



Q2/19 Results

July 26, 2019



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: 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:

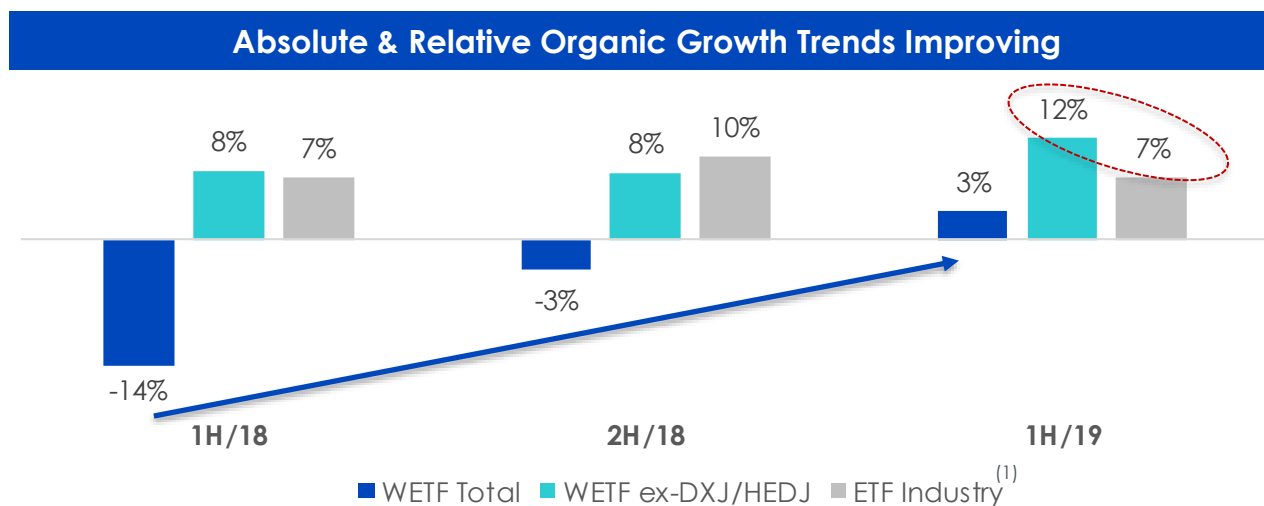
- Declining prices of securities, precious metals and other commodities can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETP investors to sell their fund shares and trigger redemptions.
- Fluctuations in the amount and mix of our AUM, whether caused by disruptions in the financial markets or otherwise, 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.
- Withdrawals or broad changes in investments in our ETPs by investors with significant positions may negatively impact revenues and operating margins.
- 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 ETFs that invest in foreign securities and we therefore have substantial exposure to foreign market conditions and are subject to currency exchange rate risks.
- Net outflows in our two largest currency hedged ETFs – the WisdomTree Europe Hedged Equity Fund and the WisdomTree Japan Hedged Equity Fund – have had, and in the future could continue to have, a negative impact on our revenues.
- 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 and ETFs 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 and ETFs. 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, 2018.

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.

Q2/19 flow highlights

- **AUM of 60.4 billion**, up 12% YTD
- **Net inflows for 3rd consecutive quarter.** Q2/19 Net inflows of \$337m represents 2% organic growth
- **\$919m of Q2/19 inflows ex-DXJ/HEDJ** represents 7% annualized organic growth. Smallest DXJ/HEDJ attrition in the last 10 quarters
- **Gold ETPs generated strong inflows.** Europe listed Gold ETPs generated inflows of +\$772m representing 26% flow market share (consistent with AUM market share)
- **Robust Emerging Markets demand.** Q2/19 inflows of \$367m represents 26% annualized organic growth and the 2nd strongest quarter in 5 years. 14 of 18 EM funds generated inflows



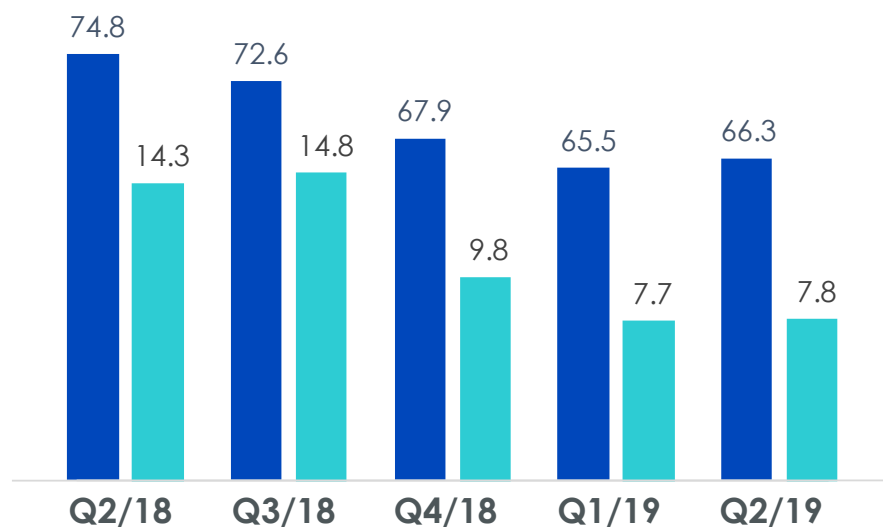
(1) Includes U.S., Europe, Canada listed ETPs

Adjusted operating results in line with expectations

Revenue, Income, EPS

(\$ millions)

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



EPS: **\$0.10** ⁽²⁾ **\$0.13** ⁽³⁾ **(\$0.08)** ⁽⁴⁾ **\$0.05** **\$0.01** ⁽⁵⁾

Adjusted EPS (non-GAAP) ⁽¹⁾: **\$0.09** **\$0.09** **\$0.06** **\$0.05** **\$0.05**

Net Income: **16.7** **22.0** **(11.6)** **8.8** **2.5**

Highlights/Unusual Items

- \$4.0 million (after-tax) non-cash charge associated with revaluation of deferred consideration (gold payment)
- \$1.2 million (after-tax) of severance costs
- Elevated adjusted tax rate due to earnings mix and non-deductibility of certain items. Expect near-term adjusted tax rate in the 29-30% range

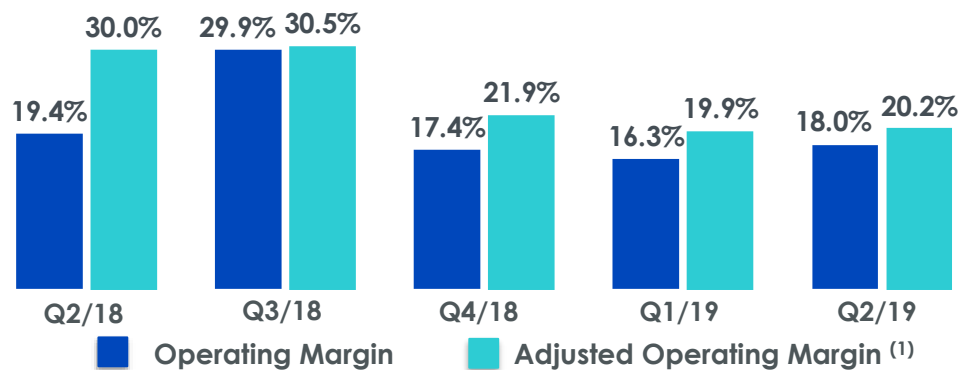


(1) See "Non-GAAP Financial Measurements"
 (2) Includes \$0.01 of net gains
 (3) Includes \$0.04 of net gains
 (4) Includes \$0.14 of net losses

(5) Includes \$0.04 of net losses

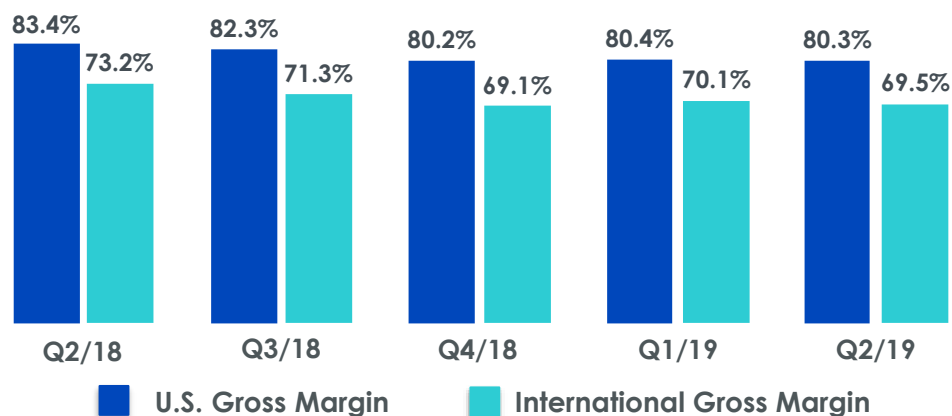
Margins stable in Q2/19

Operating Margins



- Adjusted operating margin expanded 30 bps due to higher average AUM and well controlled expenses

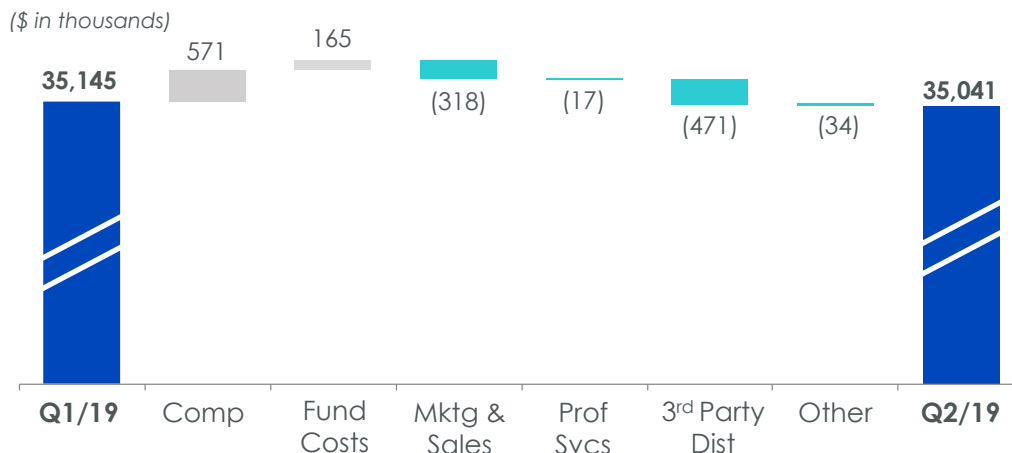
Gross Margins ⁽¹⁾



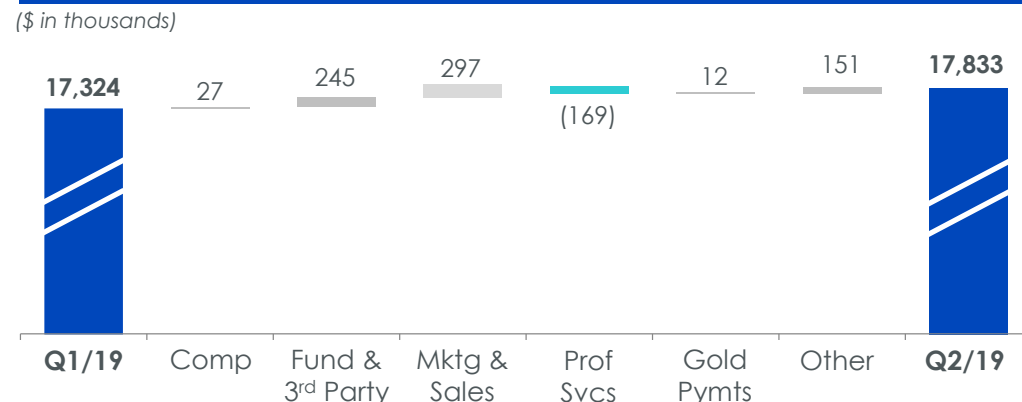
- U.S. gross margins relatively stable
- International gross margins compressed due to timing and Brexit product preparation costs
- Expect to realize \$1.2 million of annual fund cost savings through recent vendor negotiations
- Anticipate near-term gross margins of 80-81% in the U.S. Segment and 70-72% in the International segment

Disciplined expense control

U.S. Expense Base Change – Q1/19 to Q2/19 ⁽²⁾ ⁽³⁾



International Expense Base Change – Q1/19 to Q2/19 ⁽⁴⁾ ⁽⁵⁾



US Segment

- Compensation trending in line with full year guidance
- Sales & Marketing spending well controlled
- Third Party Distribution expenses included some one-time costs in Q1/19. Expect 3.5%-4% going forward
- Anticipate \$2m decrease in full-year discretionary spending ⁽¹⁾ (guidance now ~\$40 million)

International Segment

- 2% increase in expenses ex-AUM related items
- Normalization of Sales & Marketing spending



(1) Discretionary spending includes marketing, sales, professional fees, occupancy, D&A and Other (5) Excludes severance costs of \$109 in Q2/19
 (2) Excludes acquisition-related costs of \$11 in Q1/19
 (3) Excludes severance costs of \$1.4m in Q2/19 and \$2.0m in Q1/19
 (4) Excludes acquisition-related costs of \$33 in Q2/19 and \$302 in Q1/19

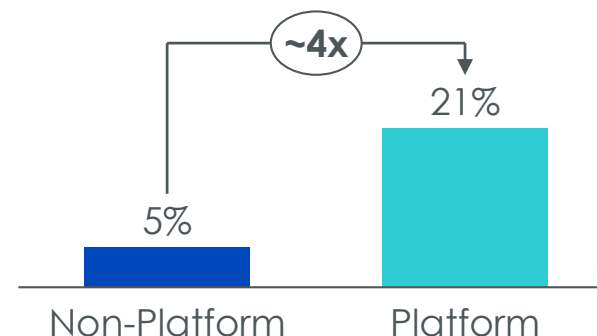
U.S. distribution initiatives are working

Commission Free Platforms

Commission Free Platforms are:

- Exhibiting organic growth rates more than 4x non-platform AUM
- Driving efficiency gains through the access to data
- Driving steadier more diversified flows

Organic Growth ^{(1) (2)}

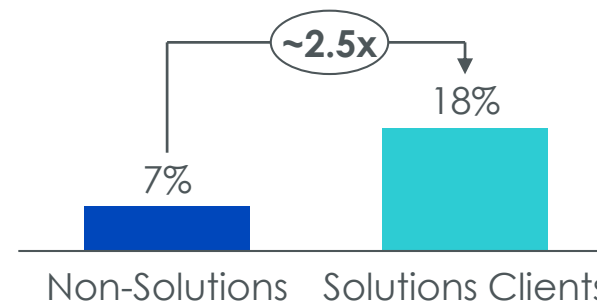


Solutions Program

Solutions Clients are:

- Exhibiting organic growth rates roughly 2.5x faster than non-Solutions clients
- Allocating more than 2x the amount of their book to WETF products vs. non-Solutions clients
- Driving steadier more diversified flows

Organic Growth ^{(1) (3)}



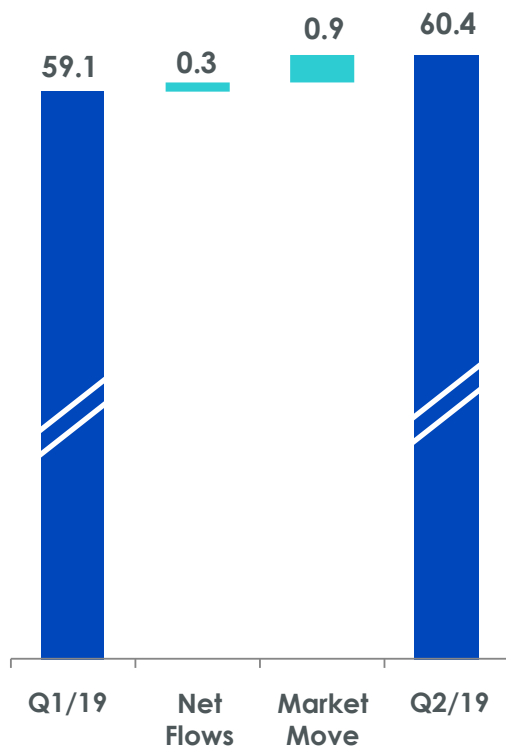
(1) Represents LTM organic growth from 7/1/18 through 6/30/19, excluding DXJ/HEDJ.
(2) Commission Free platforms represent ~25% of U.S. listed AUM
(3) Solutions Program users represent ~25% of U.S. listed AUM. Data excludes AdvisorEngine.

Appendix

AUM growth driven by net inflows and market appreciation

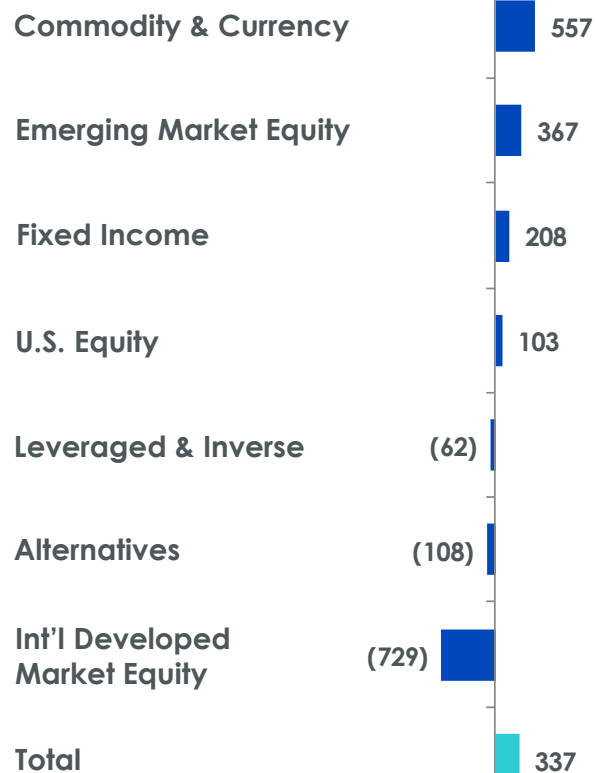
Quarterly ETF AUM Change

(\$ billions)



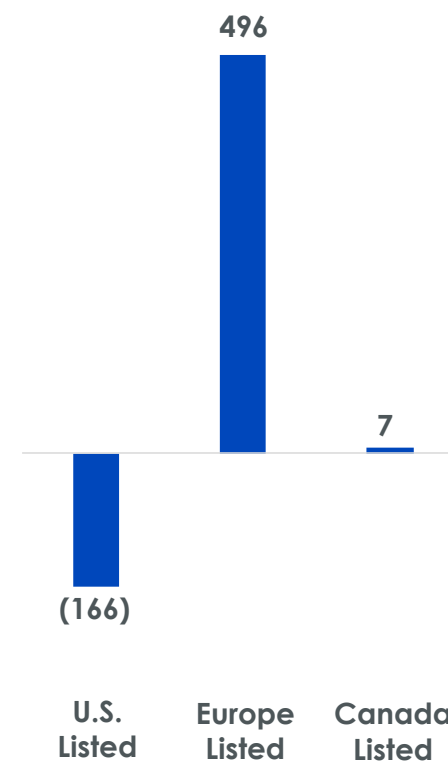
Q2/19 Net Flows by Category

(\$ millions)



Q2/19 Net Flows by Region

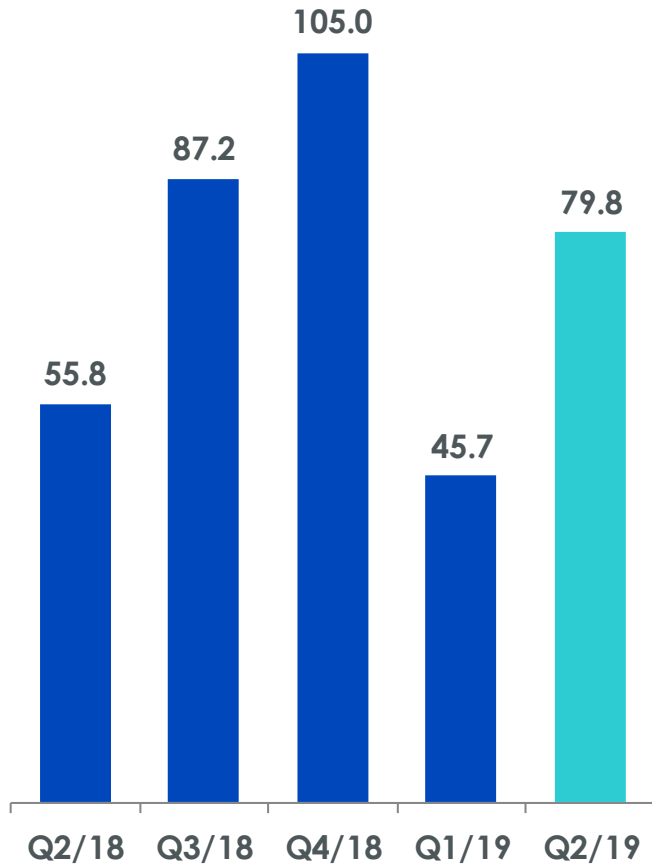
(\$ millions)



Industry U.S. listed ETF flows

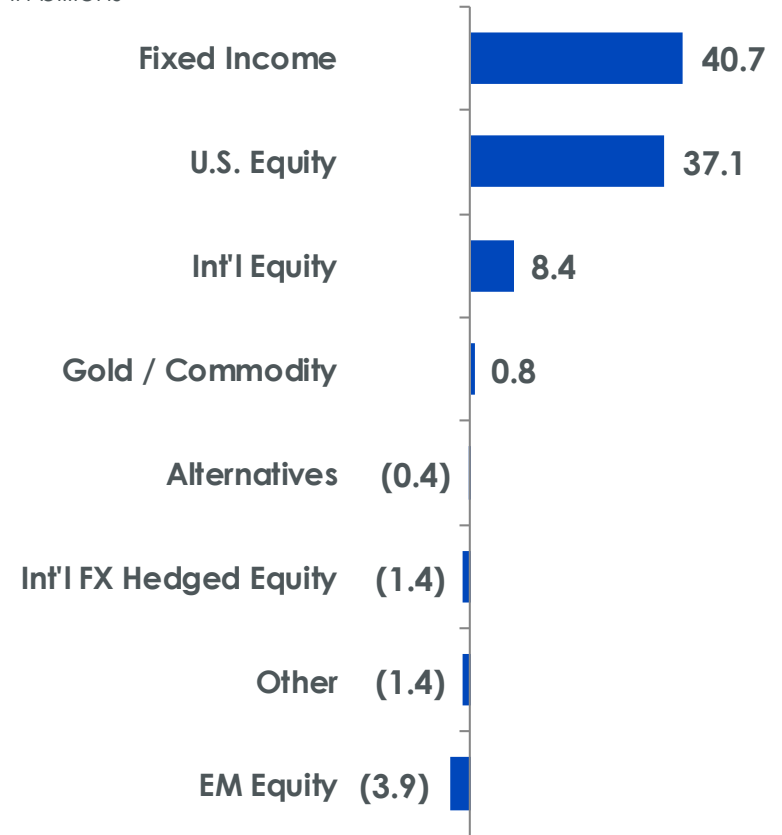
U.S. ETF Industry Net Inflows

\$ in billions



Industry Net Inflows by Category Q2/19

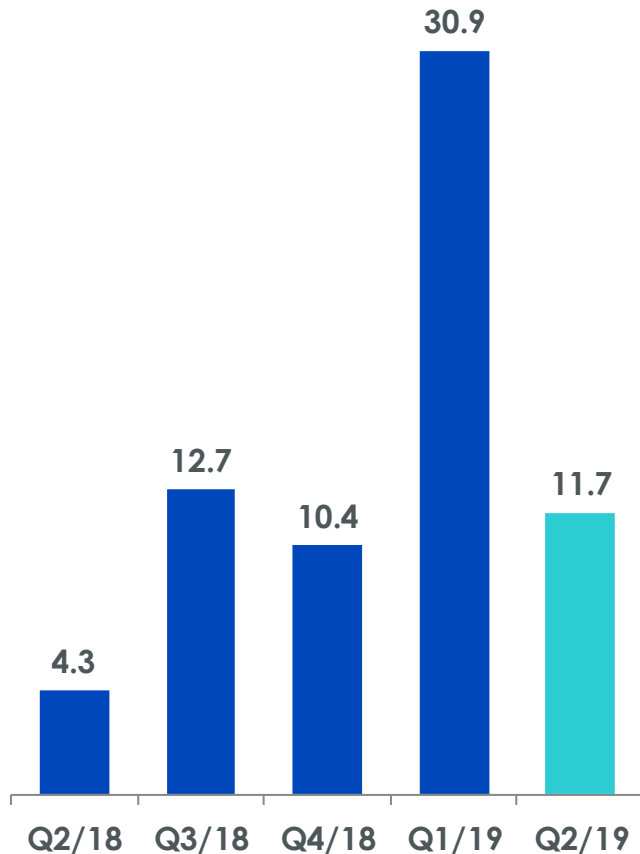
\$ in billions



Industry Europe listed ETF flows

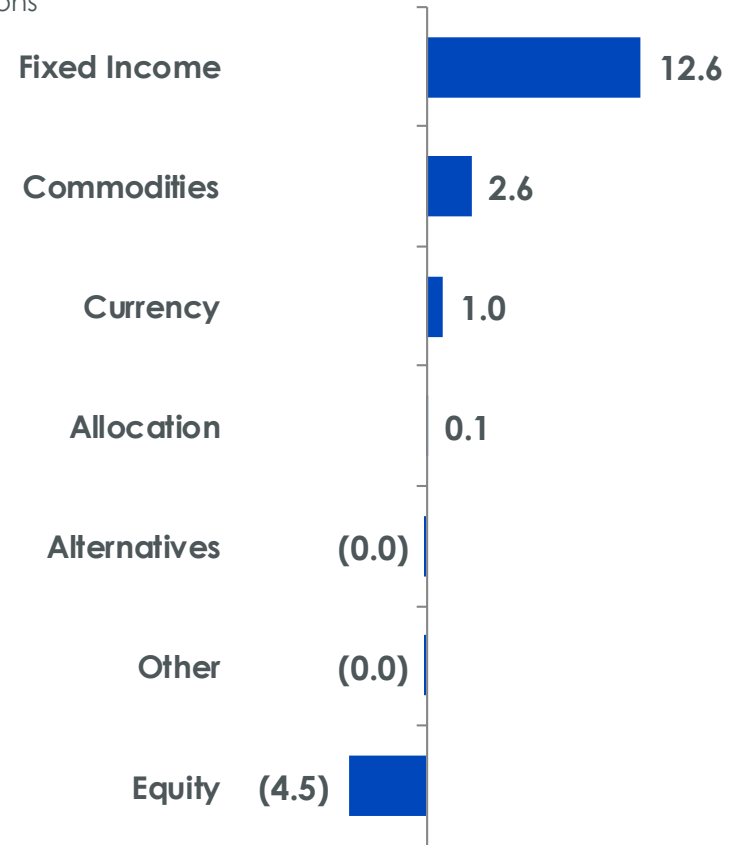
Europe ETF Industry Net Inflows

\$ in billions



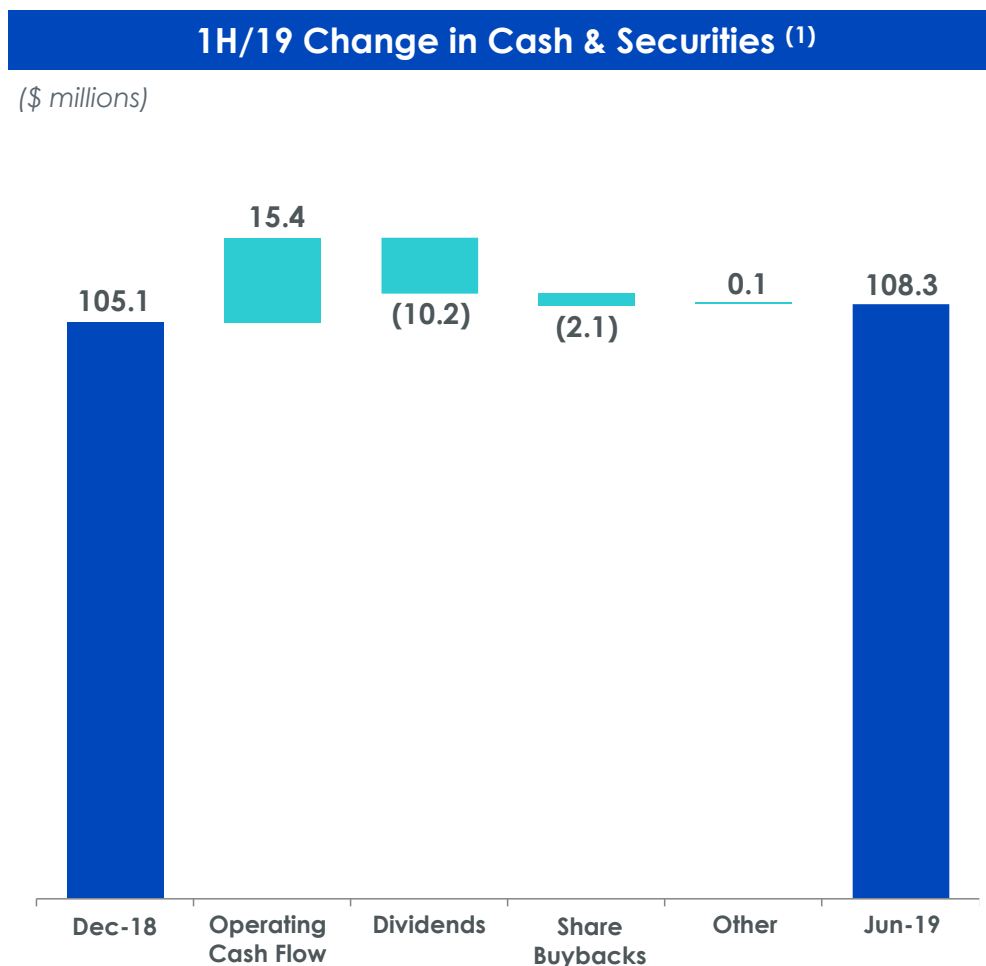
Industry Net Inflows by Category Q2/19

\$ in billions



Balance Sheet

Balance Sheet		
(\$ millions)	Jun. 30, 2019	Dec. 31, 2018
Assets		
Cash and securities ⁽¹⁾	\$108.3	\$105.1
Investments ⁽²⁾	59.6	56.8
Accounts receivable	24.4	25.8
Deferred tax asset, net	4.6	7.0
Fixed assets, net	8.6	9.1
Goodwill and intangibles	689.1	689.1
Other assets	29.3	9.7
Total assets	\$923.9	\$902.6
Liabilities		
Fund management and administration	\$23.8	\$22.5
Compensation and benefits	14.6	18.5
Accounts payable and other liabilities	8.2	10.0
Long-term debt	195.8	194.6
Deferred consideration (gold payments)	161.3	161.5
Lease Liabilities	23.8	4.6
Total liabilities	427.5	411.7
Preferred stock	132.6	132.6
Stockholders' equity	363.8	358.3
Total liabilities and stockholders' equity	\$923.9	\$902.6



(1) Includes securities owned and securities held to maturity

(2) Includes note receivable associated with AdvisorEngine

Consolidated Financial Results

	2017				2018				2019	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Revenues										
Advisory fees	\$ 53,028	\$ 55,856	\$ 57,293	\$ 60,515	\$ 58,456	\$ 73,778	\$ 71,679	\$ 67,191	\$ 64,840	\$ 65,627
Other income	339	386	421	458	448	997	891	676	645	666
Total revenues	53,367	56,242	57,714	60,973	58,904	74,775	72,570	67,867	65,485	66,293
Expenses										
Compensation and benefits	17,874	18,421	19,492	25,706	18,832	19,301	17,544	18,838	21,301	21,300
Fund management and administration	9,600	10,112	10,862	11,570	10,912	14,621	15,292	15,861	15,166	15,576
Marketing and advertising	3,537	3,825	3,314	3,726	3,195	3,778	3,239	3,672	2,680	2,910
Sales and business development	2,962	3,389	3,617	3,843	3,813	4,503	3,801	5,036	4,422	4,171
Contractual gold payments	--	--	--	--	--	2,715	2,880	2,917	3,098	3,110
Professional and consulting fees	1,558	1,221	1,035	1,440	1,636	1,560	1,934	2,854	1,482	1,296
Occupancy, communications and equipment	1,353	1,371	1,378	1,313	1,363	1,574	1,722	1,544	1,618	1,548
Depreciation and amortization	337	352	353	353	355	337	306	303	269	264
Third party distribution fees	932	670	710	1,081	1,725	1,666	1,407	1,813	2,400	1,919
Acquisition-related costs	--	--	--	4,832	2,062	7,928	456	1,008	313	33
Other	1,624	1,842	1,729	1,873	1,790	2,261	2,281	2,202	2,053	2,255
Total expenses	39,777	41,203	42,490	55,737	45,683	60,244	50,862	56,048	54,802	54,382
Operating Income	13,590	15,039	15,224	5,236	13,221	14,531	21,708	11,819	10,683	11,911
Interest Expense	--	--	--	--	--	(2,356)	(2,747)	(2,859)	(2,892)	(2,910)
Gain/(loss) on revaluation of deferred consideration	--	--	--	--	--	9,898	7,732	(5,410)	4,404	(4,037)
Interest Income	584	641	773	861	962	612	719	800	779	818
Impairments	--	--	--	--	--	--	--	(17,386)	(572)	--
Settlement gain	--	6,909	--	--	--	--	--	--	--	--
Other gains/(losses)	648	(364)	(501)	(448)	(261)	(501)	118	439	(4,627)	284
Income before taxes	14,822	22,225	15,496	5,649	13,922	22,184	27,530	(12,597)	7,775	6,066
Income tax (benefit)/expense	7,942	10,120	7,520	5,411	4,498	5,460	5,481	(1,033)	(1,049)	3,587
Net Income	\$ 6,880	\$ 12,105	\$ 7,976	\$ 238	\$ 9,424	\$ 16,724	\$ 22,049	\$ (11,564)	\$ 8,824	\$ 2,479
Note:										
Stock-based compensation included above	\$ 3,421	\$ 3,530	\$ 3,607	\$ 4,159	\$ 3,309	\$ 3,352	\$ 3,417	\$ 3,177	\$ 3,072	\$ 3,135

Segment Financial Results

U.S. Business Segment

(\$ in thousands)

U.S. Business Segment

	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Revenues					
Advisory fees	\$52,931	\$50,216	\$45,633	\$42,517	\$43,070
Other income	162	173	126	106	76
Total revenues	53,093	50,389	45,759	42,623	43,146
Expenses					
Compensation and benefits	14,526	13,040	14,370	16,779	16,696
Fund management and administration	8,802	8,915	9,038	8,340	8,505
Marketing and advertising	2,987	2,469	2,704	2,162	2,336
Contractual gold payment	--	--	--	--	--
Sales and business development	3,446	2,778	3,747	3,359	2,867
Professional and consulting fees	1,134	1,544	2,166	1,072	1,055
Acquisition-related costs	6,773	247	72	11	--
Occupancy, communications and equipment	1,309	1,423	1,205	1,283	1,211
Depreciation and amortization	314	282	280	246	242
Third party distribution fees	1,621	1,398	1,789	2,338	1,867
Other	1,726	1,678	1,617	1,586	1,628
Total expenses	42,638	33,774	36,988	37,176	36,407
Operating Income					
	\$10,455	\$16,615	\$ 8,771	\$ 5,447	\$ 6,739
Operating margin ⁽¹⁾	32.4%	33.5%	23.7%	17.5%	20.3%
Compensation ratio	27.4%	25.9%	31.4%	39.4%	38.7%
Gross Margin ⁽¹⁾	83.4%	82.3%	80.2%	80.4%	80.3%

International Business Segment

(\$ in thousands)

International Business Segment

	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19
Revenues					
Advisory fees	\$20,847	\$21,463	\$21,558	\$22,323	\$22,557
Other income	835	718	550	539	590
Total revenues	21,682	22,181	22,108	22,862	23,147
Expenses					
Compensation and benefits	4,775	4,504	4,468	4,522	4,604
Fund management and administration	5,819	6,377	6,823	6,826	7,071
Marketing and advertising	791	770	968	518	574
Contractual gold payment	2,715	2,880	2,917	3,098	3,110
Sales and business development	1,057	1,023	1,289	1,063	1,304
Professional and consulting fees	426	390	688	410	241
Acquisition-related costs	1,155	209	936	302	33
Occupancy, communications and equipment	265	299	339	335	337
Depreciation and amortization	23	24	23	23	22
Third party distribution fees	45	9	24	62	52
Other	535	603	585	467	627
Total expenses	17,606	17,088	19,060	17,626	17,975
Operating Income					
	\$ 4,076	\$ 5,093	\$ 3,048	\$ 5,236	\$ 5,172
Operating margin ⁽¹⁾	24.1%	23.9%	18.0%	24.2%	22.5%
Compensation ratio	22.0%	20.3%	20.2%	19.8%	19.9%
Gross Margin ⁽¹⁾	73.2%	71.3%	69.1%	70.1%	69.5%

(1) See "Non-GAAP Financial Measurements"

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 net income and adjusted diluted earnings per share.* We disclose adjusted net income and adjusted 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 net income. We exclude this item when arriving at adjusted net income and adjusted diluted earnings per share 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 determining adjusted net income and adjusted diluted earnings per share as they introduce volatility in earnings and are not core to our operating business.
 - Other items: See GAAP to non-GAAP reconciliation.
- *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 "adjusted net income and adjusted diluted earnings per share" 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 for our U.S. Business segment and International Business segment 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 on a consolidated basis, as well as for our U.S. Business segment and International Business segment 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				
	Jun 30, 2019	31-Mar 2019	Dec. 31, 2018	Sept. 30, 2018	Jun 30, 2018
<u>Adjusted net income and diluted earnings per share:</u>					
Net income, as reported	\$ 2,479	\$ 8,824	\$ (11,564)	\$22,049	\$16,724
Add back: Impairments, net of income taxes	--	572	14,048	--	--
Add back: Severance expense, net of income taxes	1,194	1,521	1,526	--	--
Add back: Acquisition-related costs, net of income taxes	27	253	812	356	7,489
Add back/(deduct): Tax shortfalls/(windfalls) up vesting and exercise of stock-based compensation awards	76	971	(403)	135	3
Add back / (deduct): Unrealized loss/(gain) on revaluation of deferred consideration	4,037	(4,404)	5,410	(7,732)	(9,898)
Adjusted net income	7,813	7,737	9,829	14,808	14,318
Weighted average common share - diluted	167,249	166,811	166,686	166,622	163,346
Adjusted earnings per share - diluted	\$0.05	\$0.05	\$0.06	\$0.09	\$0.09
<u>Adjusted operating income margin:</u>					
Operating revenues	\$ 66,293	\$ 65,485	\$ 67,867	\$72,570	\$74,775
Operating income	11,911	10,683	11,819	21,708	14,531
Add back: Severance expense, before income taxes	1,475	2,020	2,014	--	--
Add: Acquisition related costs, before income taxes	33	313	1,008	456	7,928
Adjusted operating income	\$ 13,419	\$ 13,016	\$ 14,841	\$22,164	\$22,459
Adjusted operating income margin	20.2%	19.9%	21.9%	30.5%	30.0%
<u>U.S. Segment Gross Margin and Gross Margin Percentage</u>					
Operating revenues	\$ 43,146	\$ 42,623	\$ 45,759	\$50,389	\$53,093
Less: Fund management and administration	(8,505)	(8,340)	(9,038)	(8,915)	(8,802)
Gross margin	\$ 34,641	\$ 34,283	\$ 36,721	\$41,474	\$44,291
Gross margin percentage	80.3%	80.4%	80.2%	82.3%	83.4%
<u>U.S. Segment Adjusted Operating Income Margin</u>					
Operating revenues	\$ 43,146	\$ 42,623	\$ 45,759	\$50,389	\$53,093
Operating income	6,739	5,447	8,771	16,615	10,455
Add back: Severance expense, before income taxes	1,366	2,020	2,014	--	--
Add back: Acquisition-related costs, before income taxes	--	11	72	247	6,773
Adjusted operating income	\$ 8,105	\$ 7,478	\$ 10,857	\$16,862	\$17,228
Adjusted operating income margin	18.8%	17.5%	23.7%	33.5%	32.4%

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

(\$ in thousands) Unaudited	Three Months Ended				
	Jun 30, 2019	31-Mar 2019	Dec. 31, 2018	Sept. 30, 2018	Jun 30, 2018
<u>International Segment Gross Margin and Gross Margin Percentage</u>					
Operating revenues	\$ 23,147	\$ 22,862	\$ 22,108	\$22,181	\$21,682
Less: Fund management and administration	(7,071)	(6,826)	(6,823)	(6,377)	(5,819)
Gross margin	\$ 16,076	\$ 16,036	\$ 15,285	\$15,804	\$15,863
Gross margin percentage	69.5%	70.1%	69.1%	71.3%	73.2%
<u>International Segment Adjusted Operating Income Margin</u>					
Operating revenues	\$ 23,147	\$ 22,862	\$ 22,108	\$22,181	\$21,682
Operating income	5,172	5,236	3,048	5,093	4,076
Add back: Severance expense, before income tax	109	--	--	--	--
Add back: Acquisition-related costs, before income taxes	33	302	936	209	1,155
Adjusted operating income	\$ 5,314	\$ 5,538	\$ 3,984	\$ 5,302	\$ 5,231
Adjusted operating income margin	23.0%	24.2%	18.0%	23.9%	24.1%
<u>Adjusted Effective Income Tax Rate</u>					
Income/(loss) before income taxes	\$ 6,066	\$ 7,775	\$ (12,597)	\$27,530	\$22,184
Add back/(deduct): Unrealized loss/(gain) on revaluation of deferred consideration	4,037	(4,404)	5,410	(7,732)	(9,898)
Add back: Loss recognized up dreuction of tax indemnification asset	--	4,310	--	--	--
Add back: Severance expense, before income tax	1,475	2,020	2,014	--	--
Add back: Impairments, before income tax	--	572	17,386	--	--
Add back: Acquisition-related costs, before income taxes	33	313	1,008	456	7,928
Adjusted income before income taxes	\$ 11,611	\$ 10,586	\$ 13,221	\$20,254	\$20,214
Income tax (benefit)/expense	\$ 3,587	\$ (1,049)	\$ (1,033)	\$ 5,481	\$ 5,460
Add back: Tax benefit arising from impairments	--	--	3,338	--	--
Add back: Tax benefit arising reduction in unrecognized tax benefits	--	4,310	--	--	--
Add back/(deduct): Tax windfalls/(shortfalls) upon vesting and exercise of stock-based compensation awards	(76)	(971)	403	--	--
Add back: Tax benefit arising from severance expense	281	499	488	--	--
Add back: Tax benefit arising from acquisition related costs	6	60	196	100	439
Adjusted income tax expense	\$ 3,798	\$ 2,849	\$ 3,392	\$ 5,581	\$ 5,899
Adjusted effective income tax rate	32.7%	26.9%	25.7%	27.6%	29.2%



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