

WisdomTree, Inc.
Q3 2024 Earnings Call
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Presenters

Jeremy Campbell, Head of Investor Relations
Bryan Edmiston, Chief Financial Officer
Jarrett Lilien, President & Chief Operating Officer
Jonathan Steinberg, Chief Executive Officer
Jeremy Schwartz, Chief Investment Officer
Will Peck, Head of Digital Assets

Q&A Participants

Brennan Hawken - UBS
George Sutton - Craig-Hallum
Michael Cyprys - Morgan Stanley
Mike Grondahl - Northland Securities

Operator

Greetings, and welcome to the WisdomTree Third Quarter 2024 Earnings Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. If anyone should require operator assistance during the call, please press star, zero, on your telephone keypad. As a reminder, this conference is being recorded.

It is now my pleasure to introduce Jeremy Campbell, Head of Investor Relations. Thank you, Jeremy. You may begin.

Jeremy Campbell

Good morning. Before we begin, I would like to reference our legal disclaimer available in today's presentation. This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. A number of factors could cause actual results to differ materially from the results discussed in forward-leading statements, including, but not limited to, the risks set forth in the presentation, in the risk factors section of WisdomTree's annual report on form 10-K, for the year ended 12/31/2023, 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 statement.

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

Bryan Edmiston

Thank you, Jeremy, and good morning, everyone. I'll be covering our third quarter results along with commentary on our forward-looking guidance, before turning the call over to Jarrett and

Jono for additional updates on our business. We ended the quarter with record AUM of \$112.6 billion, notwithstanding the \$2.4 billion of outflows we observed during the third quarter. The outflows were largely from our currency hedged Japan product, DXJ, our floating rate treasury product, USFR, and tactical commodity trading. While flows proved to be a headwind this quarter, favorable market conditions ultimately drove our AUM higher and to record levels.

We also remained very active on the capital management front. Over the last year and a half, we've delivered highly accretive transactions, including the retirement of our gold royalty obligation and the repurchase of preferred stocks in the World Gold Council, which was accomplished on favorable terms. During this quarter, we repurchased preferred stock convertible into 14.75 million shares of common stock from ETFs Capital for \$144 million or \$9.75 per share. This transaction had no restrictions and has no impact on ETFs Capital's voting threshold, which remains at approximately 10% of shares outstanding.

Our decision to pursue this repurchase was preconditioned on our ability to achieve an accretive outcome. This required us to raise financing through the issuance of new convertible notes and afforded us the opportunity to retire a substantial portion of our notes maturing in 2028, which we're currently in the money. We also repurchased 5.7 million shares of our common stock in connection with the raise.

Taken altogether, we raised an incremental \$240 million of convertible notes, while reducing the interest rate from 5.75% to 3.25% and increasing the conversion price from \$9.54 to \$11.82. The proceeds from the financing were used to reduce our diluted shares by approximately \$20 million and ultimately led to a 9% accretive transaction. Our record AUM continues to drive revenue growth and expanding margins, while capital management actions further accelerate EPS growth.

Next slide. Our adjusted revenues were \$109.4 million during the quarter, an increase of 2.3% from the second quarter and up approximately 20.5% versus the prior year quarter, driven by higher average AUM. The comparison versus the prior year quarter also includes higher other revenues attributable to our European listed products, which have grown meaningfully and represents substantial revenue capture away from the expense ratio, providing further revenue diversification.

On a year-to-date basis, our adjusted revenues have grown over 20% and our adjusted operating margin was 34.3%, representing expansion of over 820 basis points versus the prior year, or 590 basis points organically when adjusting for the impact of our gold royalty buyout, which was accomplished in May of last year. Our adjusted net income for the quarter was \$28.8 million or \$0.18 per share.

Next slide. Now, a few comments on our forecasted guidance. Our discretionary spending was \$45.4 million year-to-date. We are narrowing our full-year discretionary spending guidance to range from \$62 million to \$65 million, previously \$64 million to \$68 million. The range considers

fourth quarter seasonality and is also largely dependent on the magnitude of marketing spend associated with WisdomTree Prime over the remainder of the year.

Our annual adjusted interest expense guidance is being updated to be approximately \$16 million, previously \$14 million, due to the incremental debt raised to facilitate the repurchase of preferred stock from ETFs Capital, as well as the repurchase of five million shares of common stock as well. Our adjusted interest expense run rate should be about \$5 million per quarter, which, as a reminder, excludes interest costs we are required to impute under GAAP related to our interest-free financing of the shares we purchase from the World Gold Council last November.

Our interest income year-to-date was \$4.6 million, and we are updating our interest income guidance for the year to be about \$6 million, previously \$5 million, based upon the magnitude of our forecasted interest earning assets. And our weighted average diluted shares were 156.7 million during the third quarter. We anticipate our weighted average diluted shares to be 147 million to 148 million in the fourth quarter, taking into consideration the full quarter impact of the 20 million shares repurchased in August.

As a reminder, this guidance does not take into consideration any variability in shares associated with our convertible notes. Our compensation, gross margin, third-party distribution and tax guidance remains unchanged from last quarter.

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

Jarrett Lilien

Thank you, Bryan, and good morning, everyone. As Bryan noted, the third quarter was driven by falling interest rates, a weaker dollar, profit taking in commodities and typical summer seasonality, which weighed on our net flows. However, despite these headwinds, we made meaningful progress across several fronts and ended the quarter at record levels.

During the quarter, we achieved record AUM of \$113 billion, highlighting the sturdiness of our business model and the strength of our product offering. Our disciplined execution and years of smart management are paying off, as we also recorded our highest revenue figures to date and continued expanding our operating margins. Scale benefits and cost discipline helped us deliver over 800 basis points of operating margin expansion compared to the same period last year. This margin growth coupled with strategic actions such as the issuance of the convertible note and the simultaneous stock buyback that Bryan mentioned, significantly boosted shareholder value. This transaction alone resulted in a 9% boost to earnings versus prior forecast.

Overall, our focus on growth, margin expansion, smart capital management and strategic growth initiatives help drive an 80% increase in earnings versus the year ago period. Looking ahead, we remain optimistic about our global product suite and our alignment with key secular growth drivers in both wealth and asset management. One of those secular drivers is our models

business, driven by continued demand for flexible and efficient portfolio solutions. We continue to expand our accessible market with a number of advisors able to access our models set to grow from 70,000 to 85,000 in the coming weeks.

In addition to expanding our reach, deepening penetration within the existing advisor base remains a priority. The number of advisors actively using at least one of our models grew to more than 2,500 this quarter, reflecting steady progress. There's still ample room for growth in building stronger relationships and broadening adoption continue to be key objectives. By fostering these deeper relationships, we are enhancing asset retention and generating more predictable higher quality revenue streams.

In summary, despite market dynamics and seasonality, this was a strong quarter, achieving record AUM, expanding margins, and delivering robust earnings growth. As we move forward, we will continue to align with key secular growth drivers, and we will continue to leverage our scalable model and exercise disciplined expense and capital management.

I'll now turn it over to Jono to share more about our strategic initiatives.

Jonathan Steinberg

Thank you, Jarrett. Good morning, everyone, and thank you for joining us. I'm pleased to share WisdomTree's third quarter results and provide an update on the progress we've made. As already discussed, we generated strong earnings this quarter. And while the market has its challenges, we remain confident in our positioning and the steps we are taking to shape the future. Our assets under management reached a record \$113 billion. Our operating margin expanded by 800 basis points to a 37.3% operating margin in the quarter, and we saw earnings per share grow by 80% year-over-year.

These results underscore our disciplined execution and the strength of our business model. While today's call reflects strong financial performance, I want to focus on an area that we believe will be transformative for WisdomTree in the future, tokenization. We are positioning ourselves as an early mover in this space and our strategy is anchored around three distinct platforms, WisdomTree Prime, WisdomTree Connect and both are built on top of our third, the token issuance platform.

Let's start with an update on WisdomTree Prime, our direct to retail platform. Many of you are already familiar with Prime, which is designed to bring blockchain enabled finance directly to consumers. We are on-track to make Prime available across the US by year end, and we're continuing to build momentum by adding valuable features to enhance the user experience.

For example, we recently launched dynamic spending, functionality that allows customers to spend directly from their money market fund balances via a debit card. This is just the beginning. We are planning to expand dynamic spending to other asset classes soon and our product roadmap is robust with several exciting updates on the horizon.

Now, let me introduce a newer component to our tokenization vision, WisdomTree Connect. The vision for WisdomTree Connect is to enable customers over time to interact with any WisdomTree issued token in any wallet across supported blockchains. WisdomTree Connect marks the first time WisdomTree digital funds will be available directly to clients with their own wallet infrastructure, including businesses and other institutional users. WisdomTree Connect is our business-to-business platform for tokenized product distribution, but also sets WisdomTree up to serve many other use cases in the future. We announced WisdomTree Connect just a few weeks ago, and I'm happy to report that it is now live and is already onboarding institutional users.

Finally, let's talk about our infrastructure that underlies these customer-facing platforms, our token issuance platform. This platform represents our ability to tokenize a broad range of product either for ourselves or on behalf of others. The vertical integration of our tech stack is a key advantage, allowing us to expand our blockchain enable product suite without relying on external partners. Looking ahead, the token issuance platform could open up additional growth opportunities for WisdomTree, whether through tokenization as a service or other ancillary revenue streams. We see significant potential in these three platforms as we continue to scale and innovate to meet the needs of this exciting emerging opportunity.

Together, WisdomTree Prime, WisdomTree Connect, and the token issuance platform form the backbone of our tokenization strategy. While we aren't disclosing every initiative because of competitive considerations, I want to emphasize that we are making substantial progress behind the scenes. The optionality embedded in these platforms is considerable, and we believe they will create meaningful revenue opportunities.

Looking ahead, we remain optimistic. The steps we are taking now are laying a foundation for sustainable growth long-term. With our tokenization strategy in place, along with our ongoing focus on innovation and customer-centric product development in the global ETF industry, we believe WisdomTree is particularly well-positioned to capitalize on the evolving financial landscape.

Thank you. Operator, please turn the call over to our Head of Investor Relations Jeremy Campbell to take some questions from our shareholders.

Jeremy Campbell

All right. Thanks, Jono, and good morning, everybody. Similar to prior quarters, we're going to take a couple questions from retailer shareholders and then open it up to the analyst community on the lines. So I'm going to direct this first question to Jeremy Schwartz, our global CIO. And question for Jeremy is, what are the implications of the election on your broad market outlook for the next year and WisdomTree's product suite in particular?

Jeremy Schwartz

All right, Jeremy, very good question. The most topical things around the election and the current market I think center on three core issues. One, first, the US markets look more expensive than normal and that implies a little bit lower forward-looking returns than they've experienced. You had debt and deficits abound and all forecasts regardless of the election outcomes say we still have a lot of debt issuance and there are sustainability questions around that and how do countries manage these kind of debt loads and deficits? Well, it tends to be inflation and people countries tend to inflate away debt.

So there's no question investors are looking for assets that protect from inflation, especially right now. And with deficit concerns, you want less exposure to the long end of the bond market. The book I co-authored with Professor Siegel, *Stocks for the Long Run*, shows why we think stocks are the ultimate inflation hedge as companies pass along higher input costs for higher prices, so stocks we see as real assets and the ultimate real asset, but commodities in our book of commodity business like gold, you see that moving substantially higher this year, is proving a very useful inflation hedge with all the extra geopolitical conflicts we have around the world and the debt concerns and the inflation concerns. We see clients still under allocated to commodities at large and we have opportunities to grow that space globally.

But at a high level, I love our positioning of our AUM and revenue breakdown, given those three central considerations for the market, particularly when you think about a standard 60-40 stock bond portfolio for the markets at large. Our run rate revenues now, 70% global stocks, 20% commodities, a little bit less than 10% fixed income skewed to short duration solutions, which is very attractive given that market cycle and the market backdrop.

And on valuations, while the S&P's 22 times earnings, the US is definitely the best growth market in the world, higher multiples, bring higher risk of disappointment. When you look at our \$60 billion in equities that we manage, we have an aggregate P (ph) ratio of just 16 times earnings across that \$60 billion and that's a 6.5% earnings yield versus something like 4.6% for the S&P 500. That's a quite attractive value proposition for our equity book of business.

On fixed income, after the Fed cut 50 basis points, there's a lot of commentary about adding to duration. Our economics team advised that was wrong. The yield curve remains inverted. That is not its natural state. We do not think the inversion will last forever. Our senior economist, again, Professor Siegel, has said the 10-year should become un-inverted and move closer to 4.5% to 5%. And so while we diversified our fixed income exposures as a firm, we've had more launches, innovative interesting solutions to add duration. We're also quite happy with the exposures that we have and where our book of business is today.

We see the \$6 trillion money market funds still growing. We see a compelling case for them to keep growing. Banks don't pay you appropriate interest rates on the vast majority of their client accounts. So there's opportunities still to grow USFR, our floating rate treasury TF. It's been a compelling solution for advisors who want to earn better returns in their cash.

And you heard Jono talk about the debit card. That is also quite an exciting technology we could leverage across our client base spending off of higher earning assets. So that's also quite exciting. But in summarizing, for the election, for the current backdrop, we think we're very well-positioned to address all the client needs looking ahead.

Jeremy Campbell

Great. Thanks, Jeremy. I'm going to direct this next question to our President and COO, Jarrett Lilien. Jarrett, the question is can WisdomTree still expand operating margins from current levels?

Jarrett Lilien

Yeah, thanks. Look, operating margins are something that we pay close attention to, and we think we have years of margin expansion ahead of us. And that is due to our confidence in growth, but coupled with our high incremental margins which are over 50%. And our confidence in growth stems from having a really broad and deep product set, product suite that we feel can win business in any market environment, but then just jumping on to what Jeremy was just talking about, our outlook for the markets seems to fit extremely well with our product suite.

And then we've got our models business. That provides steady and sticky flows, our leadership in tokenization. So we have all of these growth initiatives that give us a lot of confidence in continued growth. And again, you take strong growth prospects, you couple those with high incremental margins and smart management and the result is, again, our confidence in margin growth that will continue to expand for the next several years.

Jeremy Campbell

Great. Thanks, Jarrett. Operator, please feel free to open up the lines to field some questions from our analysts.

Operator

Thank you. We'll now be conducting a question and answer session. If you would like to ask a question, please press star, one, on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two, to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys.

Our first questions come from the line of Brennan Hawken with UBS. Please proceed with your questions.

Brennan Hawken

Good morning. Thanks for taking my question. Interesting to see the expansion that you laid out on Prime. I don't think that you've indicated this in the past, but may maybe as you continue to expand the use cases, we can get a little greater color into what kind of impact, the Prime investments are having on the P&L. What's a rough approximation for annual spend on this continued development?

Jonathan Steinberg

Bryan, do you want to take this?

Bryan Edmiston

Yes. Our forecast, they were forecasted to be low in the low to mid-20s for this year, Brennan.

Brennan Hawken

OK. OK. Got it. I think that's up from a few years ago where I want to say it was like high-teens or--

Bryan Edmiston

It was high teens. Correct. That's right.

Brennan Hawken

Yeah, yeah. OK. Great. Thanks. And then, do you guys have any stats or indications -- of course it's too early for the new B2B, but the consumer platform's been out there for a few years now. What statistics can you share, that would suggest the take up rate and where consumers are and how it's resonating so that we can understand what the ROI has been on this?

Jonathan Steinberg

Thanks, Brennan. So as we said, I think on last call, we'll update our statistics on digital asset on Q4 as we give guidance for the year ahead and we will establish a baseline on digital assets. And though we began rolling out Prime about a year ago, it's still only in something like 85% of the country. So it has been a challenging regulatory environment to roll this out, so it has taken longer than we anticipated. To that earlier question about the elections, we do think the upcoming election will be constructive for the development of digital assets going forward, regardless of who wins, maybe particularly if Trump wins, but regardless of who wins, and so we'll give you more guidance on the next call.

Brennan Hawken

OK. Didn't mean to try to front run there. And yeah, to that point, Jono, I saw it's available in New York. I just downloaded this morning, so looking forward to checking it out. Thanks.

Jonathan Steinberg

Good. Thank you. Appreciate it.

Operator

Thank you. Our next questions come from the line of George Sutton with Craig-Hallum. Please proceed with your questions.

George Sutton

Thank you. I'm a WisdomTree Prime user here in Minnesota. So I wondered if Jarrett could answer relative to what will soon be 85,000 advisors, what is currently 2,500 of those advisors using your models? Can you just talk about what is the midterm expectation for where that penetration can grow. You've talked about trillions of dollars sort of being exposed as opportunity there. Just want to get a sense of what you're thinking more in a midterm basis.

Jarrett Lilien

Yeah, this is Jarrett. So you put your finger on it. We've been focused on a couple of things, growing that accessible market and actually, it's grown bigger. We've had some nice wins there. We had been talking about that being 70,000 and now we've got that to 85,000. And actually, I think that will continue to grow as well, but the rubber really hits the road with our penetration. And last year, we added 1,000 advisors, and I think that's a reasonable baseline. I'd hope we could actually do better than that as we get sort of better at onboarding.

But as I've talked about many times before, there are really multiple wins. You first have to win to get yourself on the platform and then you need to really go into hand-to-hand combat and win each advisor. So we've had great success with those first wins getting on the platforms and now we're also having success with that hand-to-hand combat. So there's momentum building, but I think a baseline expectation, you could use 1,000 a year.

Jonathan Steinberg

But I will say that we recently added an expanded portfolio consultation service, which I believe will lead to wider model adoption as well. So I mean, it's an area that we've invested in, like Jarrett has said on the earlier question, and the baseline is 1,000 new advisors a year.

Jarrett Lilien

Yeah. And again, that's why I think it's a good baseline, but our hope would be even to be able to do better than that. Because as we get in there, we learn more about how to more quickly interact, how to better service things like Jono just mentioned, the portfolio consultations. That's a great example of a takeaway from onboarding that there are additional services that we can provide that make us a better partner. So we're still very happy, very encouraged and very optimistic about the growth here.

George Sutton

Great. And then just my second and last question for Jono, relative to broadening out WisdomTree Prime or adding WisdomTree Connect. It's interesting because you're also bringing down your guidance a little bit for discretionary spend. So I wondered if you could just sort of give us a sense of, are there new efficiencies you're finding or is it just holding off on some of the marketing spend until you have the national distribution?

Jonathan Steinberg

There's definitely more efficiencies. We're constantly looking at efficiencies. It's a constant part of the job. And the business model is certainly showing that as we scale, it's just a very strong

business model. There is a little bit of the rolling out Prime a little more slowly as it's taken longer to get the full rollout of states, as well as additional services, but it's very much as it was at the beginning of last year when we gave the guidance, that it would be a very iterative approach to the rollout. It'll be the same next year as well. I don't want to front run the guidance, but we're still in a very early stages, but still very optimistic.

Will Peck

And Jono, if I could jump in here. Hey, it's Will Peck, Head of Digital Assets. I mean, one of the great things with WisdomTree Connect is that it's great to get that platform out there. That's always been part of the plans, part of the investment we've been making in this platform. And that's not reliant on kind of discretionary marketing spend, right? That's a people kind of a brand business where we've got lots of one on one relationships able to get different sort of institutional and platform sales. So that's something we're excited about, which should have a relatively high ROI in terms of getting customers on that platform.

Jonathan Steinberg

Thanks for that, Will.

George Sutton

Great. Thanks, guys.

Operator

Thank you. Our next questions come from the line of Michael Cyprys with Morgan Stanley. Please proceed with your questions.

Michael Cyprys

Oh, hey. Good morning. Thank you for taking the question. When we look at the 2,500 advisors that are using at least one of your models, just curious how embedded, you are with that group of 2,500 advisors? In other words, I guess if you look across, what portion have adopted your models across most of their book versus what portion of those 2,500 advisors have more limited usage of your models from their customer set? And what are some of the steps that you can take to drive greater penetration and adoption even within that 2,500 advisor force?

Jonathan Steinberg

Jarrett, do you mind if I sort--

Jarrett Lilien

Yeah. Sir, go ahead.

Jonathan Steinberg

It's early days in the models business, and there definitely is a snowballing effect. And so to your question of how we've penetrated the 2,500 advisors, it's early days with many of them. Performance has been very strong, and we are anticipating those 2,500 advisors will continue to

roll our models business out more broadly to their full book of business. So to that point, very early. But Jarrett, please add anything.

Jarrett Lilien

The only thing I would just add is, again, we always talk about positioning ourselves, in front of the major secular moves in the industry. One of them, you could say is tokenization. Another one obviously is ETFs, but another one is the use of models by financial advisors. And so we're out in front of a trend. The money is moving in that direction.

So the advisors that we are working towards, some are new advisors who are starting their practice and they'll be models only, and we're in with them early and we will grow as they grow. And with others, we're transitioning. We're helping them transition from many models or no real centralized model to more of a centralized theme that makes them more scalable and more effective. So I agree entirely, Jono, it's early days, but we're there at the early stages of advisors utilizing models, and so we will penetrate more. We're seeing that and we're also seeing that as our advisors grow, we grow.

Michael Cyprys

And just any sense on how much that's contributing to flows? I think you mentioned \$3.5 billion of AUM across these models today with the 2,500 advisors. Just how much to flows, how's that progressing? How persistent is that? What sort of volatility do you see associated with that?

Jarrett Lilien

Generally, we've said between 10% and 12%. And again, I'd like to see that percentage increase, but that's been holding as a pretty good proxy.

Michael Cyprys

Great. And if I could just ask follow-up question on the digital funds that you launched, the digital money market fund. I think you mentioned it's available for clients including institutions. Just curious what sort of feedback you're hearing so far on the institutional customer side. Maybe talk about your approach to building out that customer set a bit more and what's the scope or interest and partnering with other maybe intermediary platforms, including those in the digital space that have large retail customer sets?

Jonathan Steinberg

Will, can you take that?

Will Peck

Yes, definitely. So right now there's \$177 billion in stablecoins, USD stablecoins worldwide, and we've got \$2 billion in tokenized treasuries money market funds, a lot of that being kind of from offshore jurisdictions. So I expect over time the stablecoin market is going to continue to grow and we're also going to see a much higher penetration of yield bearing assets like this, which really serves a similar need, but is a much better product in a lot of ways than what you're seeing

out there. So right now, we're seeing a lot of great kind of initial demand for this type of product that's really meeting a need for the crypto native community, and we're looking forward to continuing to move the ball forward there.

Michael Cyprys

Any interest scope for partnerships with direct-to-consumer intermediary platforms that may have interest in this? Seems like this could be interesting product to fit nicely on some of those platforms.

Will Peck

Oh, 100%. I mean, I think the B2B2C model, and this is exactly what WisdomTree Connect opens up for us. So there's a lot of initial early conversations on that now. And I expect over time, that's going to really pick up going forward.

Michael Cyprys

Great. Thank you.

Jonathan Steinberg

And we're onboarding customers already since we launched it just a few weeks ago.

Operator

Thank you. Our next question has come from the line of Mike Grondahl with Northland Securities. Please proceed with your questions.

Mike Grondahl

Hey, guys. Thanks. Two questions. One is just any new or newer ETFs just to call out how they're doing, what kind of reception you're seeing? And then secondly, you've clearly had some really nice momentum here in the business. What are kind of two priorities you guys have for '25 to kind of keep this momentum going? Thank you.

Jarrett Lilien

Jeremy, would you talk about Q growth and maybe something else that you might want to highlight?

Jeremy Schwartz

Sure. Yeah, I mentioned in my opening comments about the market backdrop, just the valuations on our whole book of business being 16x vs. the market at 22x. But we did launch one of our franchises is quality and we've always had a quality dividend franchise. Our largest fund in the US is quality dividend growth. It's approaching \$15 billion in equity in US assets with a decade history, but a lot of feedback is can you apply your quality franchise to the growth side of the universe?

And when you look at how QGRW launched at the end of 2022, so it's not quite even two years old, it's got about \$0.5 billion now in the US. It's been beating the NASDAQ, which has been one of the toughest benchmarks to beat. And it held a lot of the sort of large magnificent seven stocks, but it won't always. It's got a bunch of proprietary screens to try to identify the best growth stocks in the market, and it will be interesting to see as that evolves over time. But it's been a strong performer since launch, both from an actual relative performance versus the NASDAQ, but also from an AUM perspective. We launched it in Europe.

And so I think we're very excited about that, which leverages the core WisdomTree process. And then we're doing other really interesting things in Europe. We're doing a lot more with Thematics. We were excited about a new megatrend fund that's sort of rotating between Thematics and performance has been strong. We're excited about where that's going to go. And crypto in Europe has been one of the leading platforms for crypto products in Europe. We have good expectations for that continuing next year.

Jonathan Steinberg

Thanks, Jeremy. Mike, what was the second half of your question?

Mike Grondahl

Yeah. Just, hey, you guys have had really nice momentum in the business. To keep that momentum going, what are two major priorities for 2025 as you kind of start to look forward?

Jonathan Steinberg

We're going to give our guidance next quarter, but I would just say that we'll continue on the secular trends that we've invested against for the last few years. So we're going to continue to invest in product globally. We're going to continue to invest in our portfolio solutions. We're going to continue to roll-out digital assets and tokenization of functionality. And lastly, always watch towards creating additional efficiencies throughout the business. So I think it'll be more of the same.

Mike Grondahl

Fair enough. It's working. Thanks, guys.

Jonathan Steinberg

Thank you. I appreciate that.

Operator

Thank you. We have reached the end of our question and answer session. I would now like to hand the call back over to Jonathan Steinberg for any closing comments.

Jonathan Steinberg

I just want to thank all of you for your time and consideration, and we will speak to you next quarter. Have a great day, everybody.

Operator

Thank you. This does conclude today's teleconference. We appreciate your participation. You may disconnect your lines at this time. Enjoy the rest of your day.