millions)

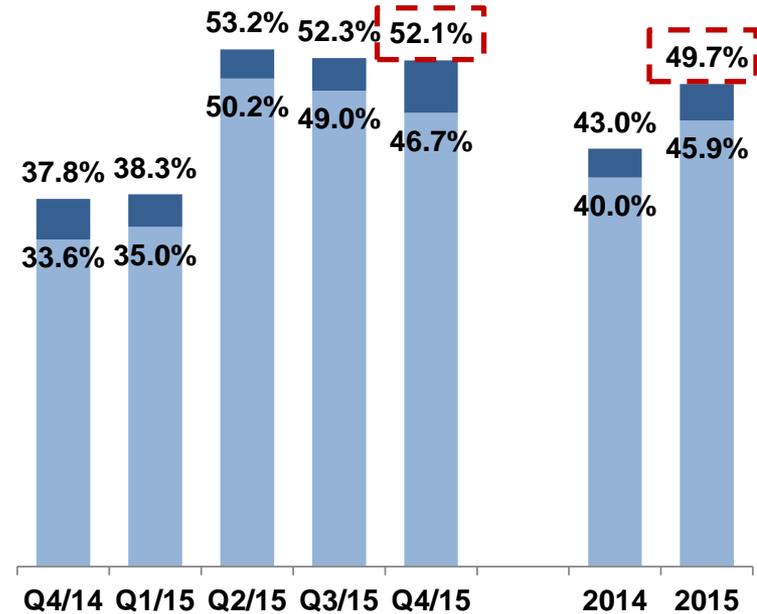


# Continue to generate high pre-tax margins

U.S. Listed Gross Margin <sup>(1)</sup>



Pre-tax Margin



■ U.S. ■ Consolidated

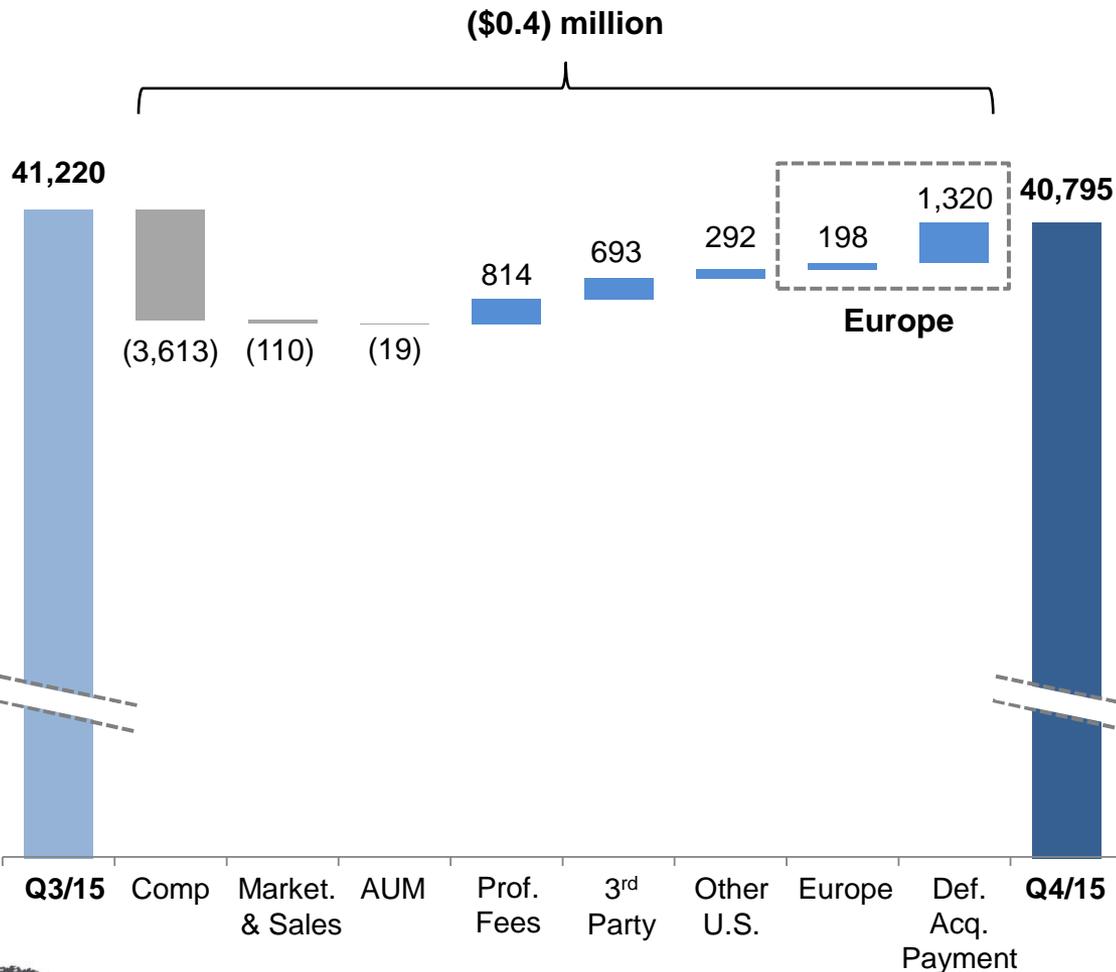


(1) Total revenues less fund management and administration and third party sharing arrangements expenses. See "Non-GAAP Financial Measurements."

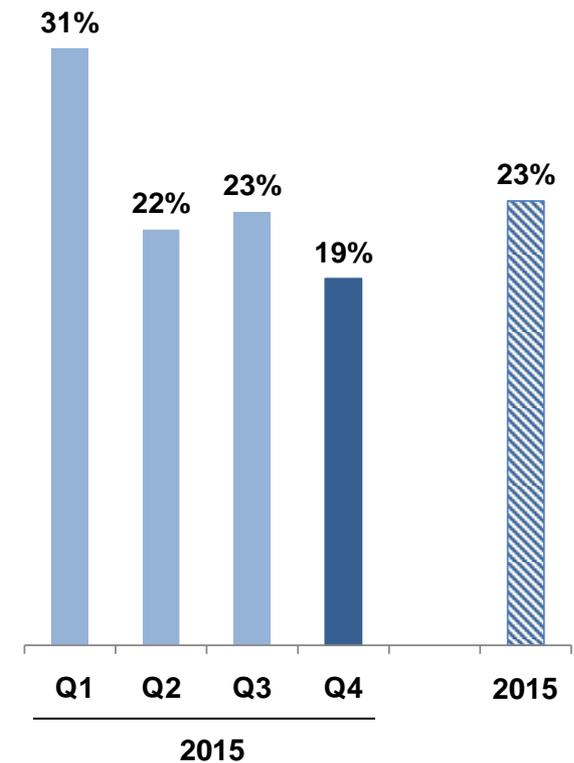
# Q4 expenses declined on incentive compensation

## Expense Base Change – Q3/15 to Q4/15

(\$ thousands)



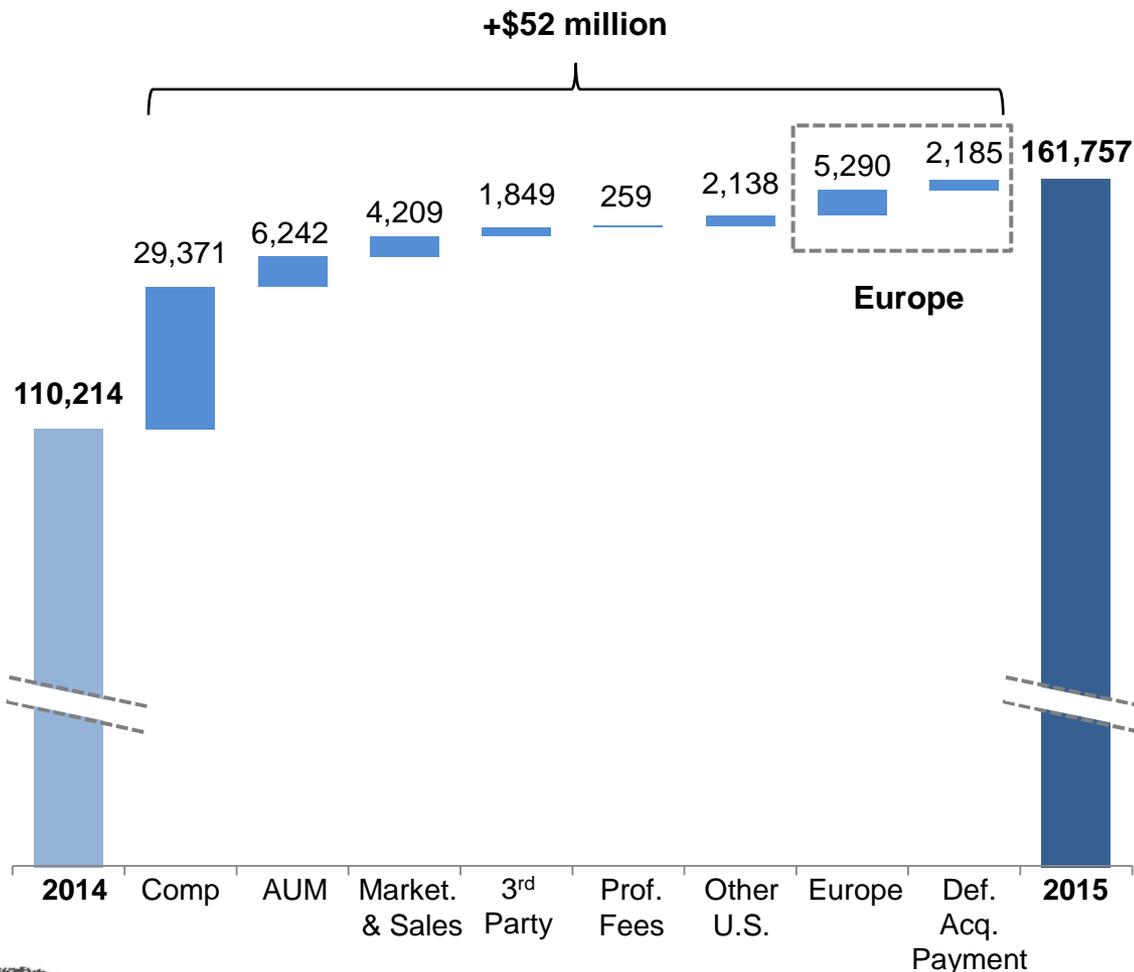
## Comp as % of Revenue – U.S.



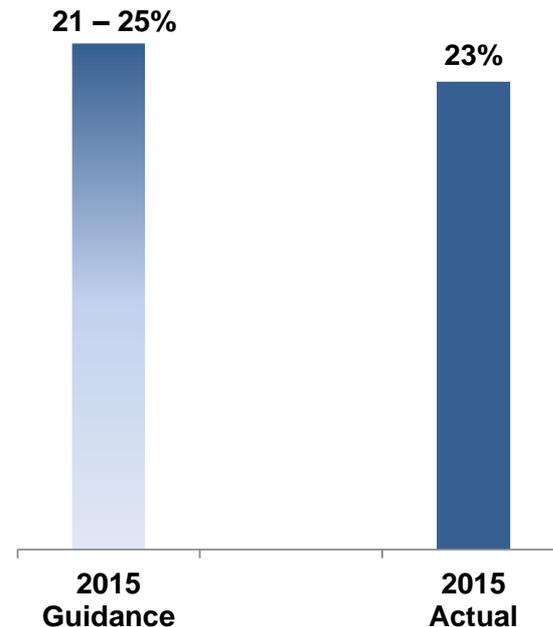
# 2015 expenses up on inflows and strategic spend

## Expense Base Change – 2014 to 2015

(\$ thousands)



## Comp as % of Revenue – U.S.



# Strong cash generation

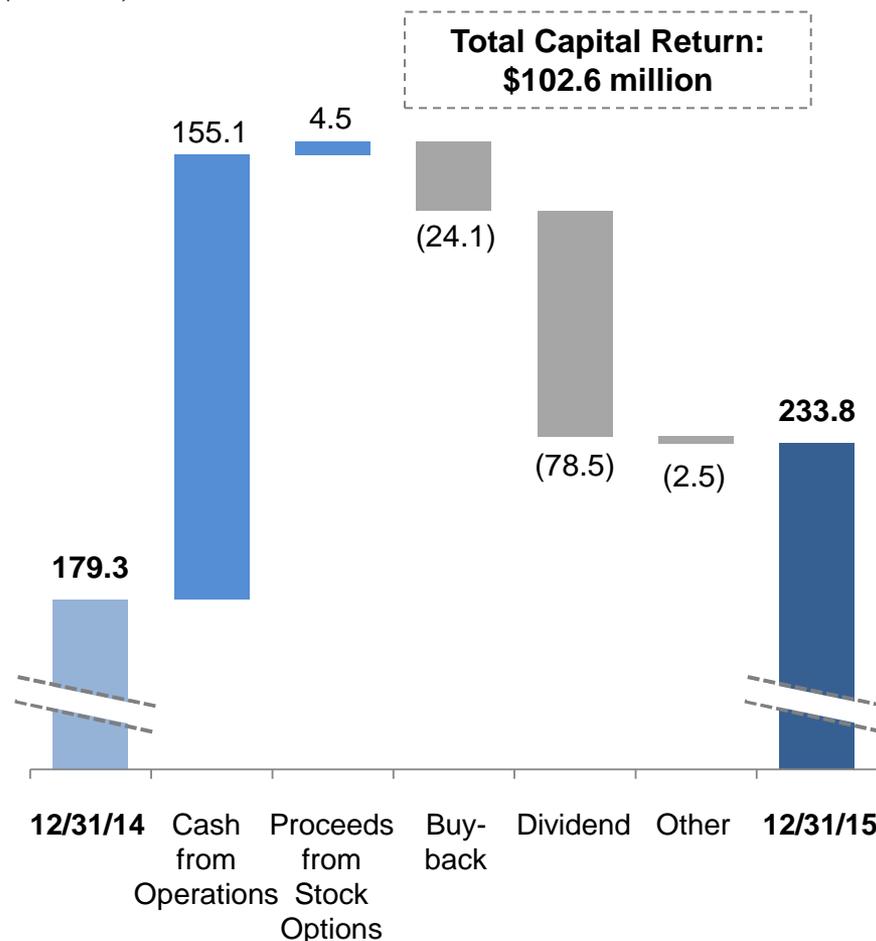
## Balance Sheet

(\$ millions)

	Dec. 31, 2015	Dec. 31, 2014
<b>Assets</b>		
Cash and cash equivalents	\$210.1	\$165.3
Investments	23.7	14.0
Accounts receivable	27.5	18.2
Deferred tax asset, net	14.1	9.5
Fixed assets, net	12.0	10.4
Goodwill and other assets	5.3	3.4
<b>Total assets</b>	<b>\$292.7</b>	<b>\$220.8</b>
<b>Liabilities</b>		
Fund management and administration	\$13.0	\$10.0
Compensation and benefits	28.1	14.3
Accounts payable and other liabilities	12.0	6.9
Deferred rent	5.1	5.3
Total liabilities	58.2	36.5
<b>Stockholders' equity</b>	<b>234.5</b>	<b>184.3</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$292.7</b>	<b>\$220.8</b>

## Cash and Investments Change YTD

(\$ millions)



# Income taxes

- U.S. baseline tax rate approximately 39%
- Recording GAAP tax expense; however still not paying federal cash taxes
- Cannot offset U.S. taxes by losses generated by European operations

## NOL Roll Forward

WisdomTree records GAAP tax expense, however, we do not pay federal cash taxes due to our net operating loss.

### Net Operating Loss

12/31/14	105.9
2015 U.S. pre tax income <sup>(1)</sup>	(143.7)
Net stock based compensation	75.8
Other adjustments	(11.9)
<b>Pre-tax NOL 12/31/15</b>	<b>26.1</b>
Approximate tax rate	39%
<b>Post-tax NOL</b>	<b>\$10.2</b>

## Potential Future Additions

We continue to generate additional NOL due to tax benefits from equity grants. Value and timing of the tax benefit depends on WETF price and date of exercise or vesting of equity awards.

<i>WETF stock price, 2/4/16</i>	\$11.68
Outstanding options, 12/31/15	1,545
Weighted average strike price	\$2.62
Value yet to be recognized	\$14.0 <i>a</i>
Unvested restricted stock, 12/31/15	1,621
Value yet to be recognized	\$18.9 <i>b</i>
<b>Potential future additions to NOL</b>	<b>\$32.9 <i>a+b</i></b>
Approximate tax rate	39%
<b>Potential cash tax savings</b>	<b>\$12.8</b>

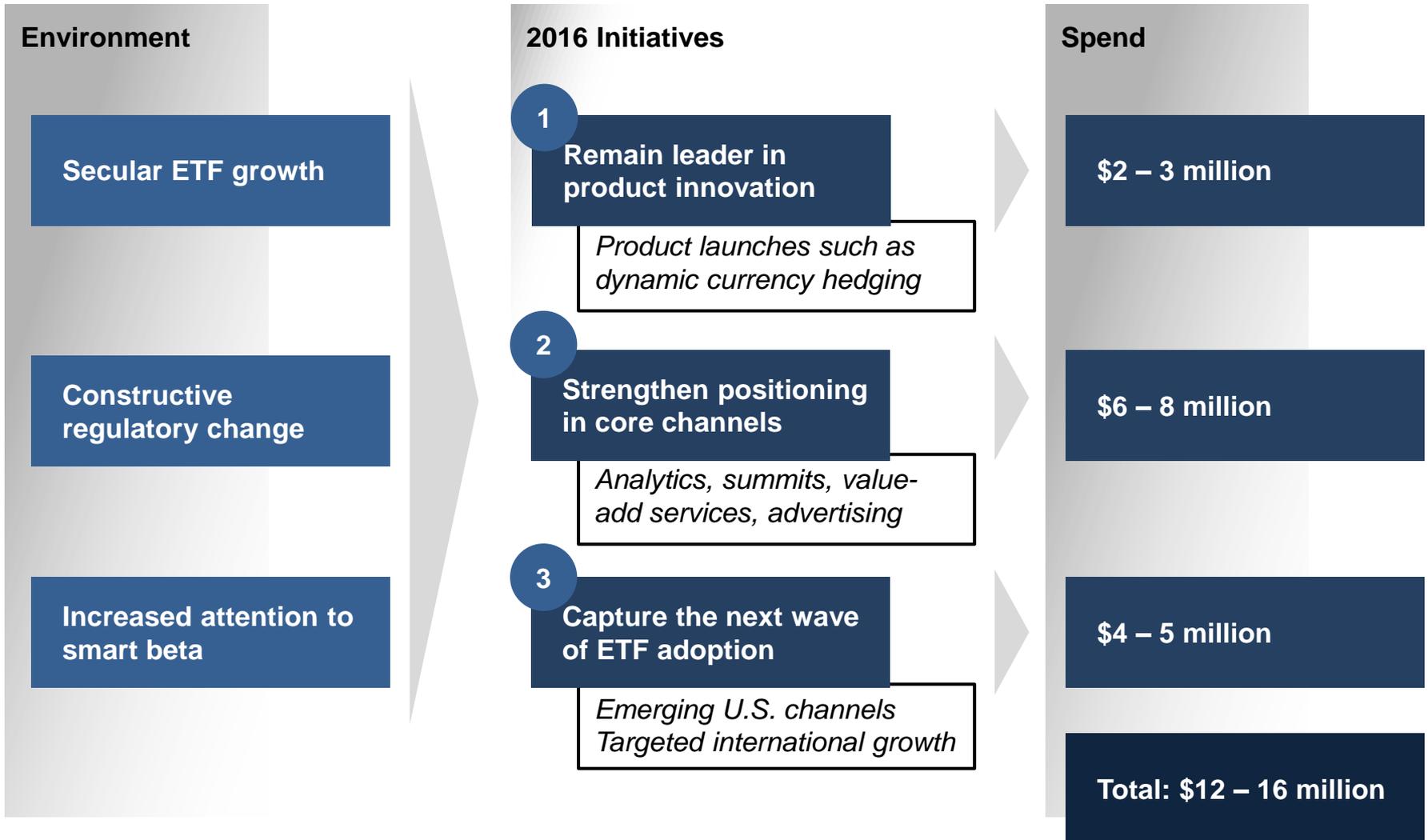
## Additional Detail

Nearly all options are currently exercisable and restricted stock will vest according to the schedule below.

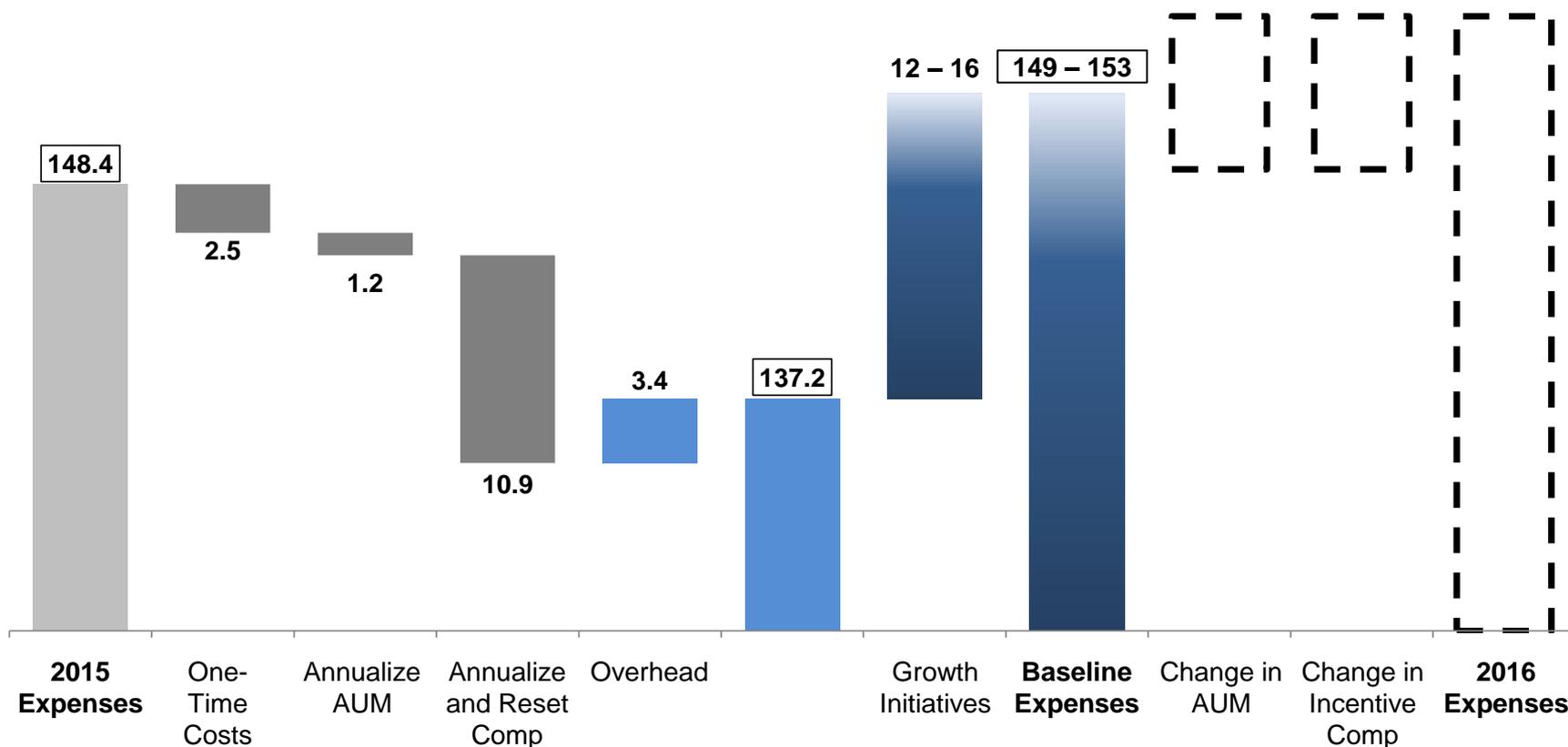
	<u>Options Expiration</u>		Intrinsic
	#	Strike	Value
2016	27	\$1.07	\$0.3
2017	178	\$1.07	\$1.8
2018-2021	1,340	\$2.86	\$11.3
	1,545	\$2.62	<b>\$13.4</b>

<u>Stock Vesting</u>		
2016	849	\$9.6
2017	463	\$5.2
2018	309	\$3.5
	1,621	<b>\$18.3</b>

# We are investing in initiatives to grow and diversify



# 2016 expense outlook ex-Europe

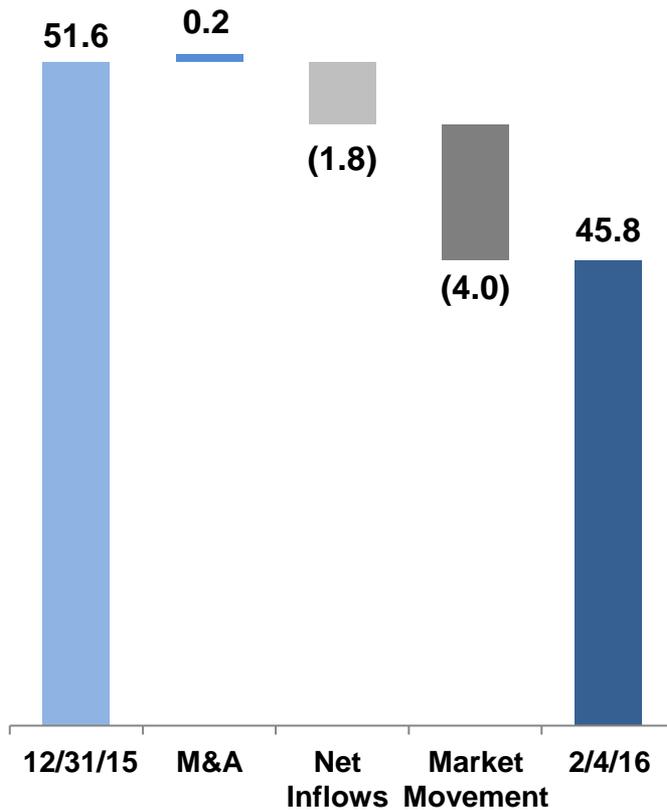


- WisdomTree Europe anticipated \$8 to \$11 million pretax loss, excluding non-cash buyout obligation
- Near-term U.S. gross margin guidance: 81% - 83%

# Q1 as of 2/3/16

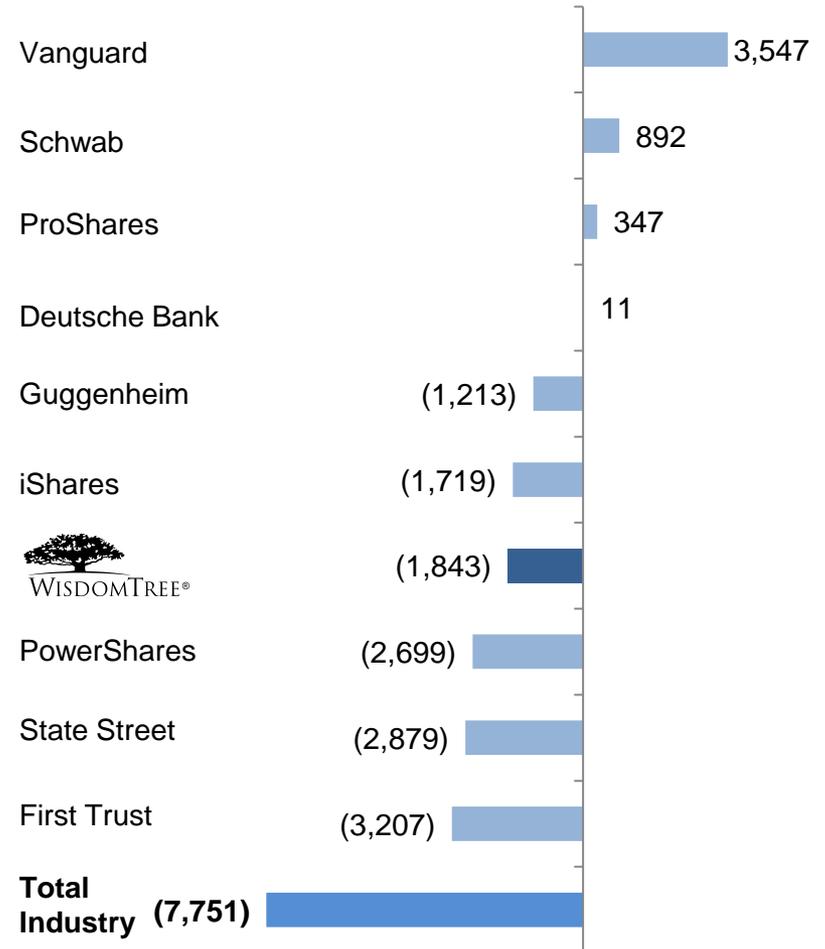
## WisdomTree U.S. Listed AUM

(\$ billions)

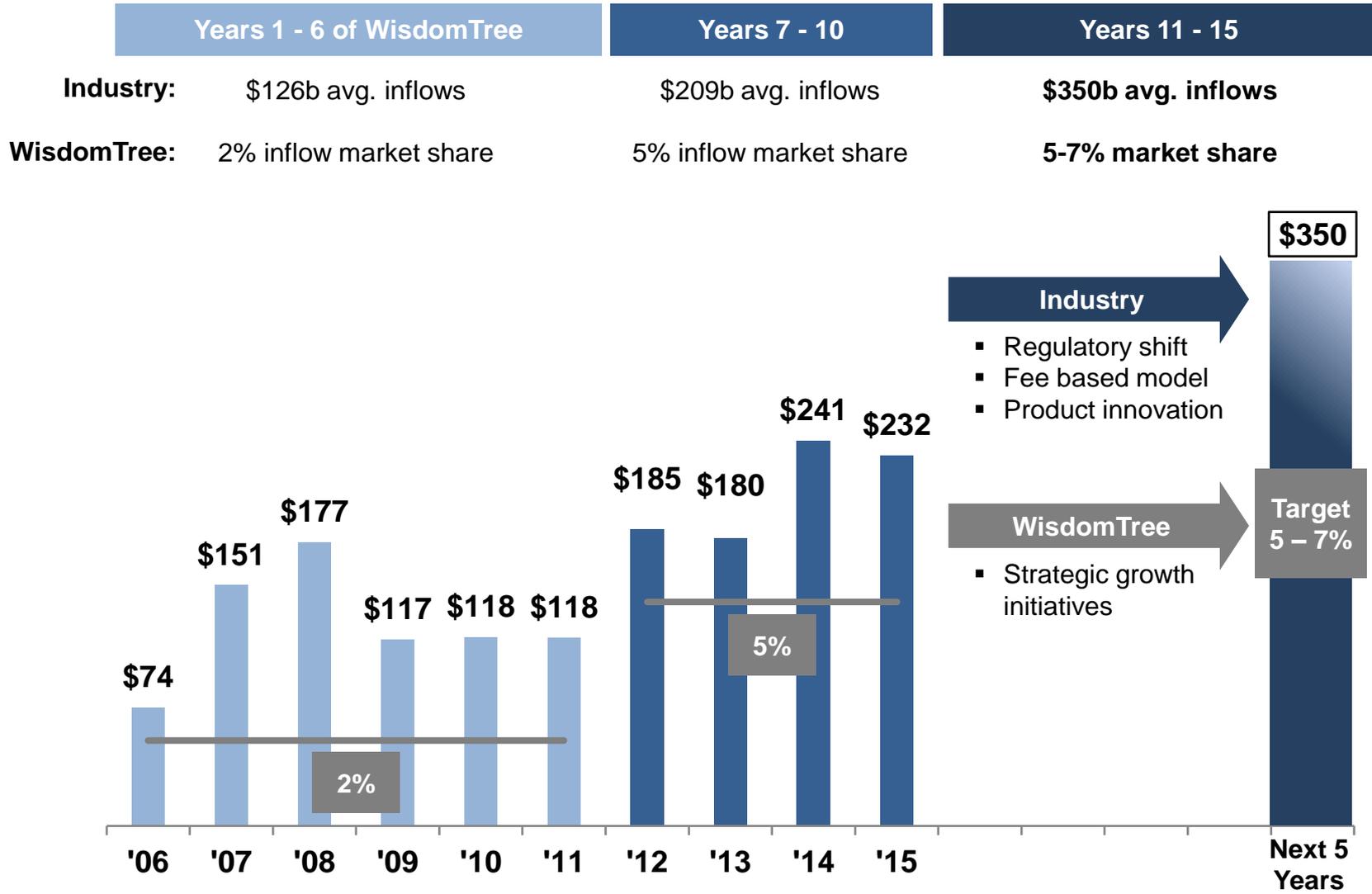


## U.S. Net Inflows - Top 10 ETF Sponsors

(\$ millions)



# Targeting a greater share of greater flows



# Appendix

# Key operating statistics

(\$ millions)

	2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>AUM (end of period)</u>												
International Hedged Equity	\$5,797	\$10,270	\$11,481	\$13,348	\$12,612	\$12,557	\$13,971	\$17,760	\$33,925	\$39,222	\$34,608	\$33,311
U.S. Equity	5,161	5,777	6,271	7,181	7,505	8,052	7,939	9,390	9,748	9,245	8,247	8,603
International Developed Equity	2,728	2,633	3,150	3,864	4,830	5,340	4,494	3,988	4,323	4,829	4,394	4,525
Emerging Markets Equity	8,071	7,172	7,703	7,448	6,753	7,606	7,495	6,187	6,068	6,244	4,288	3,825
Fixed Income	2,600	2,437	2,095	1,906	1,610	1,376	1,379	1,152	904	956	794	799
Currency	626	547	502	979	422	406	362	599	565	573	505	368
Alternative Strategy	120	139	150	158	152	163	183	205	225	230	211	208
	\$25,103	\$28,975	\$31,352	\$34,884	\$33,884	\$35,500	\$35,823	\$39,281	\$55,758	\$61,299	\$53,047	\$51,639
Average ETF AUM	\$21,934	\$28,390	\$30,473	\$33,091	\$33,859	\$34,141	\$35,554	\$37,680	\$46,391	\$61,153	\$59,572	\$56,603
<u>Net Inflows / (Outflows)</u>												
Fixed Income	\$508	\$78	(\$320)	(\$144)	(\$306)	(\$278)	\$69	(\$164)	(\$210)	\$67	(\$85)	\$9
Alternative Strategy	(4)	17	12	8	(4)	8	13	21	17	14	(13)	(4)
U.S. Equity	291	547	273	367	189	221	84	968	294	(320)	(259)	(14)
International Developed Equity	139	57	205	565	812	518	(452)	(305)	188	497	21	(56)
Currency	12	(62)	(48)	515	(549)	(21)	(35)	232	(44)	7	(63)	(121)
Emerging Markets Equity	876	(51)	286	(246)	(632)	388	270	(836)	(165)	250	(1,013)	(418)
International Hedged Equity	4,071	4,376	752	1,243	(12)	(502)	799	4,580	13,440	6,083	751	(1,997)
Total	\$5,893	\$4,962	\$1,160	\$2,308	(\$502)	\$334	\$748	\$4,496	\$13,520	\$6,598	(\$661)	(\$2,601)
Average ETF Advisory Fee	0.54%	0.52%	0.51%	0.51%	0.51%	0.51%	0.52%	0.52%	0.52%	0.53%	0.53%	0.52%
<u>Average Mix</u>												
International Hedged Equity	15%	30%	37%	36%	39%	36%	36%	42%	53%	63%	66%	66%
U.S. Equity	22%	20%	20%	20%	21%	23%	23%	23%	21%	16%	15%	15%
Emerging Markets Equity	36%	28%	24%	24%	20%	21%	22%	19%	14%	10%	9%	8%
International Developed Equity	12%	10%	9%	11%	13%	15%	14%	11%	9%	8%	8%	8%
Fixed Income	11%	10%	7%	6%	5%	4%	4%	3%	2%	2%	1%	2%
Currency	3%	2%	2%	3%	2%	1%	1%	1%	1%	1%	1%	1%
Alternative Strategy	1%	0%	1%	0%	0%	0%	0%	1%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
# of ETFs	47	50	53	61	62	69	69	70	70	75	79	86
<u>European Listed ETPs: (in thousands)</u>												
AUM (end of period)					\$113,244	\$123,210	\$165,018		\$288,801	\$384,089	\$431,259	\$437,934
Net Inflows					\$17,685	\$19,224	\$82,175		\$145,381	\$50,331	\$191,044	\$153,023
Average Advisory Fee					0.82%	0.79%	0.78%		0.81%	0.82%	0.83%	0.85%
<u>Total UCITS ETFs: (in thousands)</u>												
AUM (end of period)							\$16,179		\$45,846	\$228,588	\$264,452	\$335,938
Net Inflows							\$16,036		\$28,851	\$144,234	\$62,217	\$52,271
Average Advisory Fee							0.38%		0.40%	0.44%	0.45%	0.45%
U.S. Headcount	72	79	84	87	90	92	97	101	109	117	128	137
Non-U.S. Headcount						11	20	23	27	29	34	40

# Consolidated financial results

(\$ thousands)

	2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenues</b>												
Advisory fees	\$ 29,153	\$ 37,101	\$ 39,437	\$ 42,903	\$ 42,609	\$ 43,938	\$ 46,942	\$ 49,327	\$ 59,869	\$ 81,320	\$ 80,520	\$ 76,235
Other income	188	230	193	263	311	190	172	273	272	239	233	254
Total revenues	29,341	37,331	39,630	43,166	42,920	44,128	47,114	49,600	60,141	81,559	80,753	76,489
<b>Expenses</b>												
Compensation and benefits	7,482	9,447	9,648	9,633	9,355	7,551	9,990	14,099	19,601	18,669	19,407	15,551
Fund management and administration	8,223	9,106	8,794	8,953	9,168	7,818	8,465	8,932	10,168	11,208	10,519	10,887
Marketing and advertising	1,937	2,196	2,031	2,145	2,578	2,726	3,341	2,869	3,076	3,628	3,573	3,094
Sales and business development	1,801	1,520	1,305	1,848	1,301	1,727	1,279	1,914	1,900	2,076	2,438	2,775
Professional and consulting fees	613	657	542	936	1,795	1,840	1,383	2,560	1,463	1,604	1,570	2,430
Occupancy, communications and equipment	377	591	723	1,093	900	853	882	943	918	943	1,183	1,255
Depreciation and amortization	82	83	84	190	192	201	207	221	220	223	253	310
Third party sharing arrangements	111	428	374	455	10	115	187	282	283	497	485	1,178
Acquisition contingent payment									257	264	172	1,492
Other	861	1,061	1,164	1,437	1,142	1,164	1,123	1,101	1,235	1,509	1,620	1,823
Total expenses	21,487	25,089	24,665	26,690	26,441	23,995	26,857	32,921	39,121	40,621	41,220	40,795
<b>Income before taxes</b>	7,854	12,242	14,965	16,476	16,479	20,133	20,257	16,679	21,020	40,938	39,533	35,694
Income tax (benefit)/expense	--	--	--	--	(13,725)	9,531	9,634	7,057	8,958	16,766	16,245	15,164
<b>Net Income</b>	\$ 7,854	\$ 12,242	\$ 14,965	\$ 16,476	\$ 30,204	\$ 10,602	\$ 10,623	\$ 9,622	\$ 12,062	\$ 24,172	\$ 23,288	\$ 20,530
Note:												
Stock-based compensation included above	\$ 1,714	\$ 1,691	\$ 1,781	\$ 1,273	\$ 2,015	\$ 2,030	\$ 2,077	\$ 2,015	\$ 2,344	\$ 2,608	\$ 2,926	\$ 3,022

# Historical statistics – U.S.

	U.S. Net Inflows		Market Share	Market Movement	Market AUM
	Industry	WisdomTree			
	(in billions)	(in millions)		(in millions)	(in millions)
Q2 06	\$24.6	\$347	1.4%	\$18	\$365
Q3 06	\$5.3	212	4.0%	23	600
Q4 06	\$34.1	849	2.5%	75	1,523
Q1 07	\$14.3	1,475	10.3%	85	3,083
Q2 07	\$17.4	771	4.4%	146	4,001
Q3 07	\$48.1	405	0.8%	41	4,446
Q4 07	\$70.8	310	0.4%	(198)	4,559
Q1 08	\$8.8	136	1.5%	(399)	4,296
Q2 08	\$13.7	756	5.5%	(307)	4,746
Q3 08	\$81.5	(15)	n/a	(655)	4,075
Q4 08	\$73.2	30	0.0%	(925)	3,180
Q1 09	(\$2.5)	23	-0.9%	(428)	2,776
Q2 09	\$38.2	281	0.7%	606	3,663
Q3 09	\$27.1	559	2.1%	680	4,902
Q4 09	\$53.7	911	1.7%	166	5,979
Q1 10	\$7.0	582	8.3%	152	6,713
Q2 10	\$30.9	121	0.4%	(594)	6,240
Q3 10	\$33.4	1,161	3.5%	859	8,260
Q4 10	\$46.7	1,271	2.7%	360	9,891
Q1 11	\$23.6	1,264	5.4%	129	11,284
Q2 11	\$29.2	1,699	5.8%	(49)	12,934
Q3 11	\$20.9	179	0.9%	(1,929)	11,184
Q4 11	\$43.9	756	1.7%	242	12,182
Q1 12	\$53.2	2,299	4.3%	1,210	15,691
Q2 12	\$25.0	338	1.4%	(1,025)	15,004
Q3 12	\$51.8	1,036	2.0%	743	16,783
Q4 12	\$55.4	1,059	1.9%	444	18,286
Q1 13	\$52.2	5,893	11.3%	924	25,103
Q2 13	\$15.4	4,962	32.2%	(1,090)	28,975
Q3 13	\$53.7	1,160	2.2%	1,217	31,352
Q4 13	\$58.6	2,308	3.9%	1,224	34,884
Q1 14	\$14.5	(502)	n/a	(498)	33,884
Q2 14	\$57.7	334	0.6%	1,282	35,500
Q3 14	\$48.8	748	1.5%	(425)	35,823
Q4 14	\$119.7	4,496	3.8%	(1,038)	39,281
Q1 15	\$55.5	13,520	24.4%	2,957	55,758
Q2 15	\$41.4	6,598	15.9%	(1,057)	61,299
Q3 15	\$43.2	(661)	n/a	(7,591)	53,047
Q4 15	\$91.4	(2,601)	n/a	1,193	51,639
<b>Total</b>	<b>\$1,581.4</b>	<b>\$55,070</b>	<b>3.5%</b>	<b>(\$3,430)</b>	

	U.S. Net Inflows		Market Share	Market Movement	Market AUM
	Industry	WisdomTree			
	(in billions)	(in millions)		(in millions)	(in millions)
2006	\$74.0	\$1,408	1.9%	\$116	1,523
2007	\$150.6	2,961	2.0%	74	4,559
2008	\$177.2	907	0.5%	(2,286)	3,180
2009	\$116.5	1,774	1.5%	1,025	5,979
2010	\$118.0	3,135	2.7%	777	9,891
2011	\$117.6	3,898	3.3%	(1,607)	12,182
2012	\$185.4	4,732	2.6%	1,372	18,286
2013	\$179.9	14,323	8.0%	2,275	34,884
2014	\$240.7	5,076	2.1%	(679)	39,281
2015	\$231.5	16,856	7.3%	(4,498)	51,639
<b>Total</b>	<b>\$1,591.4</b>	<b>\$55,070</b>	<b>3.5%</b>	<b>(\$3,430)</b>	



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