

April 27, 2011



WisdomTree Announces First Quarter 2011 Results

Company achieves first GAAP net income quarter

68% growth in AUM and 67% growth in revenues year over year

\$1.3 billion in net inflows; 4.7% market share of industry flows

NEW YORK--(BUSINESS WIRE)-- WisdomTree (Pink Sheets: [WSDT](#) - [News](#)), an exchange-traded fund ("ETF") sponsor and asset manager, today reported GAAP net income of \$0.2 million for the first quarter of 2011 as compared to a GAAP net loss of \$3.6 million in the first quarter of 2010 and a GAAP net loss of \$0.6 million for the fourth quarter of 2010.

Proforma operating income (which excludes stock-based compensation and depreciation and amortization expenses) was \$2.3 million in the first quarter of 2011 as compared to a proforma loss of \$1.0 million in the first quarter of 2010 and proforma income of \$1.7 million in the fourth quarter of 2010.

ETF assets under management ("AUM") reached a record \$11.3 billion, up 68.1% from March 31, 2010 and up 14.1% from December 31, 2010. Net inflows were \$1.3 billion in the first quarter which represented 4.7% market share of industry inflows. Revenues increased 66.8% to a record \$14.5 million compared to the first quarter of last year and up 8.4% from the fourth quarter of 2010.

WisdomTree CEO Jonathan Steinberg commented, "WisdomTree is extremely pleased to report our first quarter of GAAP net income on the back of another strong quarter of net inflows and overall ETF industry market share. I am proud of the track record we are building as we execute the corporate goals we outlined for our shareholders."

Mr. Steinberg continued, "We are continuing to expand and diversify our product offering by launching our second international fixed income ETF and launching our first alternative strategy ETF during the quarter. Strong net inflows during the quarter resulting in record AUM and revenues demonstrate that the diversification of our product set has enhanced our ability to gather assets in changing market cycles."

Summary Operating and Financial Highlights

	Three Months Ended			% Change From	
	Mar. 31,	Dec. 31,	Mar. 31,	Dec. 31,	Mar. 31,
Operating Highlights (in millions)	2011	2010	2010	2010	2010

ETF AUM	\$11,284	\$9,891	\$6,713	14%	68%
ETF inflows	\$1,264	\$1,271	\$582	-1%	117%
Average ETF AUM	\$10,294	\$9,104	\$6,311	13%	63%
Average ETF advisory fee	0.56%	0.57%	0.54%	-	-
Financial Highlights (in thousands)					
Revenues	\$14,533	\$13,413	\$8,714	8%	67%
Net income/(loss)	\$155	(\$580)	(\$3,592)	-	-
Proforma operating income/(loss)	\$2,339	\$1,725	(\$968)	36%	-

Recent Business Highlights

On January 5, 2011, the Company announced the launch of its first alternative strategy ETF, the WisdomTree Managed Futures Strategy Fund (WDTI).

On February 8, 2011, the Company announced the appointment of Steven L. Begleiter, Senior Principal at Flexpoint Ford, LLC, to the Company's Board of Directors.

On March 17, 2011, the Company announced the launch of its second international fixed income ETF, the WisdomTree Asia Local Debt Fund (ALD).

On March 31, 2011, the Company announced the filing of a Registration Statement on Form 10 with the U.S. Securities and Exchange Commission in connection with the planned listing of its common stock on a national securities exchange.

On April 14, 2011, the Company announced intended changes in the investment strategies for six equity ETFs and two currency ETFs in an effort to improve upon the existing strategies. Once in effect, the Company will have more direct commodity themed products and a more robust presence in international fixed income.

Performance

Approximately 80% of the \$8.8 billion invested in WisdomTree's 34 equity ETFs on March 31, 2011 were in funds that, since their respective inceptions, have outperformed their competitive benchmarks through that date. 21 of WisdomTree's 34 equity ETFs have outperformed their competitive benchmarks since inception and through March 31, 2011. For more information about WisdomTree ETFs including standardized performance, please [click here](#) or visit www.wisdomtree.com.

First Quarter Financial Discussion

Revenues

Total revenues for the quarter increased 66.8% to a record \$14.5 million as compared to the first quarter of 2010 and increased 8.4% from the fourth quarter of 2010. These increases were primarily due to higher average assets under management from strong net ETF inflows and positive market movement. Average ETF assets under management were \$10.3 billion in the first quarter of 2011, as compared to \$6.3 billion in the first quarter of 2010 and \$9.1 billion in the fourth quarter of 2010. The average fee earned during the first quarter of 2011 decreased to 0.56% from 0.57% in the fourth quarter of 2010 due to the change in mix of our average assets and net inflows from our emerging market ETFs to our international developed world ETFs for which we charge a lower fee. As compared to the first quarter of 2010, our average fee increased from 0.54% due to higher mix of average assets and net inflows into our emerging market funds.

Expenses

Total expenses increased 16.8% to \$14.4 million from \$12.3 million in the first quarter of 2010. This increase was primarily due to higher third party sharing arrangements, fund related costs and sales and business development related expenses due to higher asset levels and increase in overall business activity. Excluding stock-based compensation and depreciation and amortization expenses, proforma operating expenses increased 25.9% to \$12.2 million from \$9.7 million in the first quarter of last year.

Compared to the fourth quarter of 2010, total expenses increased 2.8% from \$14.0 million. This increase was primarily due to higher third-party sharing arrangements and fund related expenses due to higher average assets under management as well as higher compensation related expenses offset by lower marketing and advertising. Excluding stock-based compensation and depreciation and amortization charges, proforma operating expenses increased 4.3% from \$11.7 million in the fourth quarter.

During the first quarter we incurred approximately \$0.4 million of expenses related to the preparation of our registration statement on Form 10 in connection with our exchange listing. We will incur additional expenses in the second quarter related to the preparation of our initial listing on an exchange as well as ongoing costs in the future to meet public company reporting requirements.

- Compensation and benefits expense remained relatively unchanged compared to the first quarter of 2010 as higher headcount related expenses were offset by lower stock-based compensation expense. This expense increased 5.8% compared to the fourth quarter of 2010 primarily due to higher payroll taxes associated with the vesting of restricted stock, higher salary expenses and higher stock-based compensation in connection with equity awards granted for 2010 incentive compensation. Partly offsetting these increases was lower accrued incentive compensation expense.
- Fund management and administration expenses increased 22.5% to \$4.2 million compared to the first quarter of 2010 and increased 3.7% compared to the fourth quarter of 2010. These increases were primarily due to higher fund management and administrative expenses due to higher average assets under management.
- Marketing and advertising expenses decreased 16.2% to \$1.0 million in the first quarter compared to the first quarter of 2010 and decreased 30.1% compared to the fourth quarter of 2010. These decreases were primarily due to lower levels of discretionary television and online advertising expenses.
- Sales and business development expenses increased 62.0% to \$0.7 million in the first quarter compared to the first quarter of 2010 due to higher

- levels of business activity. This expense remained relatively unchanged compared to the fourth quarter of 2010.
- Professional and consulting fees increased 32.7% to \$1.4 million in the first quarter of 2011 as compared to the first quarter of 2010 primarily due to fees associated with the preparation of our registration statement in connection with our exchange listing as well as higher variable stock based compensation expense for equity awards granted to non-employee consultants. Partly offsetting these increases were lower corporate related legal expenses. This expense increased 8.5% from the fourth quarter of 2010 primarily due to the registration statement preparation related expenses and partly offset by lower variable stock based compensation expense.
 - Third-party sharing arrangements expense increased to \$1.1 million in the first quarter of 2011, an increase of 39.1% from \$0.8 million in the fourth quarter of 2010. These increases were primarily due to profit sharing arrangements with the Bank of New York Mellon Corporation related to certain currency and fixed income ETFs as well as marketing fees paid to third parties due to higher average assets under management.
 - Stock-based compensation expense (which is included in the compensation and benefits, professional and consulting fees and other expenses discussion above) decreased 16.8% to \$2.1 million compared to the first quarter of 2010. Fixed stock based compensation expense decreased as equity awards granted in prior years to employees and directors became fully vested. Partly offsetting this decrease was an increase in variable stock based compensation expense due to an increase in the company's stock price. This expense decreased 4.8% compared to the fourth quarter of 2010 primarily due to lower variable expense partly offset by slightly higher fixed expense due to new equity awards granted as part of 2010 year end compensation.
 - Other expenses; occupancy, communication and equipment expenses; and depreciation and amortization expenses all had relatively small dollar value changes compared to both periods.

Balance Sheet

As of March 31, 2011, WisdomTree had total assets of \$28.5 million, which consisted primarily of cash and cash equivalents of \$12.8 million and investments of \$8.9 million. WisdomTree has no debt. There were approximately 115.5 million shares issued as of March 31, 2011. Fully diluted weighted average shares outstanding were approximately 134.5 million as of March 31, 2011.

Cautionary Statement Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook," "objective," "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "plans," or "continue," or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect our current expectations regarding future events and operating performance and speak only as of the date of this press release. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the assumption that the projects will operate and perform in accordance with our expectations. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which

such performance or results will be achieved. A number of risks and other factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risks discussed below.

These risks include, without limitation:

-- We have only a limited operating history.

Difficult market conditions and 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 triggering redemptions.

Volatility and disruption of the capital and credit markets, and adverse
-- changes in the global economy, may significantly affect our results of operations and may put pressure on our financial results.

-- The amount and mix of our assets under management, which impact revenue, are subject to significant fluctuations.

Most of our assets under management are held in ETFs that invest in foreign
-- securities and we have substantial exposure to foreign market conditions and we are subject to currency exchange rate risks.

-- We derive a substantial portion of our revenues from products invested in emerging markets.

-- We derive a substantial portion of our revenues from a limited number of products.

Other factors, such as general economic conditions, including currency exchange rate fluctuations, also may have an effect on the results of our operations. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ

materially from those expressed or implied in any forward-looking statement made by us or on our behalf. For a more complete description of the risks noted above and other risks that could cause our actual results to materially differ from our current expectations, please see Item 1A. "Risk Factors" of our Registration Statement on Form 10 filed March 31, 2011.

These forward-looking statements are made as of the date of this press release and, except as expressly required by applicable law, we assume no obligation to update or revise them to reflect new events or circumstances.

Conference Call

WisdomTree will discuss its results and operational highlights during a conference call on Thursday, April 28, 2011 at 9:00 a.m. ET. The call-in number will be (888) 680-0893, passcode 24395369. Anyone outside the U.S. or Canada should call (617) 213-4859, passcode 24395369. The slides used during the presentation will be available at www.wisdomtree.com/ir. For those unable to join the conference call at the scheduled time, an audio replay will be available on www.wisdomtree.com/ir.

About WisdomTree

WisdomTree(R) is a New York-based exchange-traded fund ("ETF") sponsor and asset manager. WisdomTree currently offers 46 ETFs across Equities, Currency Income, Fixed Income and Alternatives asset classes. WisdomTree also licenses its indexes to third parties for proprietary products and offers a platform to promote the use of WisdomTree ETFs in 401(k) plans. WisdomTree currently has approximately \$11.9 billion in ETF assets under management. For more information, please visit www.wisdomtree.com. WisdomTree is the marketing name for WisdomTree Investments, Inc. and its wholly owned subsidiaries WisdomTree Asset Management, Inc. and WisdomTree Retirement Services, Inc.

WisdomTree Asset Management, Inc. is a registered investment advisor and is the investment advisor to the WisdomTree Trust and the WisdomTree ETFs. The WisdomTree Trust is a registered open-end investment company. Each WisdomTree ETF is a series of the WisdomTree Trust. WisdomTree Retirement Services, Inc. supports the use of the WisdomTree ETFs in retirement plans by financial professionals.

WISDOMTREE INVESTMENTS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended			% Change From	
	Mar. 31,	Dec. 31,	Mar. 31,	Dec. 31,	Mar. 31,
	2011	2010	2010	2010	2010
Revenues					
ETF advisory fees	\$ 14,273	\$ 13,111	\$ 8,467	8.9 %	68.6 %

Other income	260	302	247	-13.9 %	5.3 %
Total revenues	14,533	13,413	8,714	8.4 %	66.8 %
Expenses					
Compensation and benefits	5,217	4,933	5,255	5.8 %	-0.7 %
Fund management and administration	4,162	4,014	3,397	3.7 %	22.5 %
Marketing and advertising	972	1,390	1,160	-30.1 %	-16.2 %
Sales and business development	745	758	460	-1.7 %	62.0 %
Professional and consulting fees	1,359	1,253	1,024	8.5 %	32.7 %
Occupancy, communication and equipment	273	289	267	-5.5 %	2.2 %
Depreciation and amortization	65	79	77	-17.7 %	-15.6 %
Third party sharing arrangements	1,128	811	240	39.1 %	370.0 %
Other	457	466	426	-1.9 %	7.3 %
Total expenses	14,378	13,993	12,306	2.8 %	16.8 %
Income/(loss) before provision for income taxes	155	(580)	(3,592)		
Provision for income taxes	71	--	--		
Tax benefit	(71)	--	--		
Net income/(loss)	\$ 155	\$ (580)	\$ (3,592)		
Net income/(loss) per share - basic	\$ 0.00	\$ (0.01)	\$ (0.03)		
Net income/(loss) per share - diluted	\$ 0.00	\$ (0.01)	\$ (0.03)		
Weighted average common shares - basic	113,463	112,889	110,820		
Weighted average common shares - diluted	134,470	112,889	110,820		

WISDOMTREE INVESTMENTS, INC.

NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

(Unaudited)

	Three Months Ended			% Change From		
	Mar. 31,	Dec. 31,	Mar. 31,	Dec. 31,	Mar. 31,	
	2011	2010	2010	2010	2010	
Revenues						
ETF advisory fees	\$ 14,273	\$ 13,111	\$ 8,467	8.9 %	68.6 %	
Other income	260	302	247	-13.9 %	5.3 %	
Total revenues	14,533	13,413	8,714	8.4 %	66.8 %	
Operating expenses						
Compensation and benefits	3,742	3,557	3,250	5.2 %	15.1 %	
Fund management and administration	4,162	4,014	3,397	3.7 %	22.5 %	
Marketing and advertising	972	1,390	1,160	-30.1 %	-16.2 %	
Sales and business development	745	758	460	-1.7 %	62.0 %	
Professional and consulting fees	765	453	532	68.9 %	43.8 %	
Occupancy, communication and equipment	273	289	267	-5.5 %	2.2 %	
Third party sharing arrangements	1,128	811	240	39.1 %	370.0 %	
Other	407	416	376	-2.2 %	8.2 %	
Total operating expenses	12,194	11,688	9,682	4.3 %	25.9 %	
Proforma operating income/(loss)	2,339	1,725	(968)			
Stock-based compensation	2,119	2,226	2,547			
Depreciation and amortization	65	79	77			
Income/(loss) before provision for income taxes	155	(580)	(3,592)			
Provision for income taxes	71	--	--			

Tax benefit	(71)	--	--
Net income/(loss)	\$ 155	\$ (580)	\$ (3,592)

WISDOMTREE INVESTMENTS, INC.

CONSOLIDATED BALANCE SHEET

(in thousands, except per share amount)

	March 31, 2011 (Unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,804	\$ 14,233
Investments	297	1,295
Accounts receivable	5,190	4,825
Other current assets	834	642
Total current assets	19,125	20,995
Fixed assets, net	697	756
Investments	8,621	7,300
Other noncurrent assets	69	91
Total assets	\$ 28,512	\$ 29,142

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Current liabilities:

Fund management and administration payable	\$ 6,436	\$ 5,714
Compensation and benefits payable	1,096	3,638
Accounts payable and other liabilities	2,815	2,263
Total current liabilities	10,347	11,615
Other noncurrent liabilities	255	292
Total liabilities	10,602	11,907

STOCKHOLDERS' EQUITY

Common stock, par value \$0.01; 250,000 shares authorized:

issued: 115,470 and 115,291	1,154	1,152
outstanding: 113,764 and 113,132		
Additional paid-in capital	158,754	158,236
Accumulated deficit	(141,998)	(142,153)
Total stockholders' equity	17,910	17,235
Total liabilities and stockholders' equity	\$ 28,512	\$ 29,142

WISDOMTREE INVESTMENTS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(Unaudited)

	Three Months Ended	
	March 31,	March 31,
	2011	2010
Cash flows from operating activities		
Net income/(loss)	\$ 155	\$ (3,592)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:		
Depreciation, amortization and other	65	77
Stock-based compensation	2,119	2,547
Deferred rent	(38)	(23)
Accretion to interest income	24	(9)
Net change in operating assets and liabilities:		
Accounts receivable	(365)	(338)
Other assets	(170)	(317)
Fund management and administration payable	722	1,305
Compensation and benefits payable	(2,542)	(1,463)
Accounts payable and other liabilities	553	107
Net cash provided by/(used in) operating activities	523	(1,706)

Cash flows from investing activities		
Purchase of fixed assets	(6)	(20)
Purchase of investments	(2,494)	(966)
Proceeds from the redemption of investments	2,147	2,368
Net cash (used in)/provided by investing activities	(353)	1,382
Cash flows from financing activities		
Shares repurchased	(1,599)	--
Proceeds from exercise of stock options	--	1
Net cash (used in)/provided by financing activities	(1,599)	1
Net decrease in cash and cash equivalents	(1,429)	(323)
Cash and cash equivalents - beginning of period	14,233	11,476
Cash and cash equivalents - end of period	\$ 12,804	\$ 11,153
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 7	\$ 4
Non-cash investing and financing activities:		
Cashless exercise of stock options	\$ 84	\$ 28

WisdomTree Investments, Inc.

Key Operating Statistics (Unaudited)

	Three Months Ended		
	March 31,	December 31,	March 31,
	2011	2010	2010
Total ETFs (in millions)			
Beginning of period assets	9,891	8,260	5,979
Inflows/(outflows)	1,264	1,271	582
Market appreciation/(depreciation)	129	360	152
End of period assets	11,284	9,891	6,713
Average assets during the period	10,294	9,104	6,311
International Developed Equity ETFs (in millions)			

Beginning of period assets	2,062	1,900	1,953
Inflows/(outflows)	481	61	26
Market appreciation/(depreciation)	70	101	16
End of period assets	2,613	2,062	1,995
Average assets during the period	2,217	1,981	2,169
Emerging Markets Equity ETFs (in millions)			
Beginning of period assets	3,780	2,796	1,431
Inflows/(outflows)	60	869	230
Market appreciation/(depreciation)	(81)	115	77
End of period assets	3,759	3,780	1,738
Average assets during the period	3,617	3,342	1,308
International Sector Equity ETFs (in millions)			
Beginning of period assets	249	247	358
Inflows/(outflows)	(7)	(11)	(124)
Market appreciation/(depreciation)	10	13	(6)
End of period assets	252	249	228
Average assets during the period	246	258	345
US Equity ETFs (in millions)			
Beginning of period assets	2,057	1,779	1,330
Inflows/(outflows)	53	118	72
Market appreciation/(depreciation)	108	160	66
End of period assets	2,218	2,057	1,468
Average assets during the period	2,165	1,917	1,406
Currency ETFs (in millions)			
Beginning of period assets	1,179	1,266	907
Inflows/(outflows)	271	(75)	378
Market appreciation/(depreciation)	17	(12)	(1)
End of period assets	1,467	1,179	1,284
Average assets during the period	1,335	1,189	1,083
International Fixed Income ETFs (in millions)			

Beginning of period assets	564	272	
Inflows/(outflows)	335	309	
Market appreciation/(depreciation)	3	(17)	
End of period assets	902	564	
Average assets during the period	679	417	
Alternative Strategy ETFs (in millions)			
Beginning of period assets	-		
Inflows/(outflows)	71		
Market appreciation/(depreciation)	2		
End of period assets	73		
Average assets during the period	35		
Average ETF assets during the period			
Emerging markets equity ETFs	35%	37%	21%
International developed equity ETFs	22%	22%	34%
US equity ETFs	21%	21%	22%
Currency ETFs	13%	13%	18%
International fixed income ETFs	7%	4%	0%
International sector equity ETFs	2%	3%	5%
Alternative strategy ETFs	0%	0%	0%
Total	100%	100%	100%
Average ETF advisory fee during the period			
Alternative strategy ETFs	0.95%	-	-
Emerging markets equity ETFs	0.74%	0.76%	0.76%
International sector equity ETFs	0.58%	0.58%	0.58%
International fixed income ETFs	0.55%	0.55%	-
International developed equity ETFs	0.54%	0.55%	0.55%
Currency ETFs	0.49%	0.48%	0.47%
US equity ETFs	0.34%	0.34%	0.34%
Blended total	0.56%	0.57%	0.54%
Number of ETFs - end of the period			
International developed equity ETFs	14	14	14

US equity ETFs	12	12	12
Currency ETFs	9	9	8
Emerging markets equity ETFs	4	4	4
International sector equity ETFs	4	4	4
International fixed income ETFs	2	1	-
Alternative strategy ETFs	1	-	-
Total	46	44	42
Headcount	61	60	55

Note: Previously issued statistics may be restated due to trade adjustments

GAAP to Non-GAAP Reconciliation

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 this non-GAAP financial measurement 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 and are therefore unlikely to be comparable to similar measures presented by other companies. These non-GAAP financial measures should be considered in the context with our GAAP results.

We have disclosed our results excluding certain non-operating items. We consider stock-based compensation, depreciation and amortization and interest and investment income as non-operating items. Management excludes these costs when measuring our financial performance as they are non-cash charges or not directly related to our business of being an index developer and ETF sponsor. As the company is currently incurring net losses, management focuses on its cash related expenses of being an index developer and ETF sponsor in measuring the financial health of its business and making related decisions. However, stock-based compensation has been and will continue to be for the foreseeable future, a significant recurring expense in our business and stock-based compensation is an important part of our employees' compensation and impacts their performance.

WISDOMTREE INVESTMENTS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

GAAP to NON-GAAP RECONCILIATION

(in thousands)

(Unaudited)

	Three Months Ended		
	Mar. 31,	Dec. 31,	Mar. 31,
	2011	2010	2010
GAAP expenses as reported	\$ 14,378	\$ 13,993	\$ 12,306
Less stock-based compensation included in			
Compensation and benefits	(1,475)	(1,376)	(2,005)
Professional and consulting fees	(594)	(800)	(492)
Other	(50)	(50)	(50)
Total stock-based compensation expenses	(2,119)	(2,226)	(2,547)
Less depreciation and amortization	(65)	(79)	(77)
Proforma operating expenses	\$ 12,194	\$ 11,688	\$ 9,682
GAAP net income/(loss), as reported	\$ 155	\$ (580)	\$ (3,592)
Add back stock-based compensation	2,119	2,226	2,547
Add back depreciation and amortization	65	79	77
Proforma operating income/(loss)	\$ 2,339	\$ 1,725	\$ (968)

Source: WisdomTree Investments, Inc.