

Q3/17 Results

October 27, 2017



Forward Looking Statements

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

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

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

- Net outflows in our two largest ETFs – the WisdomTree Europe Hedged Equity Fund and the WisdomTree Japan Hedged Equity Fund – have had, and in the future could continue to have, a negative impact on our revenues.
- Declining prices of securities can adversely affect our business by reducing the market value of the assets we manage or causing customers to sell their fund shares and trigger redemptions.
- Fluctuations in the amount and mix of our AUM may negatively impact revenues and operating margins.
- We derive a substantial portion of our revenues from a limited number of products, and as a result, our operating results are particularly exposed to the performance of these products and our ability to maintain the AUM of these products, as well as investor sentiment toward investing in the products' strategies and market-specific and political and economic risk.
- Much of our AUM is held in our U.S. listed ETFs that invest in foreign securities and we therefore have substantial exposure to foreign market conditions and are subject to currency exchange rate risks.
- Many of our ETPs have a limited track record, and poor investment performance could cause our revenues to decline.
- We depend on third parties to provide many critical services to operate our business and our ETPs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm our customers.

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

The forward-looking statements in this presentation represent our views as of the date of this presentation. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this presentation.

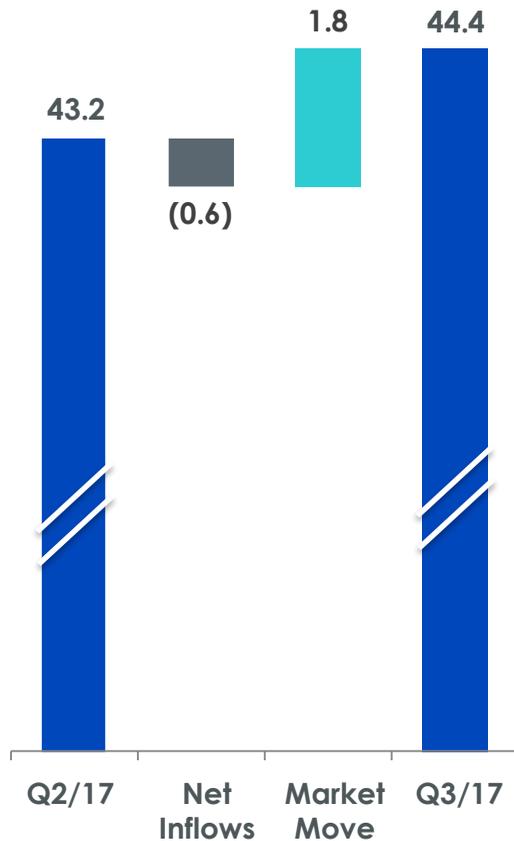
Well positioned to thrive from rapid industry evolution

- + Formally rolled out portfolio analytics tool – Digital Portfolio Developer (DPD)
 - DPD is a differentiated fully digital tool designed to analyze, optimize, stress-test portfolios
- + Announced first model portfolio win on Investnet platform
 - Developed a series of models with IQCIO available through the Investnet platform for advisors at Key Investment Services (wealth management arm of KeyBank)
- + Announced participation in TD Ameritrade’s new commission-free ETF platform
 - 72 of our 87 U.S. listed ETFs are available commission-free to financial advisors and self-directed investors on the TD Ameritrade platform
- + Attractive technology and solutions offering to help advisors modernize and grow
 - DPD, model portfolios, AdvisorEngine, practice management services combined with existing product platform should drive deeper relationships with financial intermediaries

Strong global equity markets drive growth in AUM

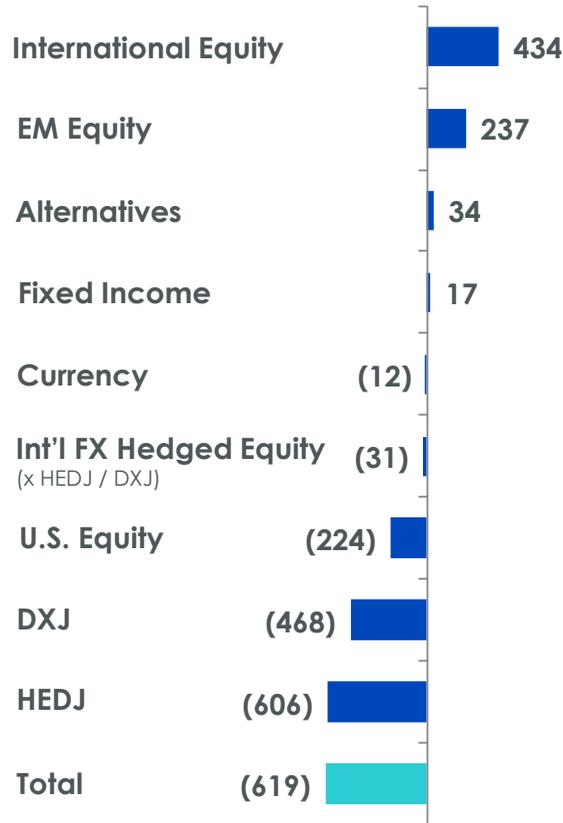
Quarterly U.S. ETF AUM Change

(\$ billions)



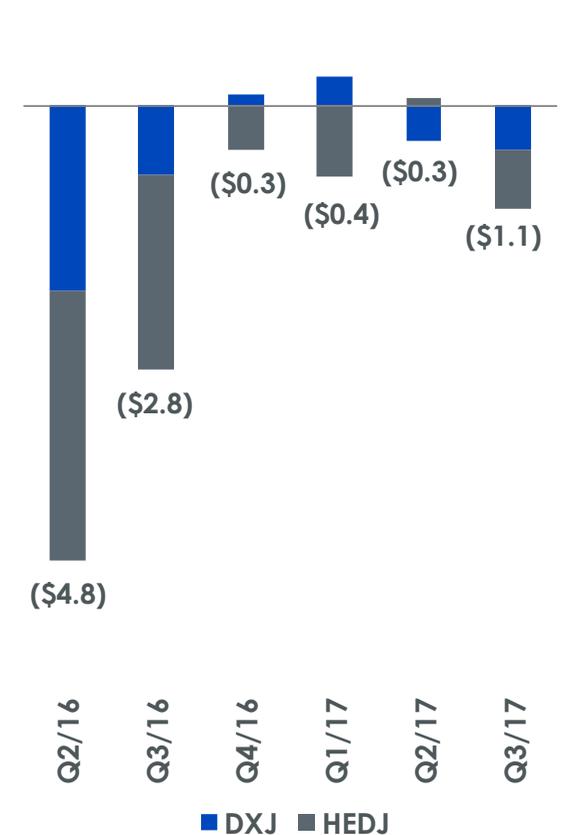
Q3/17 Net Inflows

(\$ millions)



DXJ / HEDJ Quarterly Flow Impact

(\$ billions)



Notable flow highlights

- + Strong demand for non-U.S. small caps with inflows of +\$139 million into DLS (International SmallCap Dividend), +\$122 million into DGS (Emerging Market SmallCap), +\$107 million in to DFE (Europe SmallCap Dividend), and +\$72 million into DFJ (Japan SmallCap Dividend)
- + Solid demand for emerging market strategies with +\$236 million driven by inflows into DGS (Emerging Market SmallCap Dividend, +\$122million), DEM (Emerging Markets High Dividend, +\$67 million), CXSE (China Ex-State Owned, +\$30 million), and XSOE (Emerging Market ex-State Owned, +\$20 million)
- + 10 U.S. listed ETFs across a broad range of strategies each had inflows of greater than \$25 million during the quarter (AGGY, CXSE, DEM, DFE, DFJ, DGS, DLS, DWM, PUTW, XMX)

Efforts to diversify and stabilize AUM continue to take hold

+ Assets in funds viewed as core/strategic holdings have grown from a low of 27% of total AUM during 2015 to 50% by 3Q17

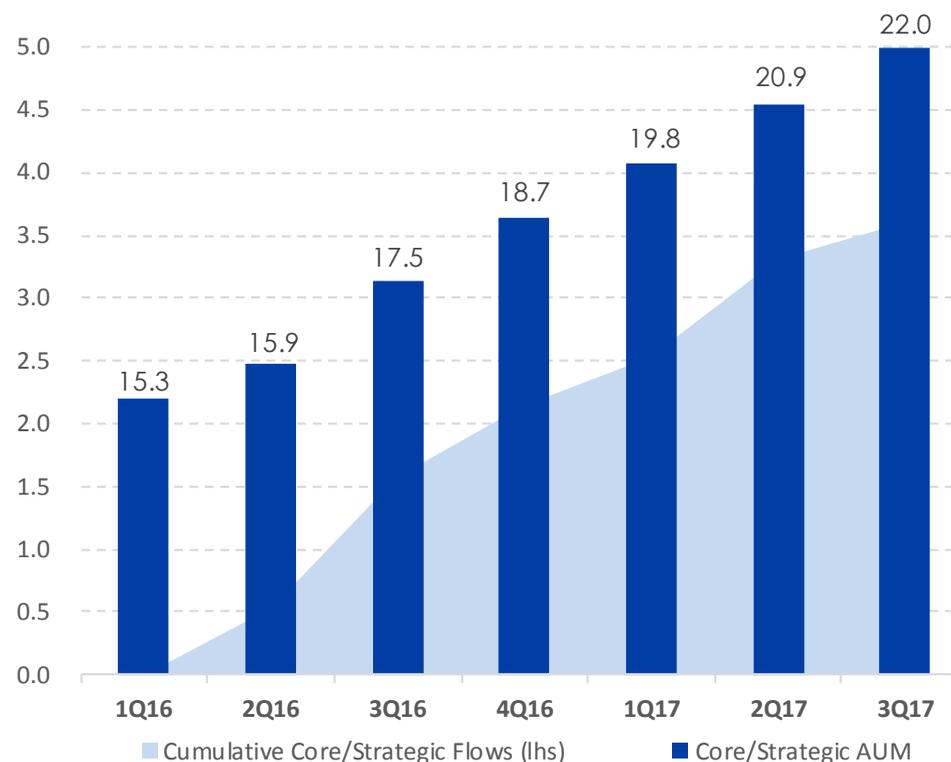
+ This group of funds generated inflows of more than \$3.6 billion since the start of 2016 representing 14% annualized organic growth

+ Represents 47 funds across a range of strategies and asset classes ⁽¹⁾

Core/Strategic AUM Growth

(\$ in billions)

Total AUM:	\$44.0	\$37.8	\$37.6	\$40.1	\$41.9	\$43.2	\$44.3
% of AUM:	35%	42%	47%	47%	47%	48%	50%



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

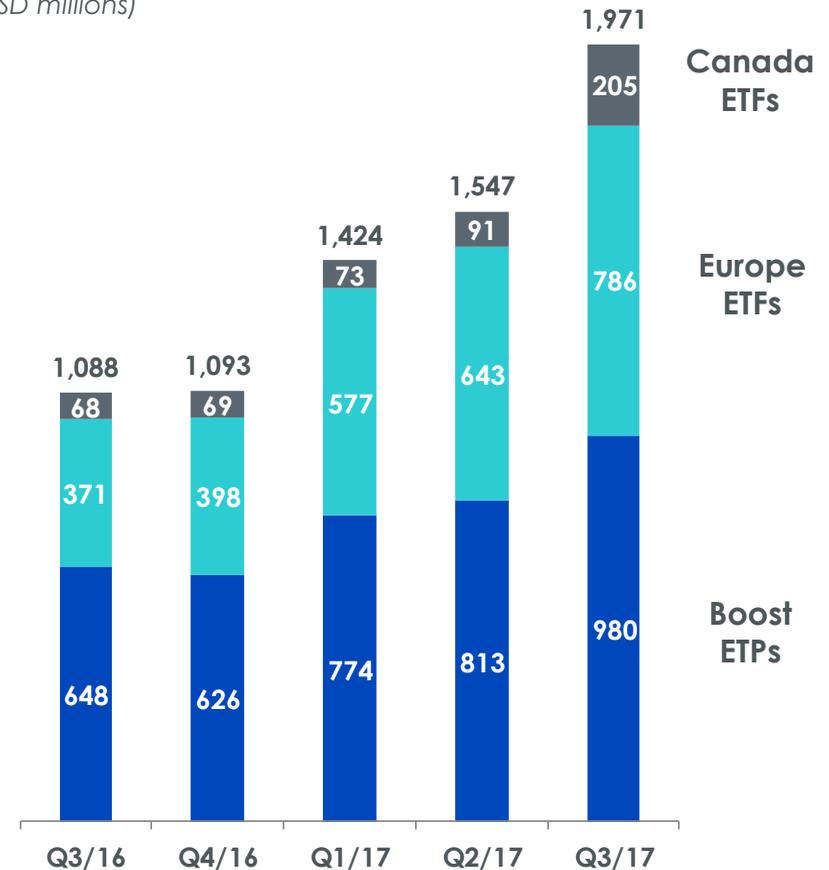
International Segment continues to scale

Key Highlights

- + International segment AUM growth of 27% during the quarter bringing 9M/17 growth to 80%.
- + Continued flow momentum with \$332 million Q3/17 inflows well balanced between Boost, UCITS, and Canada. Year-to-date international domiciled inflows total \$814 million through 9M/17.

International Segment AUM

(\$ USD millions)

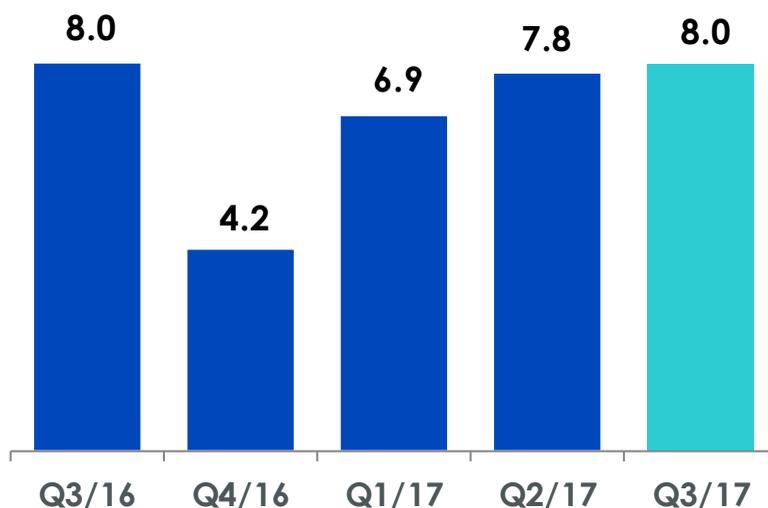


Adjusted net income up slightly

EPS, Net Income, Adjusted Net Income ⁽¹⁾

(\$ millions)

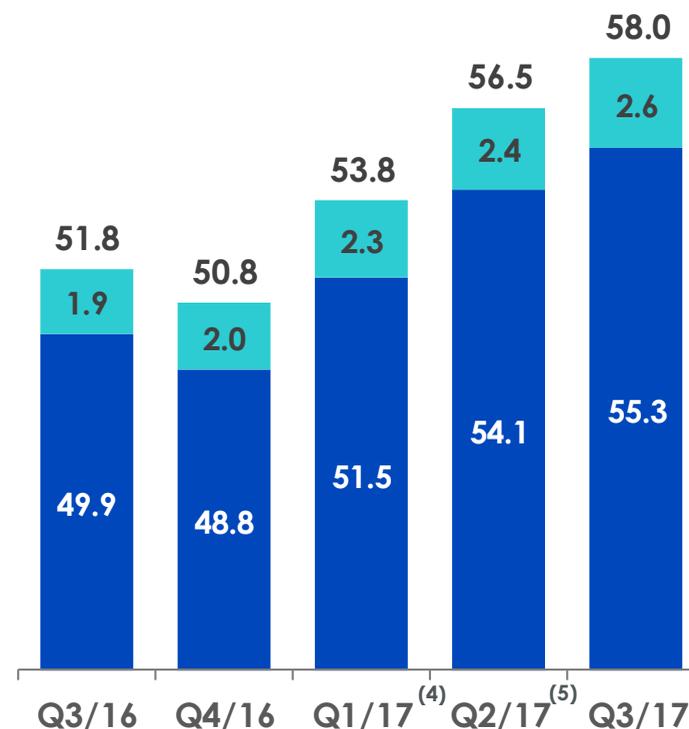
EPS:	\$0.06	\$0.02 ⁽²⁾	\$0.05	\$0.09 ⁽³⁾	\$0.06
Net Income:	8.0	2.5	6.9	12.1	8.0



Adjusted Net Income

Revenue

(\$ millions)



■ U.S. Segment ■ International Segment

(1) See "Non-GAAP Financial Measurements" (5) Excludes \$6.9 million settlement gain

(2) Includes \$0.01 goodwill impairment

(3) Includes \$0.03 settlement gain

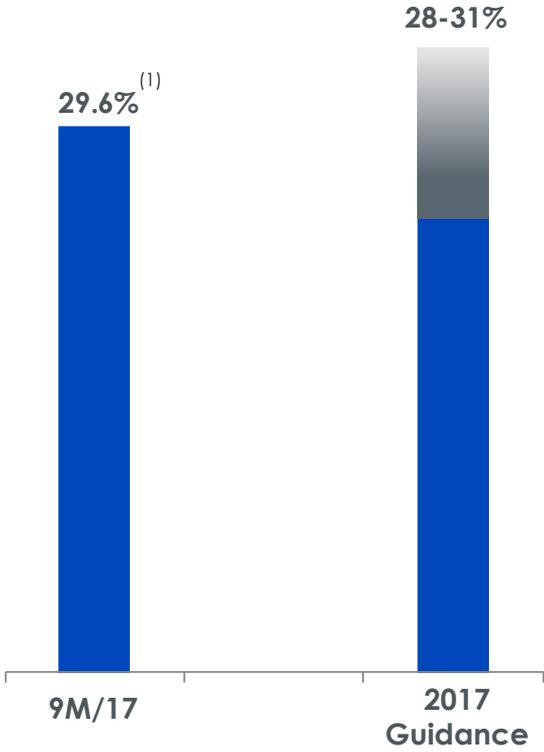
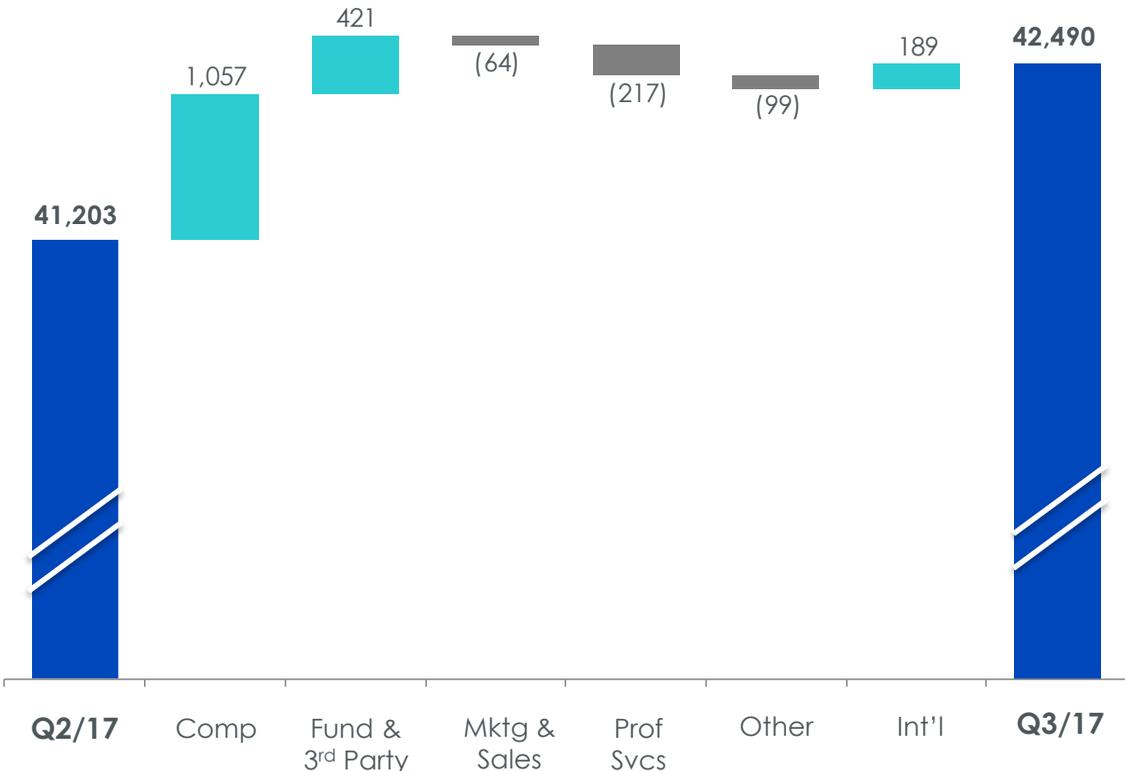
(4) Excludes \$0.8 million of non-recurring revenue

Q3 expenses driven higher by compensation and fund costs

Expense Base Change – Q2/17 to Q3/17

(\$ thousands)

Comp to Revenue Ratio – U.S.



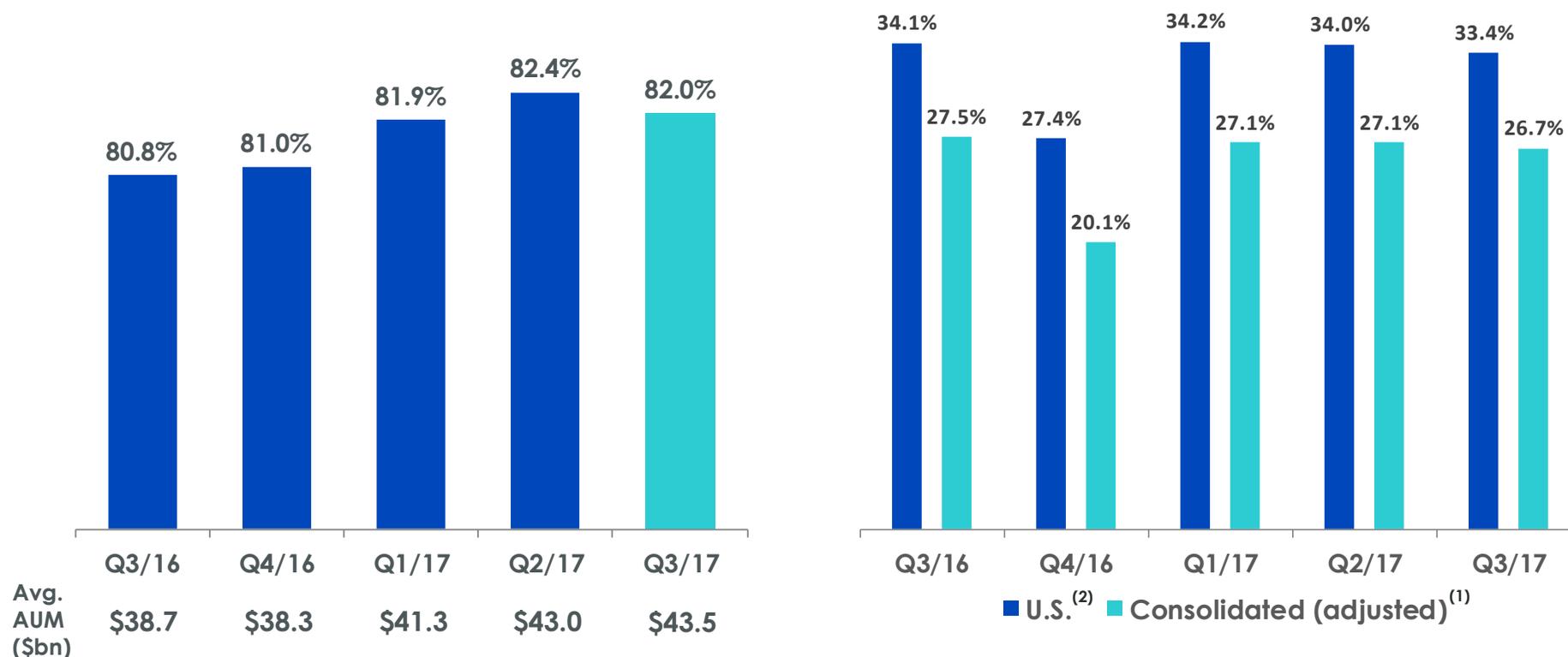
(1) Excludes impact of Q2/17 settlement gain

Margins down slightly due to compensation and fund costs

U.S. Business Gross Margin ⁽¹⁾

Pre-tax Margin

GAAP: 27.5% 16.8% 27.1% 35.0% 26.7%



(1) See "Non-GAAP Financial Measurements"

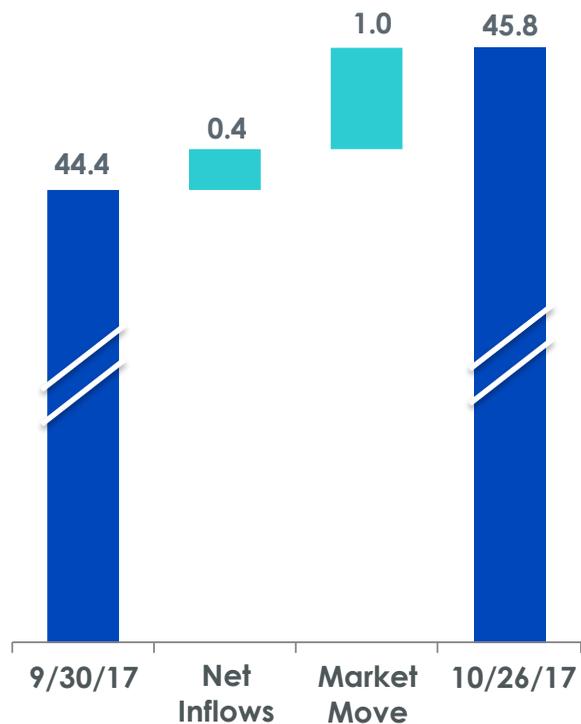
(2) U.S. margin in Q2/17 excludes \$6.9 million settlement gain

Q4/17 as of 10/26/17

Flow diversity has continued into Q4/17 with inflows into 31 funds across all 7 categories

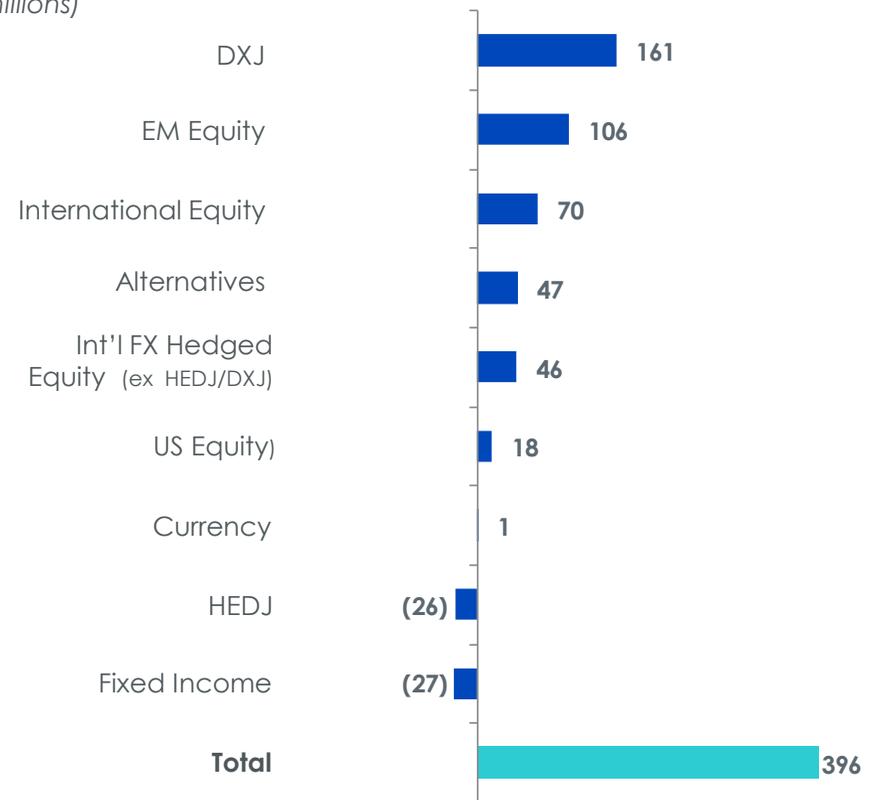
WisdomTree U.S. Listed AUM

(\$ billions)



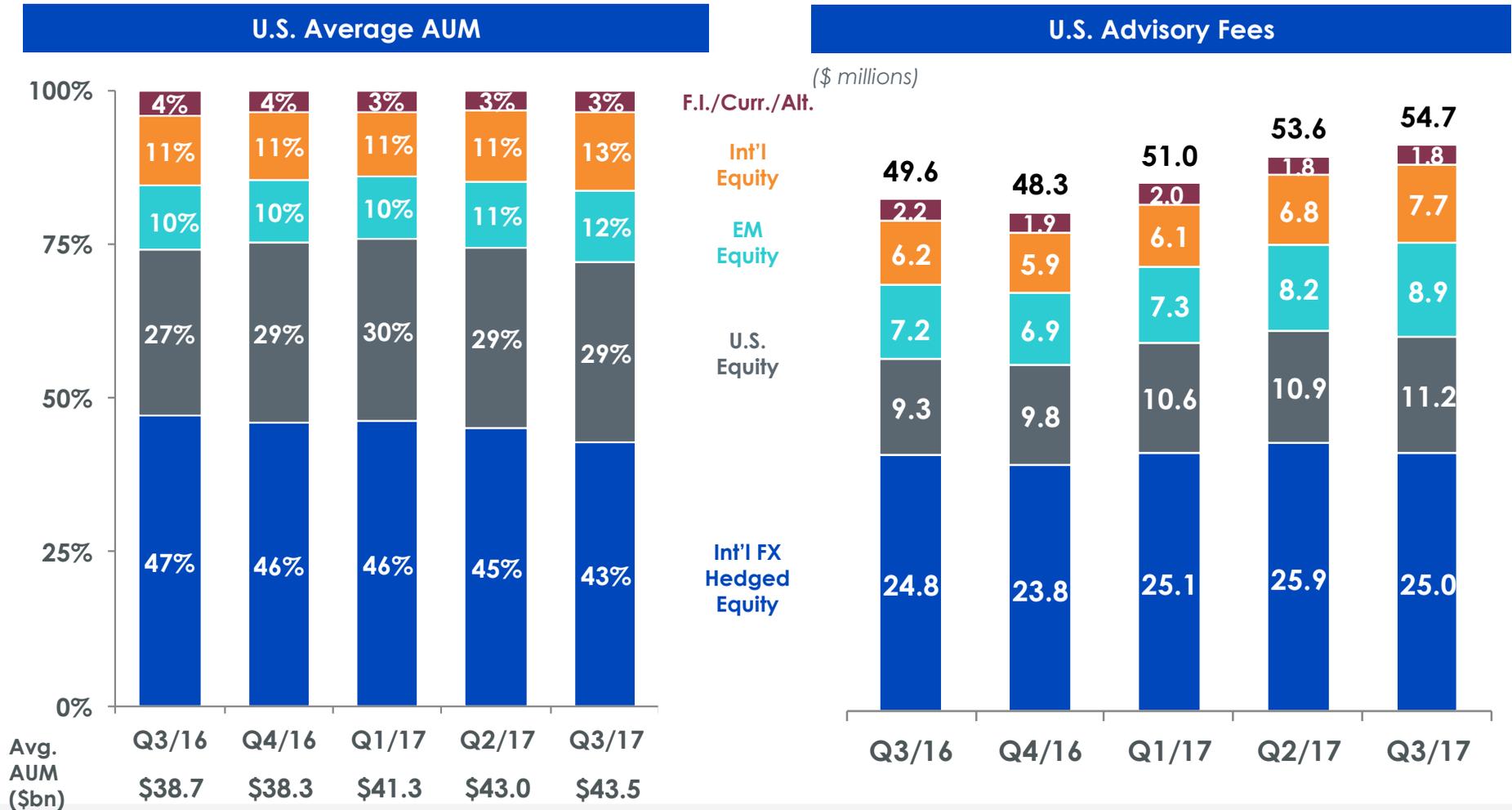
U.S. Net Inflows

(\$ millions)



Appendix

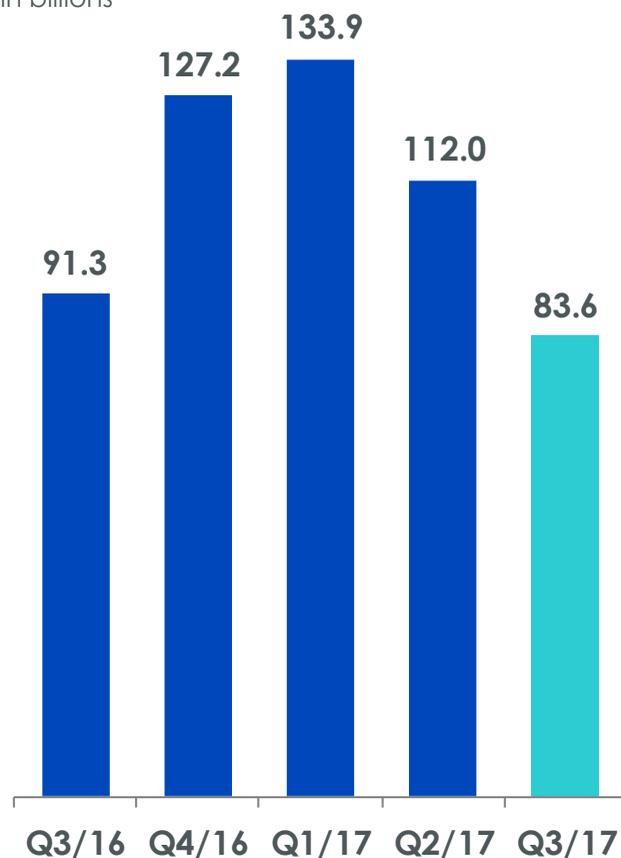
U.S. average AUM and advisory fees



U.S. listed ETF flows

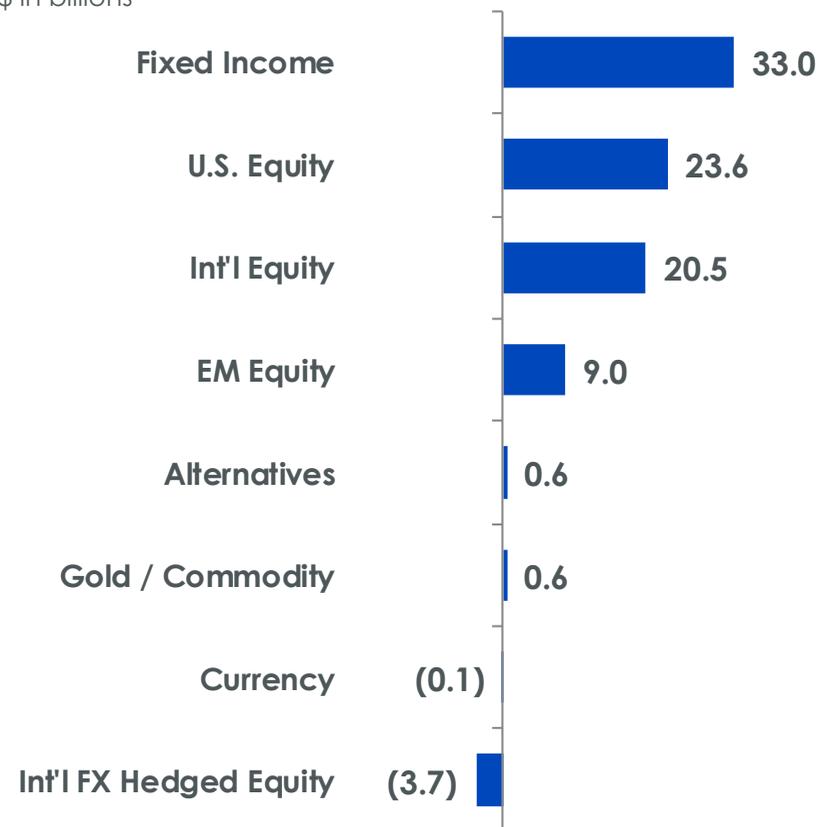
U.S. ETF Industry Net Inflows

\$ in billions



Net Inflows by Category Q3/17

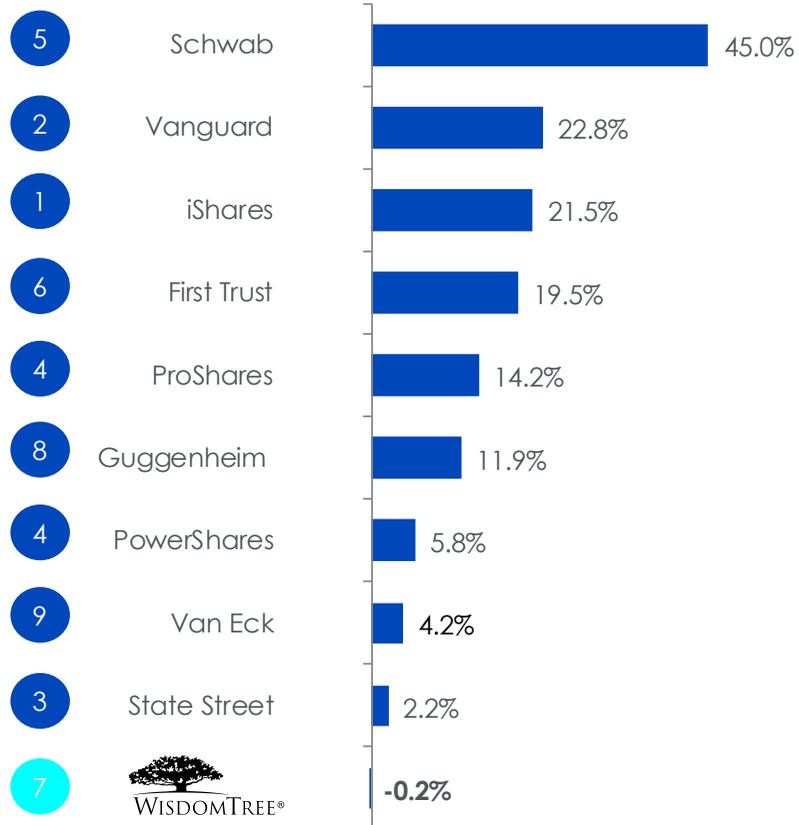
\$ in billions



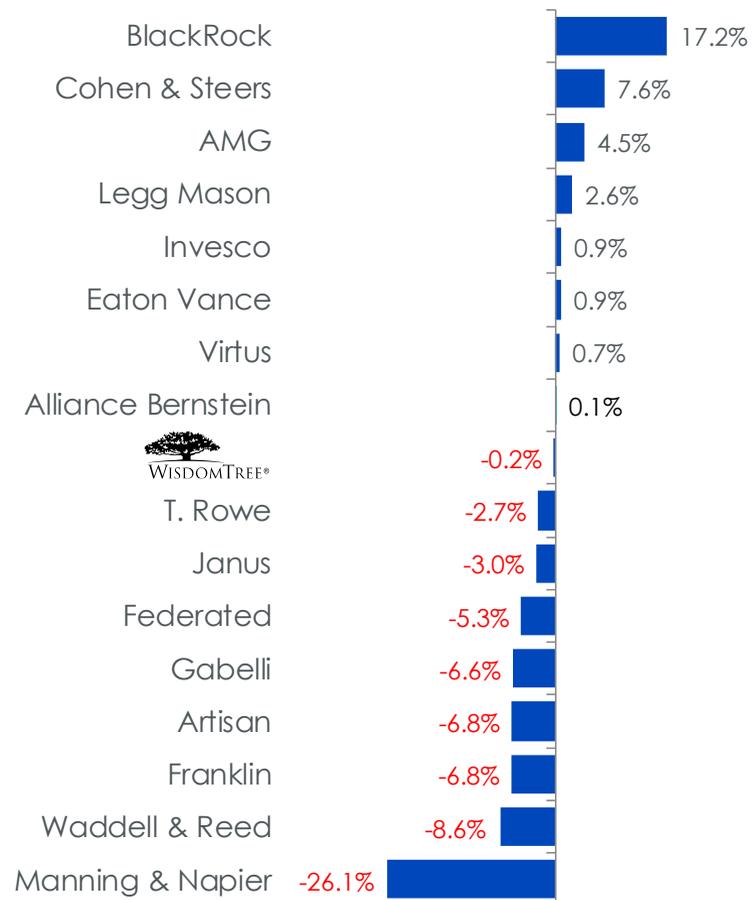
Organic growth

Top 10 U.S. ETF Sponsors 9M/17 Organic Growth ⁽¹⁾

AUM Rank



Public Asset Managers 9M/17 Organic Growth ⁽¹⁾



Source: Bloomberg, WisdomTree, Strategic Insight.

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

Excludes money market funds.

2017 Guidance Items

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

Estimated impact from stock-based comp tax changes

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

(shares and dollars in '000s)

	A	B	C	D = (C-B) x A	E	-D x E
<u>Vest Period</u>	<u># of Shares</u>	<u>Weighted Average Grant Date Price</u>	<u>Vest Date Stock Price (Illustrative)</u>	<u>Tax Shortfall</u>	<u>Tax Rate (Illustrative)</u>	<u>Increase to Tax Expense</u>
Q1 2017						\$1,039
Q2 2017						\$59
Q3 2017						\$248
Q4 2017	<u>2</u>	\$11.14	\$11.50	<u>\$1</u>	40%	<u>\$0</u>
2017						\$1,346
2018	1,078	\$12.89	\$11.50	(\$1,501)	40%	\$600

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

Balance Sheet

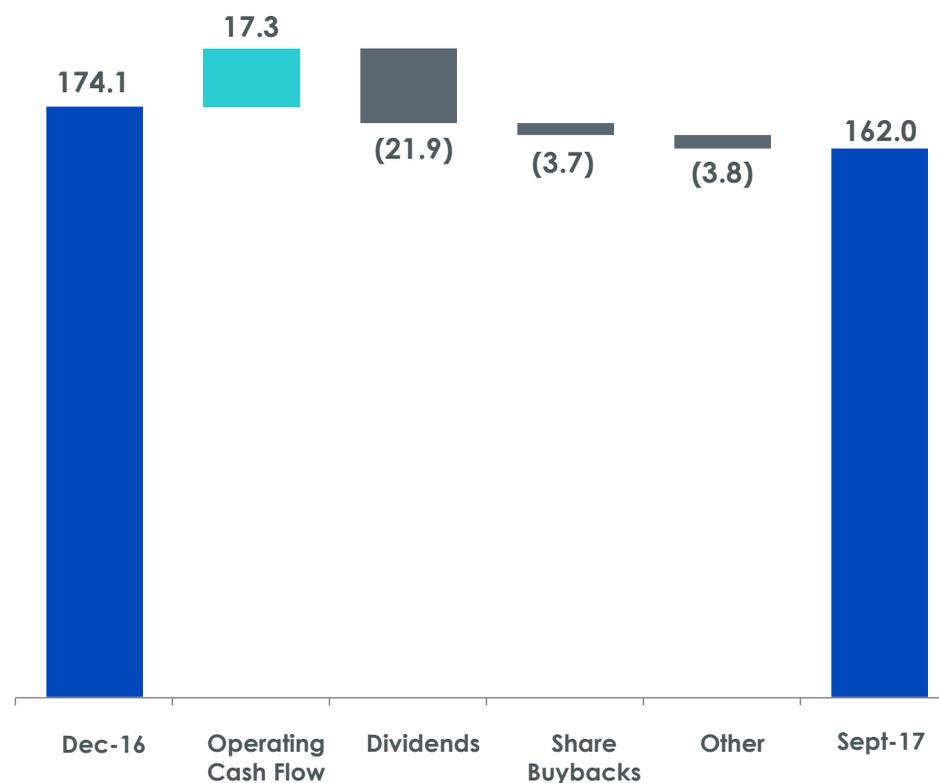
Balance Sheet

(\$ millions)

	June 30, 2017	Dec. 31, 2016
Assets		
Cash and securities ⁽¹⁾	\$162.0	\$174.1
Investments	31.9	20.0
Accounts receivable	19.7	17.7
Deferred tax asset, net	6.2	9.8
Fixed assets, net	11.0	11.7
Goodwill and intangibles	11.8	11.8
Other assets	5.0	4.7
Total assets	\$247.6	\$249.8
Liabilities		
Fund management and administration	\$14.4	\$13.6
Compensation and benefits	15.0	14.7
Accounts payable and other liabilities	10.5	15.4
Deferred rent	4.7	4.9
Total liabilities	44.6	48.5
Stockholders' equity	203.0	201.3
Total liabilities and stockholders' equity	\$247.6	\$249.8

9M/17 Change in Cash & Securities⁽¹⁾

(\$ millions)



(1) Includes \$68.4 million invested in short-duration fixed income securities classified as securities owned and \$23.3 million in securities held to maturity

Consolidated Financial Results

	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenues											
Advisory fees	\$ 59,869	\$ 81,320	\$ 80,520	\$ 76,235	\$ 60,615	\$ 55,931	\$ 51,553	\$ 50,366	\$ 53,262	\$ 56,114	\$ 57,574
Settlement gain										6,909	
Other income	272	239	233	254	263	50	236	432	1,337	405	412
Total revenues	60,141	81,559	80,753	76,489	60,878	55,981	51,789	50,798	54,599	63,428	57,986
Expenses											
Compensation and benefits	19,601	18,669	19,407	15,551	15,226	14,343	15,328	18,366	17,874	18,421	19,492
Fund management and administration	10,168	11,208	10,519	10,887	10,044	10,621	10,372	10,046	9,600	10,112	10,862
Marketing and advertising	3,076	3,628	3,573	3,094	3,832	4,566	3,600	3,645	3,537	3,825	3,314
Sales and business development	1,900	2,076	2,438	2,775	2,447	3,834	3,075	3,181	2,962	3,389	3,617
Professional and consulting fees	1,463	1,604	1,570	2,430	2,835	1,365	1,035	1,457	1,558	1,221	1,035
Occupancy, communications and equipment	918	943	1,183	1,255	1,222	1,241	1,469	1,279	1,353	1,371	1,378
Depreciation and amortization	220	223	253	310	316	330	332	327	337	352	353
Third party sharing arrangements	283	497	485	1,178	907	709	622	589	932	670	710
Acquisition payment	257	264	172	1,492	745	5,993	--	--	--	--	--
Goodwill impairment	--	--	--	--	--	--	--	1,676	--	--	--
Other	1,235	1,509	1,620	1,823	1,632	1,823	1,731	1,723	1,624	1,842	1,729
Total expenses	39,121	40,621	41,220	40,795	39,206	44,825	37,564	42,289	39,777	41,203	42,490
Income before taxes	21,020	40,938	39,533	35,694	21,672	11,156	14,225	8,509	14,822	22,225	15,496
Income tax (benefit)/expense	8,958	16,766	16,245	15,164	9,600	7,505	6,270	6,032	7,942	10,120	7,520
Net Income	<u>\$ 12,062</u>	<u>\$ 24,172</u>	<u>\$ 23,288</u>	<u>\$ 20,530</u>	<u>\$ 12,072</u>	<u>\$ 3,651</u>	<u>\$ 7,955</u>	<u>\$ 2,477</u>	<u>\$ 6,880</u>	<u>\$ 12,105</u>	<u>\$ 7,976</u>
Note:											
Stock-based compensation included above	\$ 2,344	\$ 2,608	\$ 2,926	\$ 3,022	\$ 3,503	\$ 3,767	\$ 3,822	\$ 3,800	\$ 3,421	\$ 3,530	\$ 3,607
Adjusted net income:											
Net income, as reported					\$ 3,651		\$ 2,477		\$ 12,105		
Add back acquisition contingent payment					5,993		-		-		
Add back goodwill impairment					-		1,676		-		
Subtract settlement gain, net of tax					-		-		(4,256)		
Adjusted net income					9,644		4,153		7,849		
Adjusted pretax income:											
Income before income taxes					11,156		8,509		22,225		
Add back acquisition contingent payment					5,993		-		-		
Add back goodwill impairment					-		1,676		-		
Subtract settlement gain, before income taxes					-		-		(6,909)		
Adjusted income before income taxes					17,149		10,185		15,316		

Segment Financial Results

U.S. Business Segment

U.S. Business Segment

	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Revenues					
Advisory fees	\$49,568	\$48,345	\$51,026	\$53,641	\$54,749
Settlement gain				6,909	
Other income	323	493	1,312	508	590
Total revenues	49,891	48,838	52,338	61,058	55,339
Expenses					
Compensation and benefits	13,416	15,798	15,070	15,910	16,967
Fund management and administration	8,866	8,611	8,327	8,782	9,168
Marketing and advertising	3,036	3,148	3,069	3,253	2,795
Sales and business development	2,881	3,046	2,610	2,824	3,218
Professional and consulting fees	823	1,118	1,322	1,013	796
Occupancy, communications and equipment	1,272	1,161	1,228	1,232	1,257
Depreciation and amortization	327	320	331	339	340
Third party sharing arrangements	622	589	927	670	705
Other	1,616	1,652	1,546	1,725	1,600
Total expenses	32,859	35,443	34,430	35,748	36,846
Income before taxes	\$17,032	\$13,395	\$17,908	\$25,310	\$18,493
Pre-tax margin	34.1%	27.4%	34.2%	41.5%	33.4%
Compensation ratio	26.9%	32.3%	28.8%	29.4% ⁽²⁾	30.7%
Gross Margin ⁽¹⁾	80.8%	81.0%	81.9%	82.4%	82.0%

International Business Segment

International Business Segment

	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Revenues					
Advisory fees	\$ 1,985	\$ 2,021	\$ 2,236	\$ 2,473	\$ 2,825
Settlement gain					
Other income	(87)	(61)	25	(103)	(178)
Total revenues	1,898	1,960	2,261	2,370	2,647
Expenses					
Compensation and benefits	1,912	2,568	2,804	2,511	2,525
Fund management and administration	1,506	1,435	1,273	1,330	1,694
Marketing and advertising	564	497	468	572	519
Sales and business development	194	135	352	565	399
Professional and consulting fees	212	339	236	208	239
Occupancy, communications and equipment	197	118	125	139	121
Depreciation and amortization	5	7	6	13	13
Third party sharing arrangements	--	--	5	--	5
Other	115	1,747	78	117	129
Total expenses	4,705	6,846	5,347	5,455	5,644
Loss before taxes	\$ (2,807)	\$ (4,886)	\$ (3,086)	\$ (3,085)	\$ (2,997)



(1) See "Non-GAAP Financial Measurements"

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

Key Operating Statistics

	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<u>AUM (end of period)</u>											
International Hedged Equity	\$33,925	\$39,222	\$34,608	\$33,311	\$25,140	\$18,798	\$17,270	\$18,752	\$19,112	\$19,031	\$18,766
U.S. Equity	9,748	9,245	8,247	8,603	8,966	9,766	10,698	11,996	12,402	12,782	13,053
International Developed Equity	4,323	4,829	4,394	4,525	4,653	4,184	4,334	4,152	4,561	5,134	5,875
Emerging Markets Equity	6,068	6,244	4,288	3,825	3,803	3,683	4,020	3,881	4,508	4,771	5,209
Fixed Income	904	956	794	799	828	790	597	534	585	632	640
Alternative Strategy	225	230	211	208	440	452	445	510	476	574	607
Currency	565	573	505	368	426	373	340	339	296	259	248
	\$55,758	\$61,299	\$53,047	\$51,639	\$44,256	\$38,046	\$37,704	\$40,164	\$41,940	\$43,183	\$44,398
Average ETF AUM	\$46,391	\$61,153	\$59,572	\$56,603	\$45,475	\$41,830	\$38,710	\$38,253	\$41,292	\$42,961	\$43,523
<u>Net Inflows / (Outflows)</u>											
U.S. Equity	\$294	(\$320)	(\$259)	(\$14)	(\$8)	\$500	\$759	\$609	\$221	\$258	(\$224)
Emerging Markets Equity	(165)	250	(1,013)	(418)	(171)	(160)	93	(41)	141	189	237
Alternative Strategy	17	14	(13)	(4)	5	(10)	5	72	(27)	97	34
Currency	(44)	7	(63)	(121)	65	(54)	(29)	(13)	(30)	(33)	(12)
International Developed Equity	188	497	21	(56)	160	(251)	(139)	(120)	102	311	434
Fixed Income	(210)	67	(85)	9	(14)	(47)	(204)	(35)	50	43	17
International Hedged Equity	13,440	6,083	751	(1,997)	(5,396)	(4,927)	(2,865)	(341)	(514)	(259)	(1,105)
Total	\$13,520	\$6,598	(\$661)	(\$2,601)	(\$5,359)	(\$4,949)	(\$2,380)	\$132	(\$58)	\$605	(\$619)
Average ETF Advisory Fee	0.52%	0.53%	0.53%	0.52%	0.52%	0.52%	0.51%	0.50%	0.50%	0.50%	0.50%
<u>Average Mix</u>											
International Hedged Equity	53%	63%	66%	66%	61%	54%	47%	46%	46%	45%	43%
U.S. Equity	21%	16%	15%	16%	18%	22%	27%	29%	30%	29%	29%
International Developed Equity	9%	8%	8%	8%	9%	11%	11%	11%	11%	11%	13%
Emerging Markets Equity	14%	10%	9%	7%	8%	9%	11%	10%	10%	11%	12%
Fixed Income	2%	2%	1%	2%	2%	2%	2%	2%	1%	1%	1%
Currency	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Alternative Strategy	0%	0%	0%	0%	1%	1%	1%	1%	1%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
# of ETFs	70	75	79	86	93	99	93	94	88	90	87
<u>European Listed ETPs: (in thousands)</u>											
AUM (end of period)	\$288,801	\$384,089	\$431,259	\$437,934	\$488,069	\$560,063	\$647,497	\$626,280	\$774,487	\$812,604	\$979,608
Net Inflows	\$145,381	\$50,331	\$191,044	\$153,023	\$123,461	\$20,578	\$92,045	(\$38,214)	\$160,327	\$102,783	\$129,742
Average Advisory Fee	0.81%	0.82%	0.83%	0.85%	0.84%	0.84%	0.82%	0.80%	0.79%	0.78%	0.77%
<u>Total UCITS ETFs: (in thousands)</u>											
AUM (end of period)	\$45,846	\$228,588	\$264,452	\$335,938	\$396,901	\$391,900	\$371,307	\$398,015	\$576,503	\$643,199	\$785,899
Net Inflows	\$28,851	\$144,234	\$62,217	\$52,271	\$71,440	\$26,931	(\$58,908)	\$12,442	\$159,774	\$44,022	\$105,504
Average Advisory Fee	0.40%	0.44%	0.45%	0.45%	0.47%	0.46%	0.44%	0.42%	0.43%	0.44%	0.44%
<u>Total Canada ETFs: (in thousands)</u>											
AUM (end of period)							68,427	68,618	72,927	91,490	205,469
Net Inflows							68,531	3	(2)	15,280	96,745
Average Advisory Fee							0.51%	0.52%	0.46%	0.42%	0.28%
U.S. Headcount	109	118	132	143	153	157	159	163	163	166	165
Non-U.S. Headcount	27	28	29	34	38	47	43	46	47	46	43

Non-GAAP Financial Measurements

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

- *Gross margin and gross margin percentage (U.S. Business segment).* We disclose our gross margins and gross margin percentage for our U.S. Business segment separately from the start up stage of our international businesses (Europe and Canada) to allow investors to better understand and track the performance and operating efficiency of our core U.S. operations, which make up the vast majority of our operating and financial results. We disclose U.S. Business segment gross margin, which we define as U.S. advisory fees less U.S. fund management and administration expenses and U.S. third-party sharing arrangements, and U.S. Business segment gross margin percentage as non-GAAP financial measurements because we believe they provide investors with a consistent way to analyze the amount we retain after paying third party service providers to operate our ETPs and third party marketing agents whose fees are associated with our AUM level. Management tracks gross margin and gross margin percentage to analyze the profitability of our products.
- *Consolidated and U.S. Business segment operating results and pre-tax margin for the second quarter of 2017 excluding a pre-tax gain of \$6.9 million (or \$4.3 million after-tax) associated with the settlement of a dispute with a third party.* We exclude this gain when analyzing our results as it is a one-time, non-recurring item and not core to our operating business.
- *Operating results for the fourth quarter of 2016 excluding a \$1.7 million goodwill impairment charge.* We exclude this charge, which is not deductible for tax purposes, when analyzing our results as it is a one-time, non-recurring charge and not core to our operating business.

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

(in thousands)
(Unaudited)

	Three Months Ended				
	Sept. 30, 2017	June 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Gross Margin and Gross Margin Percentage (U.S. Listed Business):					
Advisory Fees.....	\$54,749	\$53,641	\$51,026	\$48,345	\$49,568
Less: Fund management and administration.....	(9,168)	(8,782)	(8,327)	(8,611)	(8,866)
Less: Third-party sharing arrangements.....	(705)	(670)	(927)	(589)	(622)
U.S. Gross margin.....	<u>\$44,876</u>	<u>\$44,189</u>	<u>\$41,772</u>	<u>\$39,145</u>	<u>\$40,080</u>
U.S. Gross margin percentage.....	<u>82.0%</u>	<u>82.4%</u>	<u>81.9%</u>	<u>81.0%</u>	<u>80.8%</u>
Adjusted net income and diluted earnings per share:					
Net income, as reported.....		\$12,105		\$ 2,477	
Add back: Goodwill impairment.....				1,676	
Add back: Acquisition payment.....					
Subtract: Settlement gain.....		(4,256)			
Adjusted net income.....		7,849		4,153	
Weighted average common share - diluted.....		135,574		135,373	
Adjusted net income per share - diluted.....		\$0.06		\$0.03	
Adjusted pre-tax margin:					
Income before income taxes.....		\$22,225		\$ 8,509	
Add back: Goodwill impairment.....				1,676	
Add back: Acquisition payment.....					
Subtract: Settlement gain, before income taxes.....		(6,909)			
Adjusted income before income taxes.....		15,316		10,185	
Total revenues.....		63,428		50,798	
Subtract: Settlement gain, before income taxes.....		(6,909)			
Adjusted revenues.....		56,519			
Adjusted pretax margin.....		27.1%		20.1%	
Adjusted pre-tax Margin (U.S. Business Segment):					
Total revenues.....		61,058			
Subtract: Settlement gain, before income taxes.....		(6,909)			
Adjusted revenues.....		54,149			
Income before income taxes.....		25,310			
Subtract: Settlement gain, before income taxes.....		(6,909)			
Adjusted net income before income taxes.....		18,401			
Adjusted pre-tax margin.....		34.0%			

Historical Statistics – U.S.

	U.S. Net Inflows		Market Share	Market Movement (in millions)	AUM (in millions)
	Industry (in billions)	WisdomTree (in millions)			
2006	\$74.0	\$1,408	1.9%	\$116	1,523
2007	\$150.6	2,961	2.0%	74	4,559
2008	\$177.2	907	0.5%	(2,286)	3,180
2009	\$116.5	1,774	1.5%	1,025	5,979
2010	\$118.0	3,135	2.7%	777	9,891
2011	\$117.6	3,898	3.3%	(1,607)	12,182
2012	\$185.4	4,732	2.6%	1,372	18,286
2013	\$179.9	14,323	8.0%	2,275	34,884
2014	\$240.7	5,076	2.1%	(679)	39,281
2015	\$230.9	16,856	7.3%	(4,273)	51,864
2016	\$283.3	(12,556)	nm	856	40,164
'17 YTD	\$328.1	(72)	nm	4,306	44,398
Total	\$2,202.2	\$42,442	1.9%	\$1,957	

Source: ICI, Bloomberg, WisdomTree. YTD through 9/30/17