

Q2/20 Results

July 31, 2020



Forward Looking Statements

This presentation contains forward-looking statements that are based on our management's beliefs 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 press release 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 press release may include statements about: the ultimate duration of the COVID-19 pandemic and its short-term and long-term impact on our business and the global economy; anticipated trends, conditions and investor sentiment in the global markets and ETPs; anticipated levels of inflows into and outflows out of our ETPs; our ability to deliver favorable rates of return to investors; competition in our business; 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 operate and expand our business in non-U.S. markets; and the effect of laws and regulations that apply to our business.

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

- Declining prices of securities, gold and other precious metals and other commodities can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETP investors to sell their fund shares and trigger redemptions.
- Fluctuations in the amount and mix of our AUM, whether caused by disruptions in the financial markets or otherwise including but not limited to a pandemic event such as COVID-19, may negatively impact revenues and operating margins, and may impede our ability to refinance our debt upon maturity, increase the cost of borrowing or result in our debt being called prior to maturity.
- Competitive pressures could reduce revenues and profit 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 investor sentiment toward investing in the products' strategies, our ability to maintain the AUM of these products, the performance of these products and market-specific and political and economic risk.
- A significant portion of our AUM is held in products with exposure to U.S. and international developed markets and we therefore have exposure to domestic and foreign market conditions and are subject to currency exchange rate risks.
- Withdrawals or broad changes in investments in our ETPs by investors with significant positions may negatively impact revenues and operating margins.
- Over the last few years, we have expanded our business globally. This expansion subjects us to increased operational, regulatory, financial and other 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 WisdomTree ETP investors.

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 our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and Quarterly Report on Form 10Q for the quarter ended March 31, 2020.

The forward-looking statements in this press release 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.

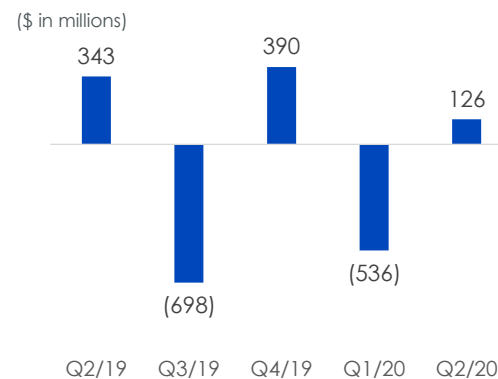
AUM rebounded in Q2/20

- **Quarter-end AUM of \$57.6 billion** – up 14.6% sequentially driven by +\$7 billion of market move and modest net inflows
- **Net inflows of \$126 million in Q2/20** – Europe listed product inflows were largely offset by U.S. listed product outflows
- **Europe listed ETPs generated Q2/20 inflows of +\$1.6 billion, 30% organic growth and well diversified**
 - + Flows led by Energy (+\$601 million), Precious Metals (+\$449 million), Leveraged & Inverse (+\$312 million)
 - + 75% flow market share in Energy category
- **U.S. listed ETFs suffered Q2/20 outflows of \$1.5 billion driven by elevated redemption levels**
 - + U.S. listed ETF industry flows concentrated in areas where we have limited exposure – 23% of AUM in top 15 flowing Morningstar categories (out of 97)
 - + 41% of our AUM is in the bottom 15 Morningstar categories that endured the largest outflows
 - + Continued strong demand for Cloud Computing (WCLD, +\$324 million), Emerging Markets ex-State-Owned Enterprises (XSOE +\$303 million), Yield Enhanced Aggregate Bond (AGGY, +\$150 million), and U.S. Quality Dividend Growth (DGRW, +\$113 million)

AUM Trends (1)



Net Flow Trends



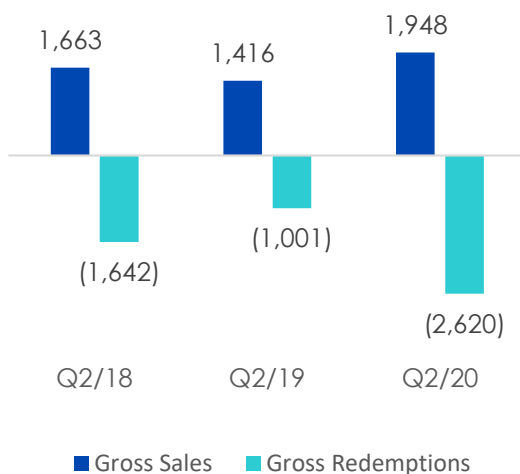
(1) AUM through 7/24/20

Despite strong gross sales, elevated redemptions drove U.S. listed product outflows

Gross Sales are Up...

Gross sales in Q2/20 were up +38% from a year ago and +17% from Q2/18 illustrating the positive impact of our investments in distribution

Gross Sales/Redemption Trends ex-DXJ/HEDJ ⁽¹⁾



... So are Redemptions...

Continued lack of demand for international equities and value-oriented strategies, which represent roughly two thirds of our U.S. listed AUM, has driven elevated redemptions

Industry

Category	Q2/20 Flows	Org. Growth
EM Equities	(5,194)	-14%
Dev'd Mkt Equities ⁽²⁾	(7,027)	-8%
U.S. Value ⁽³⁾	(5,446)	-7%

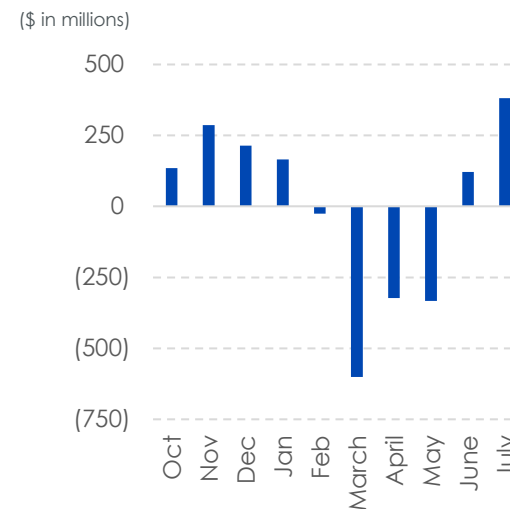
WETF AUM

Category	WETF AUM	% of US Listed
EM Equities	4,501	14%
Dev'd Mkt Equities ⁽²⁾	8,225	26%
U.S. Value ⁽³⁾	<u>8,166</u>	<u>26%</u>
	20,892	67%

...But Moving in Right Direction...

Elevated redemptions have begun to subside with inflows into our U.S. listed equity strategies in June and July

U.S. Listed Equity Fund Flows ex-DXJ/HEDJ ⁽⁴⁾



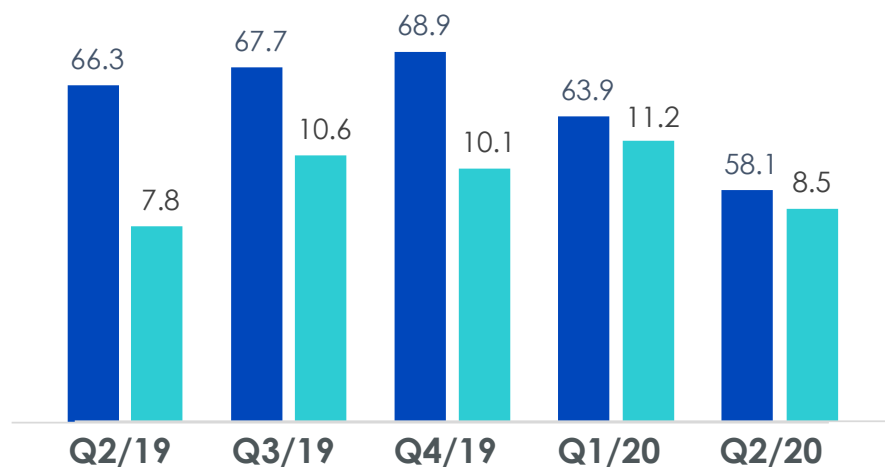
(1) Gross sales/redemptions represent the daily aggregate of funds with net creations/redemptions
 (2) Includes Foreign Large Value/Growth/Blend, Foreign Small/Mid Value/Growth/Blend, Japan, and Europe
 (3) Includes U.S. Large/Mid/Small Value
 (4) Through July 24, 2020

Adjusted Net Income impacted by lower average AUM/revenues

Revenue, Income, EPS

(\$ millions)

Total Revenue ■ Adjusted Net Income (non-GAAP) ⁽¹⁾ ■



EPS: \$0.01 ⁽²⁾ \$0.02 ⁽²⁾ (\$0.17) ⁽³⁾ (\$0.06) ⁽⁴⁾ (\$0.09) ⁽⁵⁾

Adjusted EPS (non-GAAP) ⁽¹⁾: \$0.05 \$0.06 \$0.06 \$0.07 \$0.05

Net Income/ (loss): 2.5 4.2 (25.9) (8.6) (13.3)

Highlights/Unusual Items

- \$23.4 million (after-tax) non-cash charge associated with revaluation of deferred consideration (gold payment)
- \$1.9 million (after-tax) loss on extinguishment of debt associated with fully repaying our term-loan
- \$2.8 million tax benefit from release of deferred tax allowance
- Refinanced outstanding debt with issuance of \$150 million of convertible notes and spent \$24.9 million to repurchase 6.7 million shares

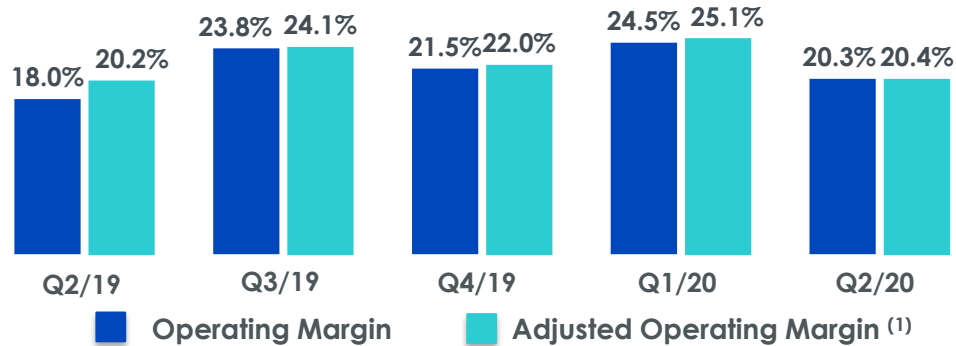


(1) See "Non-GAAP Financial Measurements"
 (2) Includes \$0.04 of net losses
 (3) Includes \$0.23 of net losses
 (4) Includes \$0.13 of net losses

(5) Includes \$0.14 of net losses

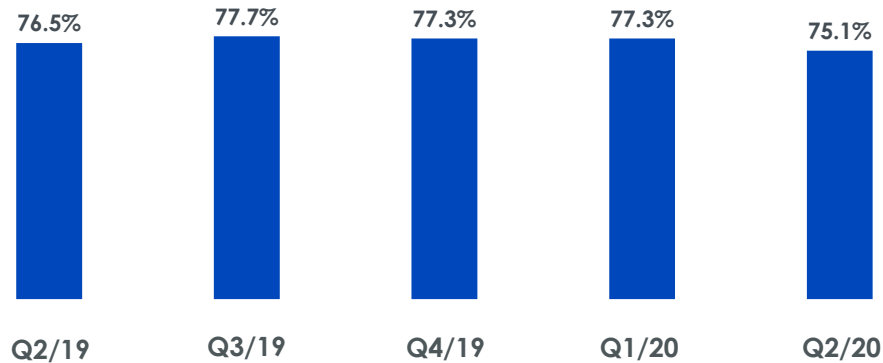
Operating margins in Q2/20 pressured by lower revenues

Operating Margins



- Adjusted operating margins declined sequentially reflecting revenue pressures from lower average AUM partially offset by well controlled expenses
- Gross margins declined sequentially driven by lower average AUM but remained within the guidance range
- Continue to expect gross margins in the 75-77% range based on current AUM levels

Gross Margins (1)

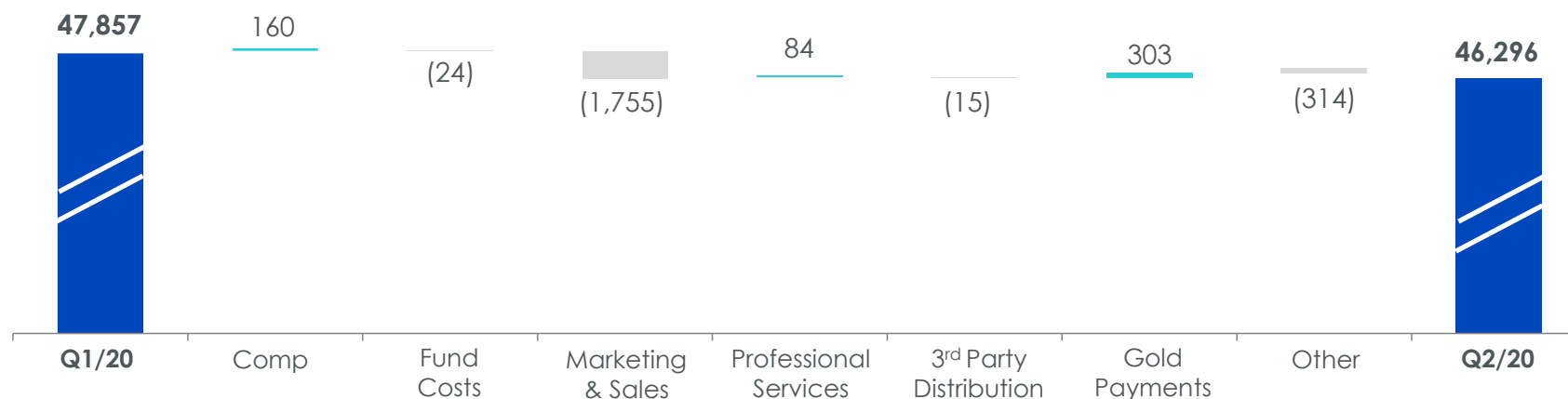


(1) See "Non-GAAP Financial Measurements"

Marketing and Sales drives expense reduction

Expense Base Change – Q1/20 to Q2/20 ⁽¹⁾

(\$ in thousands)



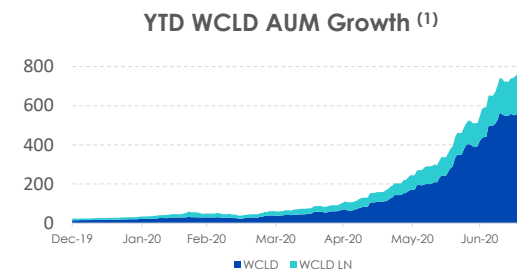
- Operating costs down 3% sequentially and 12% from a year ago
- Compensation costs little changed sequentially and trending towards the high-end of \$65-\$70 million full-year guidance range
- Marketing and sales expenses declined \$2 million sequentially reflecting the operating environment and are down over 40% from a year ago
- Now anticipate full year discretionary spending⁽²⁾ of \$44 million vs prior guidance of \$47 million

Refinanced term loan with high premium convertible note

- Transaction was well received by investors:
 - + Stock outperformed on announcement
 - + WisdomTree is the first company to issue a convertible note with a conversion premium of 60% or more in the last 3 years
- No restrictive covenants - most favorable option given market environment
- High premium convertible instrument:
 - + Principal - \$150 million, to be settled in cash
 - + Rate – 4.25%
 - + Conversion price – \$5.92 (60% premium to \$3.70 reference price)
 - + Call price – \$7.70
 - + Term – 3 years
- Proceeds and balance sheet cash used to payoff term loan (\$174 million) and repurchase stock (6.7 million shares for \$24.9 million)
- Capital management priorities:
 - + Build cash for strategic opportunities and future debt repayment
 - + Return capital to shareholders through dividends and buybacks

Momentum in the U.S. is accelerating

- Client engagement continues to grow as market participants increasingly look to WisdomTree for thought leadership on a variety of topics
 - + Record high-quality interactions with 45k distinct U.S. advisors, up 7% from the record Q1/20 levels
 - + Website registrations up +15% sequentially in Q2/20
- Focus on IBD channel is paying dividends
 - + Key IBD relationships generated solidly positive flows in Q2 (and YTD) with flows and engagement accelerating
- Thought leader around Models and new platform placements position us for increased Advisor adoption
 - + Proprietary research study supports bullish model adoption outlook
 - + New platforms: Carson Group, Riskalyze, Kwanti, ETF Logic, Orion
- Success of Cloud Computing Fund (WCLD) illustrates “team alpha”
 - + Focused resources around well positioned theme/fund to drive strong AUM growth

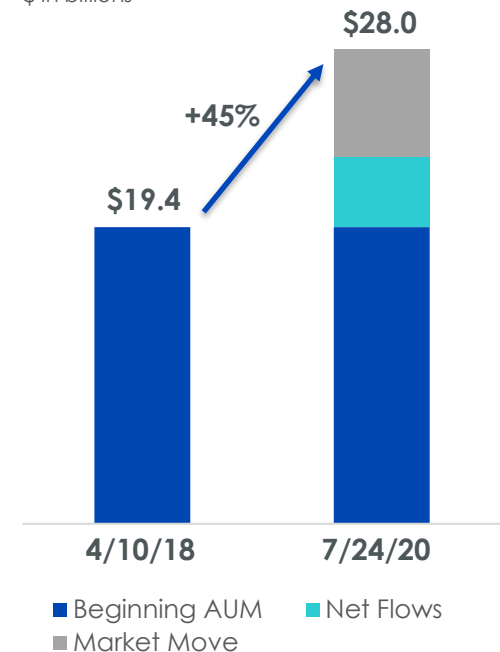


Europe growth & execution impressive in a volatile environment

- Europe listed AUM up 45% since the close of the ETF Securities acquisition in April of 2018 driven by \$3.4 billion of net inflows over the past 9+ quarters
- The \$1.6 billion of inflows in Q2/20 represents the best quarterly result driven by strong execution in an extremely volatile and challenging environment
- Impressive execution across the entire team managing through volatility in Energy markets
 - + Front month WTI contract turned negative for the first time ever in April
 - + Team was inundated with client inquiries – interacting with nearly 3.5x more unique professional investors in Q2/20 vs. Q1/20.
 - + Successfully adjusted product set (closures, temporary creation halts, underlying index changes) to provide a better investor experience and de-risk potential adverse outcomes for investors, service providers and the company

Europe Listed AUM Growth Post ETFS Acquisition

\$ in billions



Q2/20 key takeaways

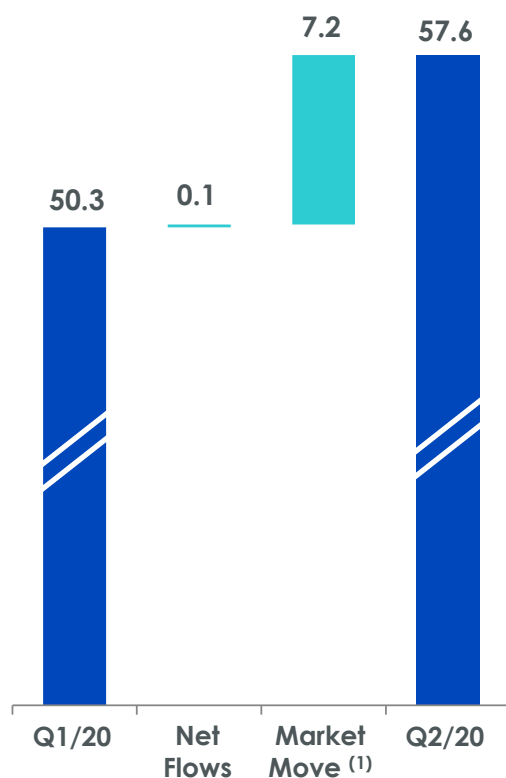
- Q2/20 AUM rebound creates revenue tailwind
- Executed at a high level on the aspects of the business that can be controlled
 - + Record client engagement and strong gross sales
 - + Expanded distribution reach
 - + Operational excellence during energy market disruption
 - + Technology tools for enhanced productivity
 - + Debt refinancing
- Working remotely continues to be seamless and is driving expense efficiencies
- Seeing momentum in important lead indicators. Well positioned for growth

Appendix

AUM and net flow trends

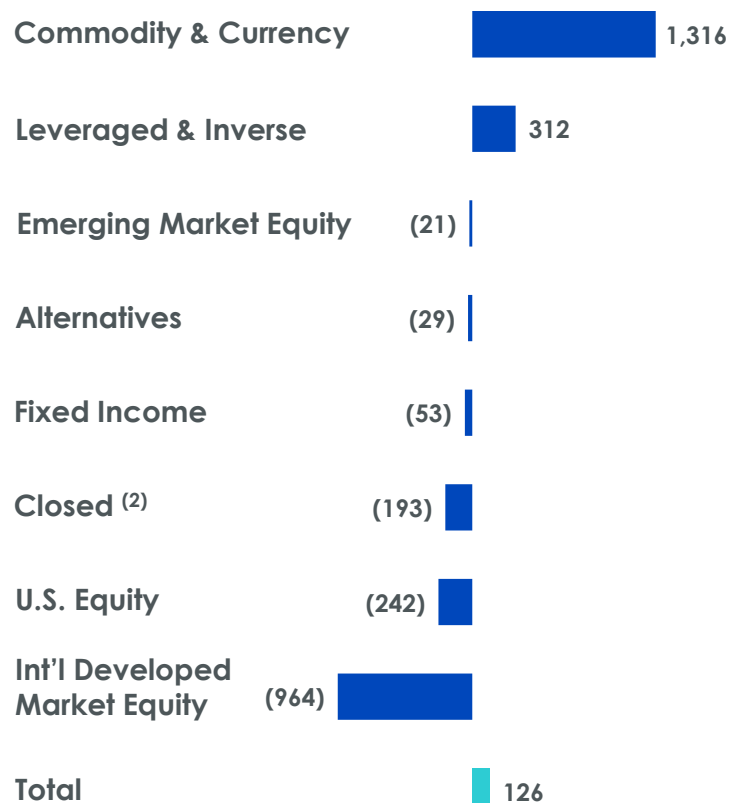
Quarterly ETF AUM Change

(\$ billions)



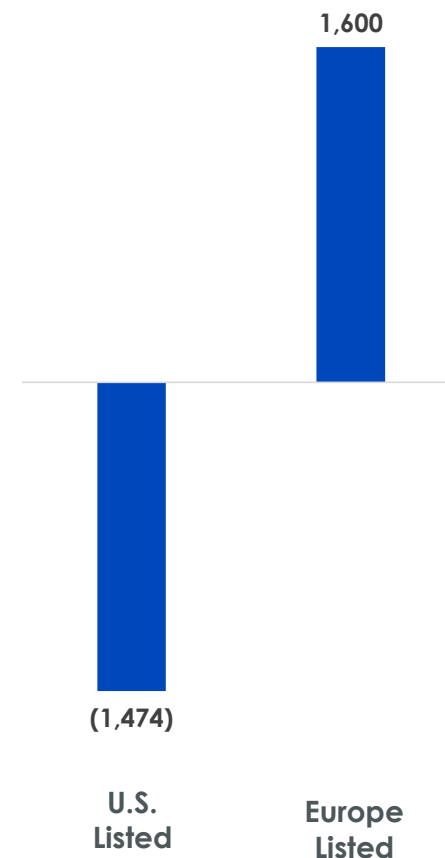
Q2/20 Net Flows by Category

(\$ millions)



Q2/20 Net Flows by Region

(\$ millions)



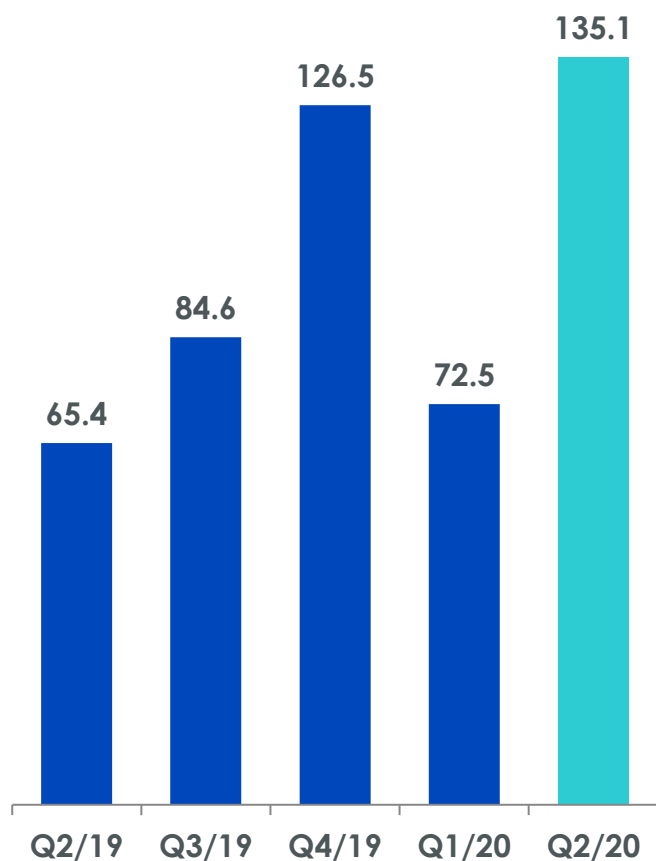
(1) Includes \$286 million reduction from fund closures

(2) Represents outflows from funds prior to the closure. Does not reflect the return of capital due to closure

Industry U.S. listed ETF flows

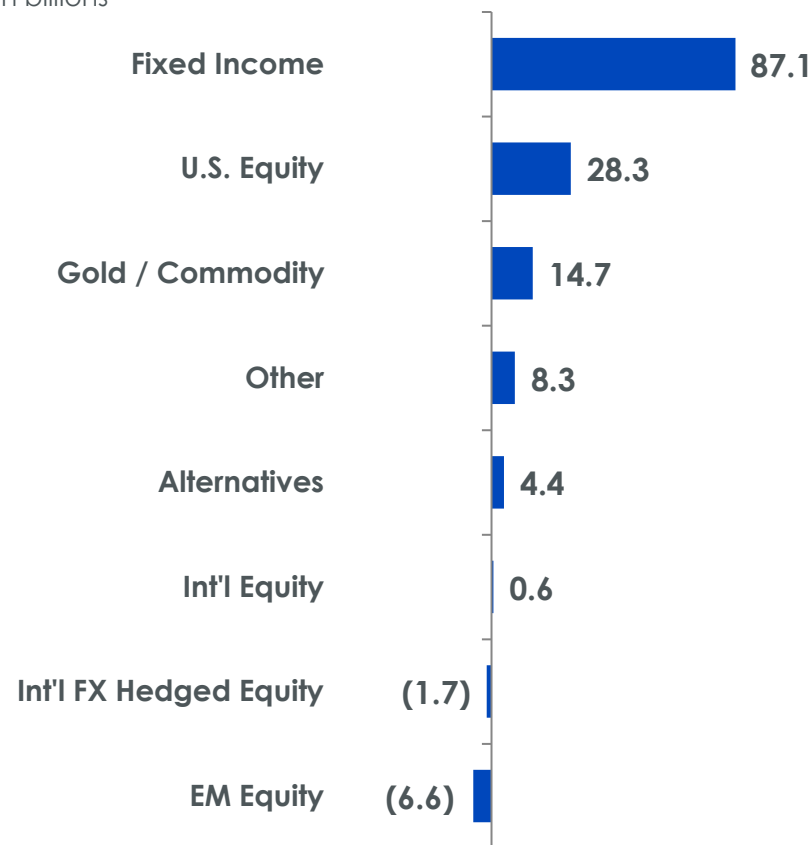
U.S. ETF Industry Net Inflows

\$ in billions



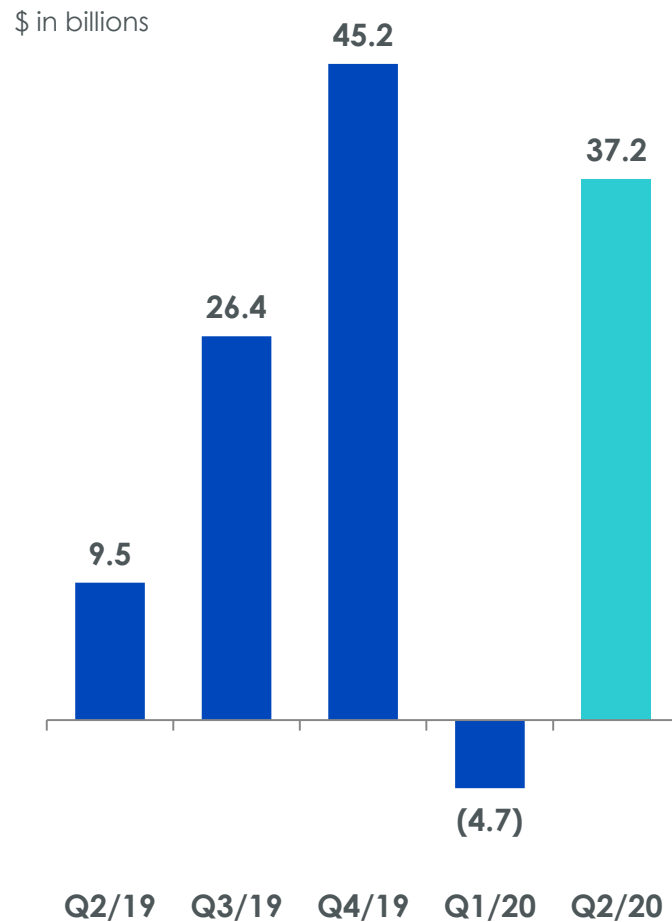
Industry Net Inflows by Category Q2/20

\$ in billions

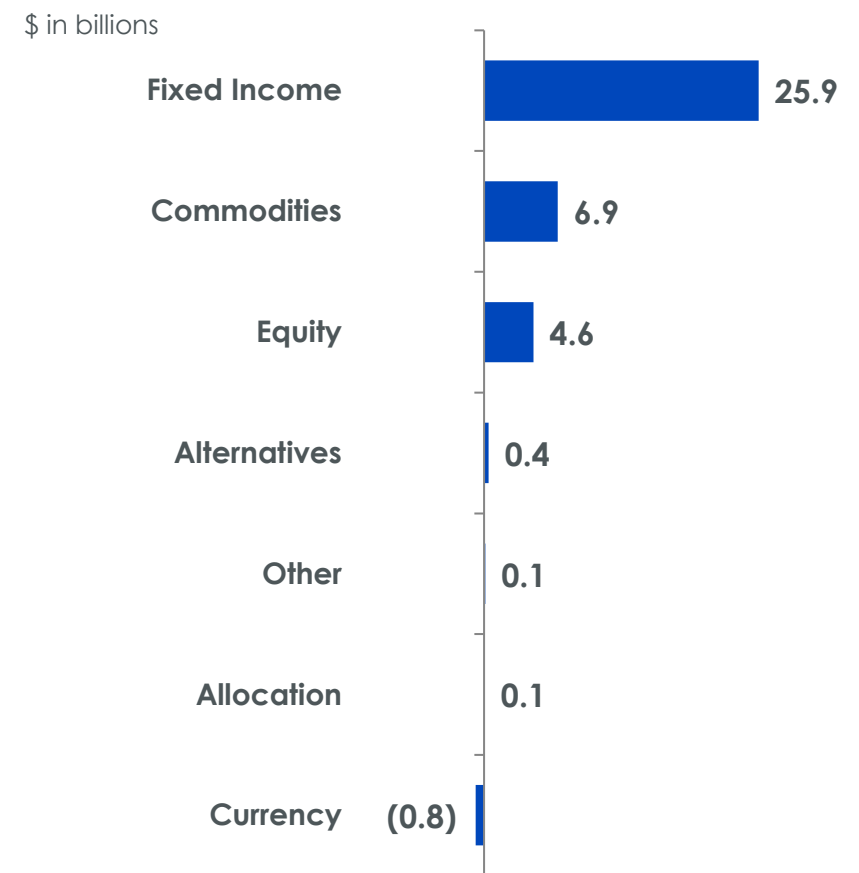


Industry Europe listed ETF flows

Europe ETF Industry Net Inflows



Industry Net Inflows by Category Q2/20

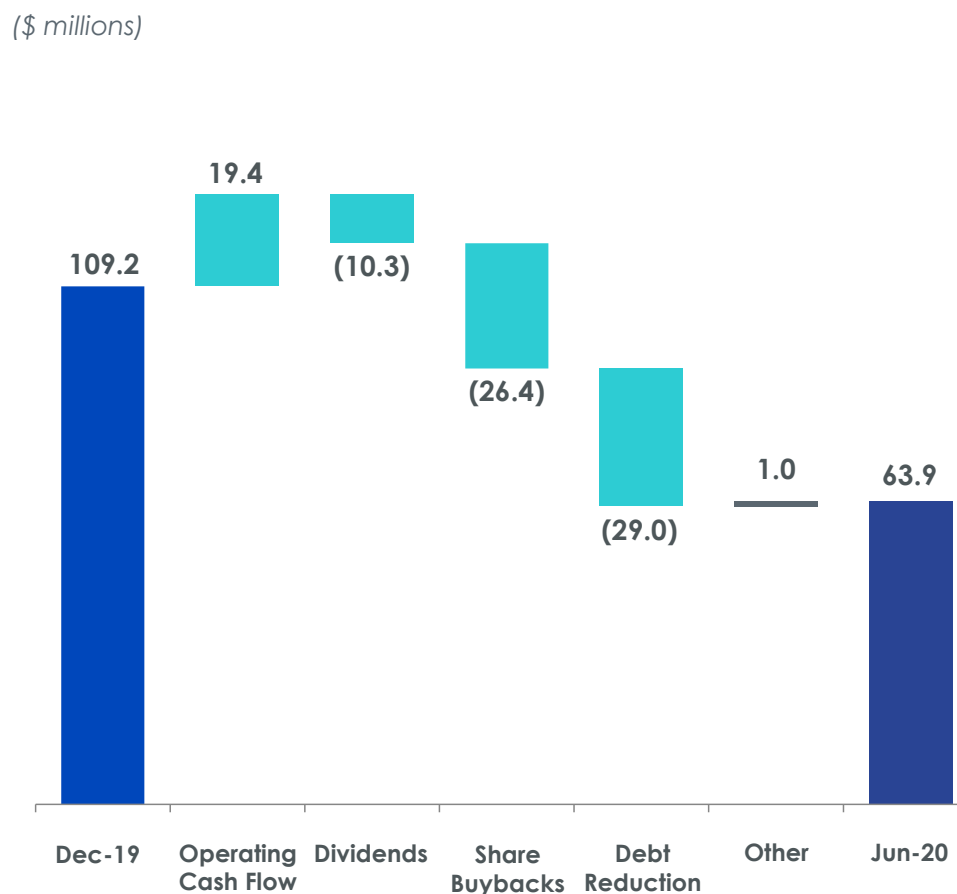


Balance Sheet

Balance Sheet

(\$ millions)	Jun. 30, 2020	Dec. 31, 2019
Assets		
Cash and securities ⁽¹⁾	\$63.9	\$109.2
Investments ⁽²⁾	11.2	39.4
Accounts receivable	24.4	26.8
Deferred tax asset, net	5.5	7.4
Fixed assets, net	7.8	8.1
Goodwill and intangibles	687.1	689.2
Other assets	24.5	55.2
Total assets	\$824.4	\$935.2
Liabilities		
Fund management and administration	\$23.2	\$22.0
Compensation and benefits	7.6	26.5
Accounts payable and other liabilities	9.4	12.9
Long-term debt	141.5	176.0
Deferred consideration (gold payments)	198.8	173.0
Lease Liabilities	21.6	22.7
Other non-current liabilities	2.2	32.1
Total liabilities	404.3	465.2
Preferred stock	132.6	132.6
Stockholders' equity	287.5	337.4
Total liabilities and stockholders' equity	\$824.4	\$935.2

1H/20 Change in Cash & Securities ⁽¹⁾



(1) Includes securities owned and securities held to maturity

(2) Includes note receivable associated with AdvisorEngine at 12/31/19

Consolidated Financial Results - GAAP

	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenues										
Advisory fees	\$ 58,456	\$ 73,778	\$ 71,679	\$ 67,191	\$ 64,840	\$ 65,627	\$ 67,006	\$ 68,179	\$ 62,950	\$ 57,208
Other income	448	997	891	676	645	666	712	728	924	918
Total revenues	58,904	74,775	72,570	67,867	65,485	66,293	67,718	68,907	63,874	58,126
Expenses										
Compensation and benefits	18,832	19,301	17,544	18,838	21,301	21,300	18,880	19,280	17,295	17,455
Fund management and administration	10,912	14,621	15,292	15,861	15,166	15,576	15,110	15,650	14,485	14,461
Marketing and advertising	3,195	3,778	3,239	3,672	2,680	2,910	3,022	3,551	2,468	1,949
Sales and business development	3,813	4,503	3,801	5,036	4,422	4,171	4,354	5,329	3,417	2,181
Contractual gold payments	--	2,715	2,880	2,917	3,098	3,110	3,502	3,516	3,760	4,063
Professional and consulting fees	1,636	1,560	1,934	2,854	1,482	1,296	1,259	1,604	1,273	1,357
Occupancy, communications and equipment	1,363	1,574	1,722	1,544	1,618	1,548	1,549	1,587	1,551	1,643
Depreciation and amortization	355	337	306	303	269	264	259	253	256	251
Third party distribution fees	1,725	1,666	1,407	1,813	2,400	1,919	1,503	1,146	1,355	1,340
Acquisition & disposition related costs	2,062	7,928	456	1,008	313	33	190	366	383	33
Other	1,790	2,261	2,281	2,202	2,053	2,255	1,959	1,816	1,997	1,596
Total expenses	45,683	60,244	50,862	56,048	54,802	54,382	51,587	54,098	48,240	46,329
Operating Income	13,221	14,531	21,708	11,819	10,683	11,911	16,131	14,809	15,634	11,797
Interest Expense	--	(2,356)	(2,747)	(2,859)	(2,892)	(2,910)	(2,832)	(2,606)	(2,419)	(2,044)
Gain/(loss) on revaluation of deferred consideration	--	9,898	7,732	(5,410)	4,404	(4,037)	(6,306)	(5,354)	(2,208)	(23,358)
Interest Income	962	612	719	800	779	818	799	936	163	119
Impairments	--	--	--	(17,386)	(572)	--	--	(30,138)	(19,672)	--
Debt Extinguishment	--	--	--	--	--	--	--	--	--	(2,387)
Other gains/(losses)	(261)	(501)	118	439	(4,627)	284	843	(2)	(2,507)	1,819
Income/(loss) before taxes	13,922	22,184	27,530	(12,597)	7,775	6,066	8,635	(22,355)	(11,009)	(14,054)
Income tax (benefit)/expense	4,498	5,460	5,481	(1,033)	(1,049)	3,587	4,483	3,525	(2,371)	(804)
Net Income/(loss)	\$ 9,424	\$ 16,724	\$ 22,049	\$(11,564)	\$ 8,824	\$ 2,479	\$ 4,152	\$(25,880)	\$ (8,638)	\$(13,250)
Note:										
Stock-based compensation included above	\$ 3,309	\$ 3,352	\$ 3,417	\$ 3,177	\$ 3,072	\$ 3,135	\$ 2,374	\$ 3,009	\$ 3,239	\$ 2,920

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:

- *Adjusted compensation, operating income, operating expenses, income before income taxes, income tax expense, net income and diluted earnings per share.* We disclose adjusted compensation, operating income, operating expenses, income before income taxes, income tax expense, net income and diluted earnings per share as non-GAAP financial measurements in order to report our results exclusive of items that are non-recurring or not core to our operating business. We believe presenting these non-GAAP financial measures provides investors with a consistent way to analyze our performance. These non-GAAP financial measures exclude the following:
 - *Unrealized gains or losses on the revaluation of deferred consideration:* Deferred consideration is an obligation we assumed in connection with the ETFs acquisition that is carried at fair value. This item represents the present value of an obligation to pay fixed ounces of gold into perpetuity and is measured using forward-looking gold prices. Changes in the forward-looking price of gold may have a material impact on the carrying value of the deferred consideration and our reported financial results. We exclude this item when calculating our non-GAAP financial measurements as it is not core to our operating business. The item is not adjusted for income taxes as the obligation was assumed by a wholly-owned subsidiary of ours that is based in Jersey, a jurisdiction where we are subject to a zero percent tax rate.
 - *Tax shortfalls and windfalls upon vesting and exercise of stock-based compensation awards:* GAAP requires the recognition of tax windfalls and shortfalls within income tax expense. These items arise upon the vesting and exercise of stock-based compensation awards and the magnitude is directly correlated to the number of awards vesting/exercised as well as the difference between the price of our stock on the date the award was granted and the date the award vested or was exercised. We exclude these items when calculating our non-GAAP financial measurements as they introduce volatility in earnings and are not core to our operating business.
 - *Interest expense from the amortization of discount arising from the bifurcation of the conversion option embedded in the convertible notes:* GAAP requires convertible instruments to be separated into their liability and equity components by allocating the issuance proceeds to each of those components. The liability component for convertible instruments that qualify for a derivative scope exception (applicable to our convertible notes) is allocated proceeds equal to the estimated fair value of similar debt without the conversion option. The difference between the gross proceeds received from the issuance of the convertible instrument and the proceeds allocated to the liability component represents the residual amount that is classified in equity. The discount arising from the recognition of the residual amount classified in equity is amortized as interest expense over the life of instrument. We exclude this item when calculating our non-GAAP financial measurements as it is non-cash and distorts our actual cost of borrowing. In addition, in June 2020, the FASB approved amendments to ASC 470-20, *Debt – Debt with Conversion and Other Options, Cash Conversion* and once issued, will include the elimination of the requirement to bifurcate conversion options qualifying for a derivative scope exception. Once effective, this interest expense will no longer be recognized.
 - *Other items:* Loss on extinguishment of debt, the release of a deferred tax asset valuation allowance recognized on interest carryforwards arising from our debt previously outstanding in the United Kingdom, a gain arising from an adjustment to the estimated fair value of consideration received from the exit of our investment in AdvisorEngine, impairment charges, a gain recognized upon sale of our Canadian ETF business, severance expense and acquisition and disposition-related costs are excluded when calculating our non-GAAP financial measurements.
- *Adjusted effective income tax rate.* We disclose our adjusted effective income tax rate as a non-GAAP financial measurement in order to report our effective income tax rate exclusive of items that are non-recurring or not core to our operating business. We believe reporting our adjusted effective income tax rate provides investors with a consistent way to analyze our income taxes. Our adjusted effective income tax rate is calculated by dividing adjusted income tax expense by adjusted income before income taxes. See above for information regarding the items that are excluded.
- *Gross margin and gross margin percentage.* We disclose our gross margin and 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. These ratios also assist us in analyzing the profitability of our products. We define gross margin as total operating revenues less fund management and administration expenses. Gross margin percentage is calculated as gross margin divided by total operating revenues.
- *Adjusted operating income margin.* We disclose adjusted operating income margin as a non-GAAP financial measurement in order to report our operating income margin exclusive of items that are non-recurring or not core to our operating business.

Non-GAAP Financial Measurements

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

(\$ in thousands) Unaudited	Three Months Ended				
	30-Jun 2020	31-Mar 2020	Dec. 31 2019	Sept. 30, 2019	Jun 30, 2019
Adjusted net income and diluted earnings per share:					
Net income, as reported	\$ (13,250)	\$ (8,638)	\$ (25,880)	\$ 4,152	\$ 2,479
Add back: Impairments, net of income taxes	--	19,672	30,138	--	--
Add back: Loss on extinguishment of debt, net of income taxes	1,910	--	--	--	--
Deduct: Release of deferred tax asset valuation allowance recognized on interest carryforwards arising from our debt previously outstanding in the United Kingdom	(2,842)	--	--	--	--
Add back: Interest expense from the amortization of discount arising from bifurcation of the conversion option embedded in the convertible notes, net of tax	42	--	--	--	--
Deduct: Gain arising from an adjustment to the estimated fair value of consideration received from Advisor Engine	(868)	--	--	--	--
Add back: Severance expense, net of income taxes	--	--	--	--	1,194
Add back: Acquisition and disposition related costs, net of income taxes	25	358	353	154	27
Add back/(deduct): Tax shortfalls/(windfalls) up vesting and exercise of stock-based compensation awards	119	501	142	30	76
Deduct: Gain recognized upon sale of our former Canadian Business	--	(2,877)	--	--	--
Add back / (deduct): Unrealized loss/(gain) on revaluation of deferred consideration	23,358	2,208	5,354	6,306	4,037
Adjusted net income	8,494	11,224	10,107	10,642	7,813
Weighted average common share - diluted	166,634	167,561	167,203	167,163	167,249
Adjusted earnings per share - diluted	\$0.05	\$0.07	\$0.06	\$0.06	\$0.05
Adjusted operating income and adjusted operating income margin:					
Operating revenues	\$ 58,126	\$ 63,874	\$ 68,907	\$ 67,718	\$ 66,293
Operating income	11,797	15,634	14,809	16,131	11,911
Add back: Severance expense, before income taxes	--	--	--	--	1,475
Add: Acquisition and disposition related costs, before income taxes	33	383	366	190	33
Adjusted operating income	\$ 11,830	\$ 16,017	\$ 15,175	\$ 16,321	\$ 13,419
Adjusted operating income margin	20.4%	25.1%	22.0%	24.1%	20.2%
Adjusted Compensation					
Compensation Expense	\$ 17,455	\$ 17,295	\$ 19,280	\$ 18,880	\$ 21,300
Deduct: Severance expense, before taxes	--	--	--	--	(1,475)
Adjusted Compensation	\$ 17,455	\$ 17,295	\$ 19,280	\$ 18,880	\$ 19,825
Adjusted Total Operating Expenses					
Total Operating expenses	\$ 46,329	\$ 48,240	\$ 54,098	\$ 51,587	\$ 54,382
Deduct: Severance expense, before income taxes	--	--	--	--	(1,475)
Deduct: Acquisition and disposition-related costs, before income taxes	(33)	(383)	(366)	(190)	(33)
Adjusted operating expenses	\$ 46,296	\$ 47,857	\$ 53,732	\$ 51,397	\$ 52,874

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

(\$ in thousands) Unaudited	Three Months Ended				
	30-Jun 2020	31-Mar 2020	Dec. 31 2019	Sept. 30, 2019	Jun 30, 2019
Gross Margin and Gross Margin Percentage					
Operating Revenues	\$ 58,126	\$ 63,874	\$ 68,907	\$ 67,718	\$ 66,293
Deduct: Fund management and administration	(14,461)	(14,485)	(15,650)	(15,110)	(15,576)
Gross margin	\$ 43,665	\$ 49,389	\$ 53,257	\$ 52,608	\$ 50,717
Gross margin percentage	75.1%	77.3%	77.3%	77.7%	76.5%
Adjusted Effective Income Tax Rate					
Income/(loss) before income taxes	\$ (14,054)	\$ (11,009)	\$ (22,355)	\$ 8,635	\$ 6,066
Add back/(deduct): Unrealized loss/(gain) on revaluation of deferred consideration	23,358	2,208	5,354	6,306	4,037
Add back: Loss on extinguishment of debt	2,387	--	--	--	--
Add back: Interest expense from the amortization of discount arising from bifurcation of the conversion option embedded in the convertible notes, net of tax	55	--	--	--	--
Deduct: Gain arising from an adjustment to the estimated fair value of consideration received from Advisor Engine	(868)	--	--	--	--
Deduct: Gain recognized upon sale of Canadian Business	--	(2,877)	--	--	--
Add back: Loss recognized upon reduction of tax indemnification asset	--	5,981	--	--	--
Add back: Severance expense, before income tax	--	--	--	--	1,475
Add back: Impairments, before income tax	--	--	30,138	--	--
Add back: Acquisition and disposition related costs, before income taxes	33	383	366	190	33
Adjusted income before income taxes	\$ 10,911	\$ 14,358	\$ 13,503	\$ 15,131	\$ 11,611
Income tax (benefit)/expense	\$ (804)	\$ (2,371)	\$ 3,625	\$ 4,483	\$ 3,587
Add back: Tax benefit arising from loss on extinguishment of debt	477	--	--	--	--
Add back: Release of deferred tax asset valuation allowance recognized on interest carryforwards arising from our debt previously outstanding in the United Kingdom	2,842	--	--	--	--
Add back: tax benefit from the amortization of discount associated with the bifurcation of the conversion option embedded in the convertible notes,	13	--	--	--	--
Add back: Tax benefit arising from impairments	--	--	--	--	--
Add back: Tax benefit arising reduction in unrecognized tax benefits	--	5,981	--	--	--
Add back/(deduct): Tax windfalls/(shortfalls) upon vesting and exercise of stock-based compensation awards	(119)	(501)	(142)	(30)	(76)
Add back: Tax benefit arising from severance expense	--	--	--	--	281
Add back: Tax benefit arising from acquisition/disposition related costs	8	25	13	36	6
Adjusted income tax expense	\$ 2,417	\$ 3,134	\$ 3,396	\$ 4,489	\$ 3,798
Adjusted effective income tax rate	22.2%	21.8%	25.1%	29.7%	32.7%



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