UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from__________ to __________.

Commission File Number 001-10932

WisdomTree Investments, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**13-3487784** **(IRS Employer Identification No.)**
245 Park Avenue, 35th Floor **New York, New York** **(Address of principal executive offices)**	**10167** **(Zip Code)**

212-801-2080
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, anon-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**WETF**	**The NASDAQ Stock Market LLC**

As of April 24, 2020, there were 156,424,840 shares of the registrant's Common Stock, $0.01 par value per share, outstanding.

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WISDOMTREE INVESTMENTS, INC.

Form 10-Q
For the Quarterly Period Ended March 31, 2020

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Unless otherwise indicated, references to "the Company," "we," "us," "our" and "WisdomTree" mean WisdomTree Investments, Inc. and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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 our results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed in the section entitled "Risk Factors" included in this Report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. 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 Report and the documents that we reference in this Report and have filed with the Securities and Exchange Commission, or the SEC, as exhibits to this Report, 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 Report may include statements about:

- the COVID-19 pandemic;
- anticipated trends, conditions and investor sentiment in the global markets and exchange traded products, or 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 innon-U.S. markets; and
- the effect of laws and regulations that apply to our business.

The forward-looking statements in this Report represent our views as of the date of this Report. 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 Report.

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WisdomTree Investments, Inc. and Subsidiaries

Consolidated Balance Sheets
(In Thousands, Except Per Share Amounts)

	March 31, 2020 (unaudited)	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 68,429	$ 74,972
Securities owned, at fair value (including $19,636 and $16,886 invested in WisdomTree ETFs at March 31, 2020 and December 31, 2019, respectively)	20,261	17,319
Accounts receivable (including $20,169 and $25,667 due from related parties at March 31, 2020and December 31, 2019, respectively)	22,728	26,838
Prepaid expenses	4,221	3,724
Other current assets	171	207
Total current assets	115,810	123,060
Fixed assets, net	7,914	8,127
Notes receivable, net (Note 8)	8,500	28,172
Indemnification receivable (Note 21)	24,429	32,101
Securities held-to-maturity	10,864	16,863
Deferred tax assets, net	2,863	7,398
Investments (Note 9)	11,192	11,192
Right of use assets – operating leases (Note 14)	17,680	18,161
Goodwill (Note 23)	85,856	85,856
Intangible assets (Note 23)	601,247	603,294
Other noncurrent assets	750	983
Total assets	$ 887,105	$ 935,207
Liabilities and stockholders' equity		
Liabilities		
Current liabilities:		
Fund management and administration payable	$ 22,053	$ 22,021
Compensation and benefits payable	3,424	26,501
Deferred consideration – gold payments (Note 11)	14,500	13,953
Securities sold, but not yet purchased, at fair value	469	582
Operating lease liabilities (Note 14)	3,470	3,682
Income taxes payable	1,284	3,372
Accounts payable and other liabilities	9,129	8,930
Total current liabilities	54,329	79,041
Debt (Note 12)	171,548	175,956
Deferred consideration – gold payments (Note 11)	160,800	159,071
Operating lease liabilities (Note 14)	18,661	19,057
Other noncurrent liabilities (Note 21)	24,429	32,101
Total liabilities	429,767	465,226
Preferred stock – Series A Non-Voting Convertible, par value $0.01; 14.750 shares authorized, issued and outstanding; redemption value of $50,003 and $71,980 at March 31, 2020 and December 31, 2019, respectively (Note 13)	132,569	132,569
Contingencies (Note 15)		
Stockholders' equity		
Preferred stock, par value $0.01; 2,000 shares authorized:	—	—
Common stock, par value $0.01; 250,000 shares authorized; issued and outstanding:156,424 and 155,264 at March 31, 2020 and December 31, 2019, respectively	1,564	1,553
Additional paid-in capital	349,495	352,658
Accumulated other comprehensive income	92	945
Accumulated deficit	(26,382)	(17,744)
Total stockholders' equity	324,769	337,412
Total liabilities and stockholders' equity	$ 887,105	$ 935,207

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries

Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Operating Revenues:		
Advisory fees	$ 62,950	$ 64,840
Other income	924	645
Total revenues	63,874	65,485
Operating Expenses:		
Compensation and benefits	17,295	21,301
Fund management and administration	14,485	15,166
Marketing and advertising	2,468	2,680
Sales and business development	3,417	4,422
Contractual gold payments (Note 11)	3,760	3,098
Professional and consulting fees	1,273	1,482
Occupancy, communications and equipment	1,551	1,618
Depreciation and amortization	256	269
Third-party distribution fees	1,355	2,400
Acquisition and disposition-related costs	383	313
Other	1,997	2,053
Total expenses	48,240	54,802
Operating income	15,634	10,683
Other Income/(Expenses):		
Interest expense	(2,419)	(2,892)
(Loss)/gain on revaluation of deferred consideration – gold payments (Note 11)	(2,208)	4,404
Interest income	163	779
Impairments (Notes 7 and 24)	(19,672)	(572)
Other losses, net	(2,507)	(4,627)
(Loss)/income before income taxes	(11,009)	7,775
Income tax benefit	(2,371)	(1,049)
Net (loss)/income	$ (8,638)	$ 8,824
(Loss)/earnings per share – basic (Note 20)	$ (0.06)	$ 0.05
(Loss)/earnings per share – diluted (Note 20)	$ (0.06)	$ 0.05
Weighted-average common shares – basic (Note 20)	152,519	151,625
Weighted-average common shares – diluted (Note 20)	152,519	166,811
Cash dividends declared per common share	$ 0.03	$ 0.03

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries

Consolidated Statements of Comprehensive (Loss)/Income
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Net (loss)/income	$ (8,638)	$ 8,824
Other comprehensive (loss)/income		
Reclassification of foreign current translation adjustment to other losses, net, upon the sale of WisdomTree Asset Management Canada, Inc. ("WTAMC" or "Canadian ETF business") (Note 24)	(167)	—
Foreign currency translation adjustment	(686)	291
Other comprehensive (loss)/income	(853)	291
Comprehensive (loss)/income	$ (9,491)	$ 9,115

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
(In Thousands)
(Unaudited)

	For the Three Months Ended March 31, 2020					
	Common Stock					
	Shares Issued	Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance – January 1, 2020	155,264	$1,553	$352,658	$ 945	$ (17,744)	$337,412
Restricted stock issued and vesting of restricted stock units, net	1,438	14	(14)	—	—	—
Shares repurchased	(385)	(3)	(1,492)	—	—	(1,495)
Exercise of stock options, net	107	—	240	—	—	240
Stock-based compensation	—	—	3,239	—	—	3,239
Other comprehensive loss	—	—	—	(853)	—	(853)
Dividends	—	—	(5,136)	—	—	(5,136)
Net loss	—	—	—	—	(8,638)	(8,638)
Balance – March 31, 2020	156,424	$1,564	$349,495	$ 92	$ (26,382)	$324,769

	For the Three Months Ended March 31, 2019					
	Common Stock					
	Shares Issued	Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance – January 1, 2019	153,202	$1,532	$363,655	$ 467	$ (7,319)	$358,335
Restricted stock issued and vesting of restricted stock units, net	2,145	21	(21)	—	—	—
Shares repurchased	(311)	(2)	(2,003)	—	—	(2,005)
Exercise of stock options, net	20	—	14	—	—	14
Stock-based compensation	—	—	3,072	—	—	3,072
Other comprehensive income	—	—	—	291	—	291
Dividends	—	—	—	—	(5,097)	(5,097)
Net income	—	—	—	—	8,824	8,824
Balance – March 31, 2019	155,056	$1,551	$364,717	$ 758	$ (3,592)	$363,434

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash flows from operating activities:		
Net (loss)/income	$ (8,638)	$ 8,824
Adjustments to reconcile net (loss)/income to net cash (used in)/provided by operating activities:		
Impairments	19,672	572
Advisory fees received in gold and other precious metals	(13,860)	(11,389)
Deferred income taxes	4,526	3,048
Contractual gold payments	3,760	3,098
Stock-based compensation	3,239	3,072
Gain on sale – Canadian ETF business	(2,877)	—
(Loss)/gain on revaluation of deferred consideration	2,208	(4,404)
Amortization of right of use asset	798	798
Amortization of credit facility issuance costs	723	711
Paid-in-kind interest income	—	(595)
Depreciation and amortization	256	269
Other	(31)	3
Changes in operating assets and liabilities:		
Securities owned, at fair value	(2,942)	2,454
Accounts receivable	5,850	(1,939)
Income taxes payable	(2,032)	(604)
Prepaid expenses	(616)	419
Gold and other precious metals	9,838	7,975
Other assets	139	182
Fund management and administration payable	537	4,274
Compensation and benefits payable	(22,688)	(9,250)
Securities sold, but not yet purchased, at fair value	(112)	(360)
Operating lease liabilities	(926)	(881)
Accounts payable and other liabilities	542	1,575
Net cash (used in)/provided by operating activities	(2,634)	7,852
Cash flows from investing activities:		
Purchase of fixed assets	(50)	(7)
Proceeds from held-to-maturity securities maturing or called prior to maturity	6,030	18
Proceeds from sale of Canadian ETF business, net	2,774	—
Net cash provided by investing activities	8,754	11
Cash flows from financing activities:		
Dividends paid	(5,136)	(5,097)
Repayment of debt	(5,000)	—
Shares repurchased	(1,495)	(2,005)
Proceeds from exercise of stock options	240	14
Net cash used in financing activities	(11,391)	(7,088)
(Decrease)/increase in cash flow due to changes in foreign exchange rate	(1,272)	383
Net (decrease)/increase in cash and cash equivalents	(6,543)	1,158
Cash and cash equivalents – beginning of period	74,972	77,784
Cash and cash equivalents – end of period	$ 68,429	$ 78,942
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$ 1,147	$ 707
Cash paid for interest	$ 2,312	$ 2,224

The accompanying notes are an integral part of these consolidated financial statements

WisdomTree Investments, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
(In Thousands, Except Share and Per Share Amounts)

1. Organization and Description of Business

WisdomTree Investments, Inc., through its global subsidiaries (collectively, "WisdomTree" or the "Company"), is an exchange-traded product ("ETP") sponsor and asset manager headquartered in New York. WisdomTree offers ETPs covering equity, commodity, fixed income, leveraged and inverse, currency and alternative strategies. The Company has the following wholly-owned operating subsidiaries:

- *WisdomTree Asset Management, Inc.* is a New York based investment adviser registered with the SEC, providing investment advisory and other management services to the WisdomTree Trust ("WTT") and WisdomTree exchange-traded funds ("ETFs"). The WisdomTree ETFs are issued in the U.S. by WTT. WTT, a non-consolidated third party, is a Delaware statutory trust registered with the SEC as anopen-end management investment company. The Company has licensed to WTT the use of certain of its own indexes on an exclusive basis for the WisdomTree ETFs in the U.S.
- *WisdomTree Management Jersey Limited* ("ManJer") is a Jersey based management company providing management services to eight issuers (the "ManJer Issuers") in respect of the ETPs issued and listed by the ManJer Issuers covering commodity, currency, cryptocurrency and leveraged-and-inverse strategies.
- *WisdomTree Multi Asset Management Limited* ("WTMAML") is a Jersey based management company providing management services to WisdomTree Multi Asset Issuer PLC ("WMAI") in respect of the ETPs issued by WMAI. WMAI, a non-consolidated third party, is a public limited company domiciled in Ireland.
- *WisdomTree Management Limited* ("WML") is an Ireland based management company providing management services to WisdomTree Issuer plc ("WTI") in respect of the WisdomTree UCITS ETFs issued by WTI. WTI, a non-consolidated third party, is a public limited company domiciled in Ireland.
- *WisdomTree UK Limited* ("WTUK") is a U.K. based company registered with the Financial Conduct Authority currently providing distribution and support services to ManJer, WTMAML and WML.
- *WisdomTree Europe Limited* is a U.K. based company which is the legacy distributor of the WMAI ETPs and WisdomTree UCITS ETFs. These services are now provided directly by WTUK. WisdomTree Europe Limited is no longer regulated and does not provide any regulated services.
- *WisdomTree Ireland Limited* is an Ireland based company authorized by the Central Bank of Ireland providing distribution services to ManJer, WTMAML and WML.
- *WisdomTree Commodity Services, LLC* ("WTCS") is a New York based company that serves as the managing owner and commodity pool operator of the WisdomTree Continuous Commodity Index Fund. WTCS is registered with the Commodity Futures Trading Commission and is a member of the National Futures Association.

Sale of Canadian ETF Business

On February 19, 2020, the Company completed the sale of WTAMC to CI Financial Corp. (See Note 24).

2. Significant Accounting Policies

Basis of Presentation

These consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and in the opinion of management reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of financial condition, results of operations, and cash flows for the periods presented. The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Consolidation

The Company consolidates entities in which it has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity ("VOE") or a variable interest entity ("VIE"). The usual condition for a controlling financial interest in a VOE is ownership of a majority voting interest. If the Company has a majority voting interest in a VOE, the entity is consolidated. The Company has a controlling financial interest in a VIE when the Company has a variable interest that provides it with (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company reassesses its evaluation of whether an entity is a VIE when certain reconsideration events occur.

Segment and Geographic Information

Effective January 1, 2020, the Company, through its subsidiaries in the U.S. and Europe, conducts business as a single operating segment as an ETP sponsor and asset manager which is based upon the Company's current organizational and management structure, as well as information used by the chief operating decision maker to allocate resources and other factors. Previously, the Company's financial results were reported in its U.S. Business and International Business reportable segments.

Foreign Currency Translation

Assets and liabilities of subsidiaries whose functional currency is not the U.S. dollar are translated based on the end of period exchange rates from local currency to U.S. dollars. Results of operations are translated at the average exchange rates in effect during the period. The impact of the foreign currency translation adjustment is included in the Consolidated Statements of Comprehensive (Loss)/Income as a component of other comprehensive (loss)/income.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet dates and the reported amounts of revenues and expenses for the periods presented. Actual results could differ materially from those estimates.

Revenue Recognition

The Company earns substantially all of its revenue in the form of advisory fees from its ETPs and recognizes this revenue over time, as the performance obligation is satisfied. Advisory fees are based on a percentage of the ETPs' average daily net assets. Progress is measured using the practical expedient under the output method resulting in the recognition of revenue in the amount for which the Company has a right to invoice.

Contractual Gold Payments

Contractual gold payments are measured and paid monthly based upon the average daily spot price of gold (Note 11).

Marketing and Advertising

Advertising costs, including media advertising and production costs, are expensed when incurred.

Depreciation and Amortization

Depreciation is provided for using the straight-line method over the estimated useful lives of the related assets as follows:

Equipment	5 years
Furniture and fixtures	15 years

Leasehold improvements are amortized over the term of their respective leases or service lives of the improvements, whichever is shorter. Fixed assets are recorded at cost less accumulated depreciation and amortization.

Stock-Based Awards

Accounting for stock-based compensation requires the measurement and recognition of compensation expense for all equity awards based on estimated fair values. Stock-based compensation is measured based on the grant-date fair value of the award and is amortized over the relevant service period. Forfeitures are recognized when they occur.

Third-Party Distribution Fees

The Company pays a percentage of its advisory fee revenues based on incremental growth in AUM, subject to caps or minimums, to marketing agents to sell WisdomTree ETFs and for including WisdomTree ETFs on third-party customer platforms.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of90 days or less at the time of purchase to be classified as cash equivalents. The Company maintains deposits with financial institutions in an amount that is in excess of federally insured limits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are customer and other obligations due under normal trade terms. The Company measures credit losses by applying historical loss rates, adjusted for current conditions and supportable forecasts to amounts outstanding using the aging method.

Impairment of Long-Lived Assets

The Company performs a review for the impairment of long-lived assets when events or changes in circumstances indicate that the estimated undiscounted future cash flows expected to be generated by the assets are less than their carrying amounts or when other events occur which may indicate that the carrying amount of an asset may not be recoverable.

Notes Receivable

Notes receivable are accounted for on an amortized cost basis, including accrued interest and net of original issue discount and impairments, if any. Interest income is accrued over the term of the notes using the effective interest method. Notes receivable are placed on non-accrual status when the Company is in receipt of information indicating collection of interest is doubtful. Cash received on notes receivable placed on non-accrual status is recognized on a cash basis as interest income if and when received.

Effective January 1, 2020, the Company performs a review for the impairment of the notes receivable and accrued interest on a quarterly basis using the current expected credit loss model and provides for an allowance for credit losses by applying an estimated loss rate to amounts outstanding at the balance sheet date. Previously, credit losses were measured using an incurred loss approach.

Securities Owned and Securities Sold, but not yet Purchased (at fair value)

Securities owned and securities sold, but not yet purchased are securities classified as either trading or available-for-sale (“AFS”). These securities are recorded on their trade date and are measured at fair value. All equity securities are classified by the Company as trading. Debt securities are classified based primarily on the Company’s intent to hold or sell the security. Changes in the fair value of debt securities classified as trading and AFS are reported in other income and other comprehensive income, respectively, in the period the change occurs. Debt securities classified as AFS are assessed for impairment on a quarterly basis and an estimate for credit loss is provided when the fair value of the AFS debt security is below its amortized cost basis. Credit-related impairments are recognized as an allowance with a corresponding adjustment to earnings, while impairments resulting from noncredit-related factors are recognized in other comprehensive income. Amounts recorded in other comprehensive income are reclassified into earnings upon sale of the AFS debt security using the specific identification method.

Securities Held-to-Maturity

The Company accounts for certain of its securities asheld-to-maturity on a trade date basis, which are recorded at amortized cost. For held-to-maturity securities, the Company has the intent and ability to hold these securities to maturity and it is not more-likely-than-not that the Company will be required to sell these securities before recovery of their amortized cost bases, which may be maturity. Held-to-maturity securities are placed on non-accrual status when the Company is in receipt of information indicating collection of interest is doubtful. Cash received onheld-to-maturity securities placed on non-accrual status is recognized on a cash basis as interest income if and when received.

Effective January 1, 2020, the Company reviews its portfolio ofheld-to-maturity securities for impairment on a quarterly basis by applying an estimated loss rate after consideration for the nature of collateral securing the financial asset as well as potential future changes in collateral values and historical loss information for financial assets secured with similar collateral. Previously, these securities were evaluated for impairment on a quarterly basis and if a decline in fair value was deemed to be other-than-temporary, the securities was written down to its fair value through earnings.

Investments in pass-through government-sponsored enterprises (“GSEs”) are determined to have an estimated loss rate of zero due to an implicit U.S. government guarantee.

Investments

The Company accounts for equity investments that do not have a readily determinable fair value under the measurement alternative prescribed within Accounting Standards Update (“ASU”) 2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities*, to the extent such investments are not subject to consolidation or the equity method. Under the measurement alternative, these financial instruments are carried at cost, less any impairment (assessed quarterly), plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. In addition, income is recognized when dividends are received only to the extent they are distributed from net accumulated earnings of the investee. Otherwise, such distributions are considered returns of investment and are recorded as a reduction of the cost of the investment.

Goodwill

Goodwill is the excess of the fair value of the purchase price over the fair values of the identifiable net assets at the acquisition date. The Company tests goodwill for impairment at least annually and at the time of a triggering event requiring re-evaluation, if one were to occur. Goodwill is considered impaired when the estimated fair value of the reporting unit that was allocated the goodwill is less than its carrying value. If the estimated fair value of such reporting unit is less than its carrying value, goodwill impairment is recognized based on that difference, not to exceed the carrying amount of goodwill. A reporting unit is an operating segment or a component of an operating segment provided that the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component.

Goodwill is allocated to the Company's U.S. Business and European Business components. Effective January 1, 2020, for impairment testing purposes, these components are aggregated as a single reporting unit as they fall under the same operating segment and have similar economic characteristics. Previously, these components were tested separately for impairment when Company was operating as more than one operating segment.

Goodwill is assessed for impairment annually on November 30th. When performing its goodwill impairment test, the Company considers a qualitative assessment, when appropriate, and the market approach and its market capitalization when determining the fair value of the reporting units, in the aggregate.

Intangible Assets

Indefinite-lived intangible assets are tested for impairment at least annually and are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indefinite-lived intangible assets are impaired if their estimated fair values are less than their carrying values.

Finite-lived intangible assets, if any, are amortized over their estimated useful life, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Company. These intangible assets are tested for impairment at the time of a triggering event, if one were to occur. Finite-lived intangible assets may be impaired when the estimated undiscounted future cash flows generated from the assets are less than their carrying amounts.

The Company may rely on a qualitative assessment when performing its intangible asset impairment test. Otherwise, the impairment evaluation is performed at the lowest level of reasonably identifiable cash flows independent of other assets. The annual impairment testing date for all of the Company's intangible assets is November 30th.

Leases

Effective January 1, 2019, the Company accounts for its lease obligations in accordance with Accounting Standards Codification ("ASC") Topic 842, *Leases* (ASC 842), which requires the recognition of both (i) a lease liability equal to the present value of the remaining lease payments and (ii) an offsetting right-of-use asset. The remaining lease payments are discounted using the rate implicit in the lease, if known, or otherwise the Company's incremental borrowing rate. After lease commencement, right-of-use assets are assessed for impairment and otherwise are amortized over the remaining lease term on a straight-line basis. These recognition requirements are not applied to short-term leases which are those with a lease term of 12 months or less. Instead, lease payments associated with short-term leases are recognized as an expense on a straight-line basis over the lease term.

ASC 842 also provides a practical expedient which allows for consideration in a contract to be accounted for as a single lease component rather than allocated between lease and non-lease components. The Company has elected to apply this practical expedient to all lease contracts, where applicable.

Upon adoption of ASC 842 on January 1, 2019, the Company applied the transitional practical expedients to its outstanding leases and therefore the Company did not reassess (i) whether any expired or existing contracts are or contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases. The Company also elected to apply the new lease requirements at the effective date, rather than the beginning of the earliest comparative period presented.

Deferred Consideration – Gold Payments

Deferred consideration represents the present value of an obligation to pay gold to a third party into perpetuity and is measured using forward-looking gold prices and a selected discount rate (Note 11). Changes in the fair value of this obligation are reported as (loss)/gain on revaluation of deferred consideration – gold payments on the Company's Consolidated Statements of Operations.

Debt

Debt is carried at amortized cost, net of debt issuance costs. Interest expense is recognized using the effective interest method and includes amortization of debt issuance costs over the life of the debt.

Earnings per Share

Basic earnings per share ("EPS") is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding for the period. Net income available to common stockholders represents net income of the Company reduced by an allocation of earnings to participating securities. The Series A non-voting convertible preferred stock (Note 20) and unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of EPS pursuant to the two-class method. Share-based payment awards that do not contain such rights are not deemed participating securities and are included in diluted shares outstanding (if dilutive).

Diluted EPS is calculated under the treasury stock and if-converted method and the two-class method. The calculation that results in the lowest diluted EPS amount for the common stock is reported in the Company's consolidated financial statements.

Income Taxes

The Company accounts for income taxes using the liability method, which requires the determination of deferred tax assets and liabilities based on the differences between the financial and tax bases of assets and liabilities using the enacted tax rates in effect for the year in which differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more-likely-than-not that some portion or all the deferred tax assets will not be realized.

Tax positions are evaluated utilizing a two-step process. The Company first determines whether any of its tax positions are more-likely-than-not to be sustained upon examination, based solely on the technical merits of the position. Once it is determined that a position meets this recognition threshold, the position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company records interest expense and penalties related to tax expenses as income tax expense.

Non-income based taxes are recorded as part of other liabilities and other expenses.

Going Concern

The Company performs a quarterly assessment of its ability to continue as a going concern within one year of the date the financial statements are issued. This assessment includes evaluating the impact of outstanding debt of $174,000 which is scheduled to mature on April 11, 2021. The Company is actively exploring refinancing and extension alternatives to mitigate the risk that it will be unable to satisfy its outstanding debt at maturity.

Recently Issued Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes* (ASU 2019-12). The main objective of the standard is to reduce complexity in the accounting for income taxes by removing the following exceptions: (1) exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items (for example, discontinued operations or other comprehensive income); (2) exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; (3) exception to the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and (4) exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The standard also simplifies the accounting for income taxes by enacting the following: (a) requiring that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount as a non-income-based tax; (b) requiring that an entity evaluate when a step up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered as a separate transaction; (c) specifying that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements; and (d) requiring that an entity reflect the enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. ASU 2019-12 is effective for years beginning after December 15, 2020, including the interim periods within those reporting periods. Early adoption is permitted. The Company has determined that this standard will not have a material impact on its financial statements.

Recently Adopted Accounting Pronouncements

On January 1, 2020, the Company adopted ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The main objective of the standard is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. In issuing this standard, the FASB is responding to criticism that prior guidance delayed recognition of credit losses. The standard replaced the prior guidance's "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, applies to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. The standard is applicable to loans, accounts receivable, trade receivables, and other financial assets measured at amortized cost, loan commitments and certain other off-balance sheet credit exposures, debt securities (including those held-to-maturity) and other financial assets measured at fair value through other comprehensive income, and beneficial interests in securitized financial assets. The CECL model does not apply to AFS debt securities. For AFS debt securities with unrealized losses, entities measure credit losses in a manner similar to prior guidance, except that the credit losses are recognized as allowances rather than reductions in the amortized cost of the securities. Accordingly, the new methodology is utilized when assessing the Company's financial instruments for impairment. As a result, entities recognize improvements to estimated credit losses immediately in earnings rather than as interest income over time. The ASU also simplified the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 also expanded the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. The adoption of this standard, which is applicable to the Company's trade receivables, notes receivable and held-to-maturity securities did not have a material impact on the Company's consolidated financial statements.

On January 1, 2020, the Company adopted ASU 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13), which modified the disclosure requirements on fair value measurements, including removing the requirement to disclose (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels and (3) the valuation processes for Level 3 fair value measurements. ASU 2018-13 also added new disclosures including the requirement to disclose (a) the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and (b) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This standard only impacted the disclosures pertaining to fair value measurements and were incorporated into the notes to the Company's consolidated financial statements.

3. Cash and Cash Equivalents

Of the total cash and cash equivalents of $68,429 and $74,972 at March 31, 2020 and December 31, 2019, respectively, $62,655 and $72,120 were held at two financial institutions. At March 31, 2020 and December 31, 2019, cash equivalents were approximately $3,885 and $317, respectively.

Certain of the Company's international subsidiaries are required to maintain a minimum level of regulatory capital, which was $10,398 and $12,312 at March 31, 2020 and December 31, 2019, respectively. These requirements are generally satisfied by cash on hand.

In addition, the Company collateralized its U.S. office lease through a standby letter of credit totaling $1,384 which is restricted from further use.

4. Fair Value Measurements

The fair value of financial instruments is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., "the exit price") in an orderly transaction between market participants at the measurement date. ASC 820, *Fair Value Measurements*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 – Quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 – Instruments whose significant drivers are unobservable.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The tables below summarize the categorization of the Company's assets and liabilities measured at fair value. During the three months ended March 31, 2020 and 2019, there were no transfers between Levels 2 and 3.

	March 31, 2020			
	Total	Level 1	Level 2	Level 3
Assets:				
Recurring fair value measurements:				
Cash equivalents	$ 3,885	$ 3,885	$ —	$ —
Securities owned, at fair value	20,261	20,261	—	—
Total	$ 24,146	$24,146	$ —	$ —
Non-recurring fair value measurements:				
AdvisorEngine, Inc. – Financial interests(1)	$ 8,500	$ —	$ —	$ 8,500
Total	$ 8,500	$ —	$ —	$ 8,500
Liabilities:				
Recurring fair value measurements:				
Deferred consideration (Note 11)	$175,300	$ —	$ —	$175,300
Securities sold, but not yet purchased	469	469	—	—
Total	$175,769	$ 469	$ —	$175,300

(1) Fair value determined on March 31, 2020 (Note 7).

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Assets:				
Recurring fair value measurements:				
Cash equivalents	$ 317	$ 317	$ —	$ —
Securities owned, at fair value	17,319	17,319	—	—
Total	$ 17,636	$17,636	$ —	$ —
Non-recurring fair value measurements:				
AdvisorEngine, Inc. – Financial interests(2)	$ 28,172	$ —	$ —	$ 28,172
Total	$ 28,172	$ —	$ —	$ 28,172
Liabilities:				
Recurring fair value measurements:				
Deferred consideration (Note 11)	$173,024	$ —	$ —	$173,024
Securities sold, but not yet purchased	582	582	—	—
Total	$173,606	$ 582	$ —	$173,024

(2) Fair value determined on December 31, 2019.

Recurring Fair Value Measurements – Methodology

Cash Equivalents (Note 3) – These financial assets represent cash invested in highly liquid investments with original maturities of less than 90 days. These investments are valued at par, which approximates fair value, and are considered Level 1.

Securities Owned/Sold but Not Yet Purchased (Note 5)– Securities owned and sold, but not yet purchased are investments in ETFs. ETFs are generally traded in active, quoted and highly liquid markets and are therefore classified as Level 1 in the fair value hierarchy.

Deferred Consideration – Deferred consideration represents the present value of an obligation to pay gold into perpetuity and was measured at March 31, 2020 using forward-looking gold prices ranging from $1,597 per ounce to $2,275 per ounce (weighted average of $1,775 per ounce) which are extrapolated from the last observable price (beyond 2025), discounted at a rate of 10% and includes a perpetual growth rate of 1.5%. Forward-looking gold prices ranged from $1,535 per ounce to $2,328 per ounce (weighted average of $1,757 per ounce) at December 31, 2019. The weighted-average price per ounce was derived from the relative present values of the annual payment obligations. This obligation is classified as Level 3 as the discount rate, perpetual growth rate and extrapolated forward-looking gold prices are significant unobservable inputs. An increase in forward-looking gold prices and the perpetual growth rate would result in an increase in deferred consideration, whereas an increase in the discount rate would reduce the fair value. See Note 11 for additional information.

The following table presents a reconciliation of beginning and ending balances of recurring fair value measurements classified as Level3:

	Three Months Ended March 31, 2020	2019
Deferred consideration (Note 11)		
Beginning balance	$173,024	$161,540
Net realized losses[1]	3,760	3,098
Net unrealized losses/(gains)[2]	2,208	(4,404)
Settlements	(3,692)	(3,087)
Ending balance	$175,300	$157,147

(1) Recorded as contractual gold payments expense on the Company's Consolidated Statements of Operations.
(2) Recorded as (loss)/gain on revaluation of deferred consideration – gold payments on the Company's Consolidated Statements of Operations.

5. Securities Owned/Sold, but Not Yet Purchased

These securities consist of the following:

	March 31, 2020	December 31, 2019
Securities Owned		
Trading securities	$ 20,261	$ 17,319
Securities Sold, but not yet Purchased		
Trading securities	$ 469	$ 582

The Company had no AFS debt securities at March 31, 2020 and December 31, 2019.

6. Securities Held-to-Maturity

The following table is a summary of the Company's securities held-to-maturity:

	March 31, 2020	December 31, 2019
Debt instruments: Pass-through GSEs (amortized cost)	$ 10,864	$ 16,863

During the three months ended March 31, 2020, the Company received proceeds of $6,030 from held-to-maturity securities maturing or being called prior to maturity.

The following table summarizes unrealized gains, losses, and fair value (classified as Level 2 within the fair value hierarchy) of securities held-to-maturity:

	March 31, 2020	December 31, 2019
Cost/amortized cost	$ 10,864	$ 16,863
Gross unrealized gains	102	38
Gross unrealized losses	(17)	(297)
Fair value	$ 10,949	$ 16,604

An allowance for credit losses was not provided on the Company's held-to-maturity securities as all securities are investments in pass-through GSEs which are determined to have an estimated loss rate of zero due to an implicit U.S. government guarantee. In addition, no securities were determined to be other-than-temporarily impaired at December 31, 2019.

The following table sets forth the maturity profile of the securities held-to-maturity; however, these securities may be called prior to maturity date:

	March 31, 2020	December 31, 2019
Due within one year	$ —	$ —
Due one year through five years	2,000	2,000
Due five years through ten years	3,494	7,494
Due over ten years	5,370	7,369
Total	$ 10,864	$ 16,863

7. AdvisorEngine, Inc. – Financial Interests

The following table sets forth the Company's financial interests in AdvisorEngine, Inc. ("AdvisorEngine"):

	March 31, 2020		December 31, 2019	
	Amortized Cost, plus Accrued Interest	Net Carrying Value	Amortized Cost, plus Accrued Interest	Net Carrying Value
Unsecured convertible note (Note 8)	$ 2,126	$ —	$ 2,126	$ 2,126
Unsecured non-convertible note (Note 8)	31,184	8,500	31,184	26,046
Preferred stock (Note 9)	25,000	—	25,000	—
Total(1)	$ 58,310	$ 8,500(1)	$ 58,310	$28,172(1)

(1) Net of an impairment of $49,810 and $30,138 in the aggregate at March 31, 2020 and December 31, 2019, respectively.

On May 4, 2020, the Company closed a transaction to exit from its investment in AdvisorEngine. The fair value of consideration payable to the Company was estimated to be $8,500. Consideration payable to the Company also includes contingent payments totaling $11,500 which will be payable only upon AdvisorEngine achieving certain revenue milestones during the first through fourth anniversaries of such exit. The fair value of the contingent payments was determined to be insignificant and were measured using a Monte-Carlo simulation whereby forecasted revenues assumed during the first, second, third and fourth years were simulated forward in a risk-neutral framework to determine whether the revenues would exceed the pre-defined revenue targets.

The table below presents the range and weighted averages of significant unobservable inputs utilized in the Monte-Carlo simulation (classified as Level 3 in the fair value hierarchy):

Unobservable Inputs	March 31, 2020
Forecasted revenue simulated forward as a percentage of the pre-defined revenue targets	34% – 71% (47% weighted average)
Revenue volatility	25%

The weighted-average forecasted revenue simulated forward as a percentage of the pre-defined revenue targets represents the arithmetic average of the percentages for each of the four years. An increase in the forecasted revenue percentages and revenue volatility input would result in a higher fair value.

During the three months ended March 31, 2020, the Company recognized an impairment of $19,672 to adjust the carrying value of its financial interests in AdvisorEngine to fair value. Fair value was allocated to the unsecured non-convertible note at March 31, 2020.

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8. Notes Receivable

The following table sets forth the carrying value of the Company's notes receivable:

	March 31, 2020	December 31, 2019
AdvisorEngine – Unsecured convertible notes	$ —	$ 2,126
AdvisorEngine – Unsecured non-convertible note	8,500	26,046
Subtotal	$ 8,500	$ 28,172
Less: Allowance for credit loss[(1)]	(—)	(—)
Carrying value, net[(1)]	$ 8,500	$ 28,172

(1) Credit losses of $19,672 were recognized as impairment on the Company's Statements of Operations during the three months ended March 31, 2020 which resulted in a write-off of the carrying value of the notes receivable rather than an increase in the allowance for credit loss. This was comprised of write-offs of the carrying values of the unsecured convertible notes and unsecured non-convertible note of $2,126 and $17,546, respectively, during the three months ended March 31, 2020. See Note 7 for additional information.

Allowance for Credit Loss

The following table sets for a rollforward of the Company's allowance for credit loss on notes receivable:

	Total	Notes Receivable	Accrued Interest
Unsecured Convertible Note:			
Balance on January 1, 2020	$ —	$ —	$ —
Increase in allowance for credit loss[(1)]	(2,126)	(2,090)	(36)
Write-offs charged against the allowance[(1)]	2,126	2,090	36
Balance on March 31, 2020	$ (—)	$ (—)	$ (—)
Unsecured Non-Convertible Note:			
Balance on January 1, 2020	$ —	$ —	$ —
Increase in allowance for credit loss[(1)]	(17,546)	(14,618)	(2,928)
Write-offs charged against the allowance[(1)]	17,546	14,618	2,928
Balance on March 31, 2020	$ (—)	$ (—)	$ (—)
Allowance for credit losses – Total:	$ (—)	$ (—)	$ (—)

(1) Total increase in allowance for credit loss of $19,672 was recorded as impairment on the Company's Consolidated Statements of Operations. Write-offs were charged against the allowance as the Company is in receipt of information that contractual amounts of principal and interest due will not be paid in connection with the exit from its investment in AdvisorEngine. See Note 7 for additional information.

Accrued Interest

Effective January 1, 2020, notes receivable were placed on non-accrual status. During the three months ended March 31, 2020 and 2019, the Company recognized interest income of $0 and $595, respectively. Interest income included original issue discount ("OID") amortization and accrued paid-in-kind ("PIK") interest, where applicable.

9. Investments

The following table sets forth the Company's investments:

	March 31, 2020	December 31, 2019
AdvisorEngine – Preferred stock	$ —	$ —
Securrency, Inc. – Preferred stock	8,112	8,112
Thesys Group, Inc. ("Thesys") – Preferred stock	3,080	3,080
Total	$ 11,192	$ 11,192

AdvisorEngine – Preferred Stock

The Company owns approximately 46% (or 41% on a fully-diluted basis) of AdvisorEngine through investments totaling $25,000. In consideration of its investment, the Company received 11,811,856 shares and 2,646,062 shares of Series A and Series A-1 convertible preferred stock, respectively. The investment is accounted for under the measurement alternative prescribed within ASU 2016-01, as it is not considered to be in-substance common stock.

The carrying value of the AdvisorEngine preferred stock was $0 at March 31, 2020 and December 31, 2019, respectively. See Note 7 for additional information.

Securrency, Inc. – Preferred Stock

On December 27, 2019, the Company made a $8,112 strategic investment in Securrency, Inc. ("Securrency"), a leading developer of institutional-grade blockchain-based financial and regulatory technology. In consideration of its investment, the Company received 5,178,488 shares of Series A convertible preferred stock representing approximately 25% ownership of Securrency (or approximately 20% on a fully diluted basis). The shares of Series A preferred stock are convertible into common stock at the option of the Company and contain various rights and protections including a non-cumulative 6.0% dividend, payable if and when declared by the board of directors of Securrency, and a liquidation preference that is senior to the holders of common stock. In addition, the Company has redemption rights which provide that, at any time on or after December 31, 2029, upon approval by holders of at least 60% of the Series A preferred stock then outstanding, Securrency will be required to redeem all of the outstanding shares of Series A preferred stock for the original issue price thereof, plus all declared and unpaid dividends.

The investment is accounted for under the measurement alternative prescribed within ASU 2016-01, as it is not considered to be in-substance common stock and is assessed for impairment and similar observable transactions on a quarterly basis. There was no impairment recognized during the three months ended March 31, 2020 based upon a qualitative assessment. In addition, there were no observable price changes during the reporting period.

Thesys

On June 20, 2017, the Company was issued 7,797,533 newly authorized shares of Series Y preferred stock ("Series Y Preferred") of Thesys in connection with the resolution of a dispute related to the Company's ownership stake in Thesys. The Series Y Preferred represents current ownership of approximately 19% of Thesys on a fully diluted basis (excluding certain reserved shares). In addition, the Company was issued a warrant to purchase 3,898,766 shares of Series Y Preferred.

The Series Y Preferred ranks *pari passu* in priority with Thesys's current preferred stockholders, has a liquidation preference of $0.231 per share, contains various rights and protections and is convertible into common stock at the option of the Company. The warrant is exercisable for five years after closing, at varying exercise prices that increase over time and set at multiples of a pre-determined Thesys valuation. If a claim is brought against Thesys or the Company relating to the settlement, the warrant will be exercisable for 100% of the number of shares of Series Y Preferred issued to the Company at closing.

The Series Y Preferred is accounted for under the measurement alternative prescribed within ASU 2016-01 as it is not considered to be in-substance common stock and is assessed for impairment and similar observable transactions on a quarterly basis. There was no impairment recognized during the three months ended March 31, 2020 and 2019, respectively, based upon qualitative assessments. In addition, there were no observable price changes during the applicable reporting periods.

The carrying value of the Series Y Preferred was $3,080 at March 31, 2020 and December 31, 2019. The fair value of the warrant was determined to be insignificant. The warrant is not accounted for as a derivative as it cannot be net settled and is not readily convertible to cash.

10. Fixed Assets, net

The following table summarizes fixed assets:

	March 31, 2020	December 31, 2019
Equipment	$ 2,290	$ 2,330
Furniture and fixtures	2,222	2,218
Leasehold improvements	10,951	10,989
Less: accumulated depreciation and amortization	(7,549)	(7,410)
Total	$ 7,914	$ 8,127

11. Deferred Consideration

Deferred consideration represents an obligation the Company assumed in connection with its acquisition of the European exchange-traded commodity, currency and leveraged-and-inverse business of ETFS Capital Limited ("ETFS Capital") which occurred on April 11, 2018 ("ETFS Acquisition"). The obligation is for fixed payments to ETFS Capital of physical gold bullion equating to 9,500 ounces of gold per year through March 31, 2058 and then subsequently reduced to 6,333 ounces of gold continuing into perpetuity ("Contractual Gold Payments").

The Contractual Gold Payments are paid from advisory fee income generated by any Company-sponsored financial product backed by physical gold and are subject to adjustment and reduction for declines in advisory fee income generated by such products, with any reduction remaining due and payable until paid in full. ETFS Capital's recourse is limited to such advisory fee income and it has no recourse back to the Company for any unpaid amounts that exceed advisory fees earned. ETFS Capital ultimately has the right to claw back Gold Bullion Securities Ltd. (a physically backed gold ETP issuer) if the Company fails to remit any amounts due.

The Company determined the present value of the deferred consideration of $175,300 and $173,024 at March 31, 2020 and December 31, 2019, respectively, using forward-looking gold prices which were extrapolated from the last observable price (beyond 2025), discounted at a rate of 10.0% and a perpetual growth rate of 1.5%. Current amounts payable were $14,500 and $13,953 and long-term amounts payable were $160,800 and $159,071, respectively at March 31, 2020 and December 31, 2019, respectively.

During the three months ended March 31, 2020 and 2019, the Company recognized the following in respect of deferred consideration:

	Three Months Ended March 31,	
	2020	2019
Contractual Gold Payments	$ 3,760	$ 3,098
Contractual Gold Payments – gold ounces paid	2,375	2,375
(Loss)/gain on revaluation of deferred consideration – gold payments[(1)]	$ (2,208)	$ 4,404

(1) Gains/(losses) arise due to (decreases)/increases in the forward-looking price of gold and the magnitude of any gain or loss is highly correlated to the magnitude of the change in the forward-looking price of gold. See Note 4 for significant unobservable assumption and a reconciliation of changes in the deferred consideration balances.

12. Credit Facility

On April 11, 2018, the Company entered into a credit agreement, pursuant to which the lenders extended a $200,000 term loan (the "Term Loan") and made available a $50,000 revolving credit facility (the "Revolver" and, together with the Term Loan, the "Credit Facility").Interest on the Term Loan accrues at an annual rate equal to LIBOR, plus up to 2.00% (commencing at LIBOR, plus 1.75%), and interest on the Revolver accrues at an annual rate equal to LIBOR, plus up to 1.50% (commencing at LIBOR, plus 1.25%), in each case, with the exact interest rate margin determined based on the Total Leverage Ratio (as defined below). The Revolver is also subject to a facility fee equal to an annual rate of up to 0.50% of the actual daily amount of the aggregate commitments (whether used or unused) under the Revolver, with the exact facility fee rate determined based on the Total Leverage Ratio. The Credit Facility matures on April 11, 2021. The Term Loan does not amortize and the entire principal balance is due in a single payment on the maturity date.

The following table provides a summary of the Company's outstanding borrowings under the Credit Facility:

	March 31, 2020		December 31, 2019	
	Term Loan	Revolver[(1)]	Term Loan	Revolver[(1)]
Amount borrowed	$ 179,000	$ —	$ 200,000	$ —
Amounts repaid	(5,000)	—	(21,000)	—
Amounts outstanding	174,000	—	179,000	—
Unamortized issuance costs	(2,452)	540	(3,044)	671
Carrying amount	$ 171,548	$ 540	$ 175,956	$ 671
Effective interest rate[(2)]	5.00%	n/a	5.32%	n/a

(1) The available capacity under the Revolver is subject to compliance with the Total Leverage Ratio.
(2) Includes amortization of issuance costs.

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Interest expense recognized on the Credit Facility during the three months ended March 31, 2020 and 2019 was $2,419 and $2,892, respectively. Unamortized issuance costs related to the Revolver of $540 and $671 at March 31, 2020 and December 31, 2019, respectively, are included in other noncurrent assets on the Consolidated Balance Sheet. The fair value of the Company's debt (classified as Level 2 within the fair value hierarchy) was $168,128 and $176,986 at March 31, 2020 and December 31, 2019, respectively.

The credit agreement includes a financial covenant that requires that the Company maintain a Total Leverage Ratio (as defined below), calculated as of the last day of each fiscal quarter, equal to or less than the ratio set forth opposite such fiscal quarter:

Fiscal Quarter Ending	Total Leverage Ratio
March 31, 2020	2.25:1.00
June 30, 2020	2.25:1.00
September 30, 2020 and each subsequent fiscal quarter ending on or before the maturity date	2.00:1.00

Total Leverage Ratio means, as of the last day of any fiscal quarter, the ratio of Consolidated Total Debt of the Company and its restricted subsidiaries (as defined in the credit agreement) as of such date to Consolidated EBITDA of the Company and its restricted subsidiaries (as defined in the credit agreement) for the four consecutive fiscal quarters ended on such date.

The Company's obligations under the Term Loan and Revolver are unconditionally guaranteed by the Company and certain of its subsidiaries and secured by substantially all of the present and future property and assets of the Company and such subsidiaries, in each case, subject to customary exceptions and exclusions.

The credit agreement contains customary affirmative covenants for transactions of this type and other affirmative covenants agreed to by the parties, including, among others, the provision of annual and quarterly financial statements and compliance certificates, maintenance of property, insurance, compliance with laws and environmental matters. The credit agreement contains customary negative covenants, including among others, restrictions on the incurrence of indebtedness, granting of liens, making investments and acquisitions, paying dividends, repurchasing equity interests of the Company, entering into affiliate transactions and asset sales. The credit agreement also provides for a number of customary events of default, including, among others, payment, bankruptcy, covenant, representation and warranty, change of control and judgment defaults.

The Company is in compliance with its covenants under the credit agreement and is actively exploring refinancing and extension alternatives as the facility matures within approximately the next 12 months.

13. Preferred Shares

On April 10, 2018, the Company filed a Certificate of Designations of Series A Non-Voting Convertible Preferred Stock with the Secretary of State of the State of Delaware establishing the rights, preferences, privileges, qualifications, restrictions, and limitations relating to the Preferred Shares (defined below). The Preferred Shares are intended to provide ETFS Capital with economic rights equivalent to the Company's common stock on an as-converted basis. The Preferred Shares have no voting rights, are not transferable and have the same priority with regard to dividends, distributions and payments as the common stock.

As described in the Certificate of Designations, the Company will not issue, and ETFS Capital does not have the right to require the Company to issue, any shares of common stock upon conversion of the Preferred Shares, if, as a result of such conversion, ETFS Capital (together with certain attribution parties) would beneficially own more than 9.99% of the Company's outstanding common stock immediately after giving effect to such conversion.

In connection with the completion of the ETFS Acquisition, the Company issued 14,750 shares of Series A Non-Voting Convertible Preferred Stock (the "Preferred Shares"), which are convertible into an aggregate of 14,750,000 shares of common stock. The fair value of this consideration was $132,750, based on the closing price of the Company's common stock on April 10, 2018 of $9.00 per share, the trading day prior to the closing of the acquisition.

The following is a summary of the Preferred Share balance:

	March 31, 2020	December 31, 2019
Issuance of Preferred Shares	$132,750	$ 132,750
Less: Issuance costs	(181)	(181)
Preferred Shares – carrying value	$132,569	$ 132,569

Temporary equity classification is required for redeemable instruments for which redemption triggers are outside of the issuer's control. ETFS Capital has the right to redeem all the Preferred Shares specified to be converted during the period of time specified in the Certificate of Designations in the event that: (a) the number of shares of the Company's common stock authorized by its certificate of incorporation is insufficient to permit the Company to convert all of the Preferred Shares requested by ETFS Capital to be converted; or (b) ETFS Capital does not, upon completion of a change of control of the Company, receive the same amount per

Preferred Share as it would have received had each outstanding Preferred Share been converted into common stock immediately prior to the change of control. However, the Company will not be obligated to make any such redemption payments to the extent such payments would be a breach of any covenant or obligation the Company owes to any of its secured creditors or is otherwise prohibited by applicable law.

Any such redemption will be at a price per Preferred Share equal to the dollar volume-weighted average price for a share of common stock for the 30-trading day period ending on the date of such attempted conversion or change of control, as applicable, multiplied by 1,000. Such redemption payment will be made in one payment no later than 10 business days following the last day of the Company's first fiscal quarter that begins on a date following the date ETFS Capital exercises such redemption right.

The carrying amount of the Preferred Shares was not adjusted as it was not probable that the Preferred Shares would become redeemable.

14. Leases

The Company has entered into operating leases for its corporate headquarters and other office facilities, financial data terminals and equipment. The Company has no finance leases.

The following table provides additional information regarding the Company's leases:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Lease cost:		
Operating lease cost	$ 798	$ 798
Short-term lease cost	342	389
Total lease cost	$ 1,140	$ 1,187
Other information:		
Cash paid for amounts included in the measurement of operating liabilities (operating leases)	$ 926	$ 881
Right-of-use assets obtained in exchange for new operating lease liabilities	n/a	n/a
Weighted-average remaining lease term (in years) – operating leases	9.2	10.0
Weighted-average discount rate – operating leases	6.3%	6.3%

None of the Company's leases include variable payments, residual value guarantees, or any restrictions or covenants relating to the Company's ability to pay dividends or incur additional financing obligations.

The Company's lease of its headquarters, which expires on August 20, 2029, includes an option to extend for an additional five years. Rent payable under the option is equal to the fair market rent of the premise as determined by the landlord approximately six months prior to the commencement of the extension term. The lease also includes a cancellation option which is effective on August 21, 2024 and requires notice to be provided to the landlord at least 12 months prior. Triggering this option requires a cancellation payment of $4,236. The cancellation and extension options were not reasonably certain of being exercised and were therefore not recognized as part of the right-of-use asset and lease liability.

Other leases also include extension, automatic renewal and termination provisions. These provisions were also not reasonably certain of being exercised and were therefore not recognized as part of the right-of-use asset and lease liability.

The following table discloses future minimum lease payments at March 31, 2020 with respect to the Company's operating lease liabilities:

Remainder of 2020	$ 2,740
2021	2,958
2022	2,958
2023	2,958
2024	3,037
2025 and thereafter	14,604
Total future minimum lease payments (undiscounted)	$29,255

The following table reconciles the future minimum lease payments (disclosed above) at March 31, 2020 to the operating lease liabilities recognized in the Company’s Consolidated Balance Sheet:

Amounts recognized in the Company’s Consolidated Balance Sheet	
Lease liability – short term	$ 3,470
Lease liability – long term	18,661
Subtotal	22,131
Difference between undiscounted and discounted cash flows	7,124
Total future minimum lease payments (undiscounted)	$29,255

15. Contingencies

The Company may be subject to reviews, inspections and investigations by regulatory authorities as well as legal proceedings arising in the ordinary course of business. The Company is not currently party to any litigation that is expected to have a material adverse impact on its business, financial position, results of operations or cash flows.

16. Variable Interest Entities

VIEs are entities with any of the following characteristics: (i) the entity does not have enough equity to finance its activities without additional financial support; (ii) the equity holders, as a group, lack the characteristics of a controlling financial interest; or (iii) the entity is structured with non-substantive voting rights.

Consolidation of a VIE is required for the party deemed to be the primary beneficiary, if any. The primary beneficiary is the party who has both (a) the power to direct the activities of a VIE that most significantly impact the entity’s economic performance and (b) an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity. The Company is not the primary beneficiary of any entities in which it has a variable interest as it does not have the power to direct the activities that most significantly impact the entities’ economic performance. Such power is conveyed through the entities’ boards of directors and the Company does not have control over the boards.

The following table presents information about the Company’s variable interests innon-consolidated VIEs:

	March 31, 2020	December 31, 2019
Carrying Amount – Assets (Securrency)		
Preferred stock (Note 9)	$ 8,112	$ 8,112
Carrying Amount – Assets (AdvisorEngine)		
Unsecured convertible notes receivable	$ —	$ 2,126
Unsecured non-convertible note receivable	8,500	26,046
Preferred stock	—	—
Total carrying amount (Note 7)	$ 8,500	$ 28,172
Total carrying amount – Assets	$ 8,500	$ 36,284
Maximum exposure to loss	$ 16,612	$ 36,284

17. Revenues from Contracts with Customers

The following table presents the Company’s total revenues from contracts with customers:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Revenues from contracts with customers:		
Advisory fees	$ 62,950	$ 64,840
Other	924	645
Total operating revenues	$ 63,874	$ 65,485

The Company recognizes revenues from contracts with customers when the performance obligation is satisfied, which is when the promised goods or services are transferred to the customer. A good or service is considered to be transferred when the customer obtains control, which is represented by the transfer of rights with regard to the good or service. Transfer of control happens either over time or at a point in time. When a performance obligation is satisfied over time, an entity is required to select a single method of measuring progress for each performance obligation that depicts the entity's performance in transferring control of goods or services to the customer.

Substantially all the Company's revenues from contracts with customers are derived primarily from investment advisory agreements with related parties (Note 18). These advisory fees are recognized over time, are earned from the Company's ETPs and are calculated based on a percentage of the ETPs' average daily net assets. There is no significant judgment in calculating amounts due which are invoiced monthly in arrears and are not subject to any potential reversal. Progress is measured using the practical expedient under the output method resulting in the recognition of revenue in the amount for which the Company has a right to invoice.

There are no contract assets or liabilities that arise in connection with the recognition of advisory fee revenue. In addition, there are no costs incurred to obtain or fulfill the contracts with customers, all of which are investment advisory agreements with related parties.

Geographic Distribution of Revenue

The following table presents the Company's total revenues geographically as determined by where the respective management companies reside:

	Three Months Ended	
	March 31, 2020	**March 31, 2019**
United States	$ 39,870	$ 42,623
Jersey	22,525	21,161
Ireland	1,114	1,155
Canada (Note 24)	365	546
Total operating revenues	$ 63,874	$ 65,485

18. Related Party Transactions

The Company's revenues are derived primarily from investment advisory agreements with related parties. Under these agreements, the Company has licensed to related parties the use of certain of its own indexes for the U.S. and WisdomTree UCITS ETFs. The Board of Trustees and Board of Directors (including certain officers of the Company) of the related parties are primarily responsible for overseeing the management and affairs of the entities for the benefit of their stakeholders and have contracted with the Company to provide for general management and administration services. The Company is also responsible for certain expenses of the related parties, including the cost of transfer agency, custody, fund administration and accounting, legal, audit, and other non-distribution services, excluding extraordinary expenses, taxes and certain other expenses, which is included in fund management and administration on the Company's Consolidated Statements of Operations. In exchange, the Company receives fees based on a percentage of the ETPs' average daily net assets. The advisory agreements may be terminated by the related parties upon notice.

The following table summarizes accounts receivable from related parties which are included as a component of accounts receivable on the Company's Consolidated Balance Sheets:

	March 31, 2020	**December 31, 2019**
Receivable from WTT	$ 11,220	$ 14,765
Receivable from ManJer Issuers	7,612	9,036
Receivable from WMAI and WTI	1,283	1,559
Receivable from WTAMC (Note 24)	—	227
Receivable from WTCS	54	80
Total	$ 20,169	$ 25,667

The allowance for credit losses on accounts receivable from related parties is insignificant when applying historical loss rates, adjusted for current conditions and supportable forecasts, to the amounts outstanding in the table above. Amounts outstanding are all invoiced in arrears, are less than 30 days aged and are collected shortly after the applicable reporting period.

The following table summarizes revenues from advisory services provided to related parties:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Advisory services provided to WTT	$ 39,601	$ 42,223
Advisory services provided to ManJer Issuers	20,258	19,273
Advisory services provided to WMAI and WTI	2,528	2,504
Advisory services provided to WTAMC	365	546
Advisory services provided to WTCS	198	294
Total	$ 62,950	$ 64,840

The Company also has investments in certain WisdomTree ETFs of approximately $19,636 and $16,886 at March 31, 2020 and December 31, 2019, respectively. Losses and gains related to these ETFs for the three months ended March 31, 2020 and 2019 were ($290) and $353, respectively.

19. Stock-Based Awards

On June 20, 2016, the Company's stockholders approved a new equity award plan under which the Company can issue up to 10,000,000 shares of common stock (less one share for every share granted under prior plans since March 31, 2016 and inclusive of shares available under the prior plans as of March 31, 2016) in the form of stock options and other stock-based awards. The Company also has issued from time to time stock-based awards outside a plan.

The Company grants equity awards to employees and directors which include restricted stock awards ("RSAs"), restricted stock units ("RSUs"), performance-based restricted stock units ("PRSUs") and stock options. Certain awards described below are subject to acceleration under certain conditions.

Stock options: Generally issued for terms of ten years and may vest after at least one year of service and have an exercise price equal to the Company's stock price on the grant date. The Company estimates the fair value of stock options (when granted) using the Black-Scholes option pricing model.

RSAs/RSUs: Awards are valued based on the Company's stock price on grant date and generally vest ratably over three years.

PRSUs: These awards cliff vest three years from the grant date and contain a market condition whereby the number of PRSUs ultimately vesting is tied to how the Company's total shareholder return ("TSR") compares to a peer group of other publicly traded asset managers over the three-year period. A Monte-Carlo simulation is used to value these awards.

The number of PRSUs vesting ranges from 0% to 200% of the target number of PRSUs granted, as follows:

- If the relative TSR is below the 25th percentile, then 0% of the target number of PRSUs granted will vest;
- If the relative TSR is at the 25th percentile, then 50% of the target number of PRSUs granted will vest; and
- If the relative TSR is above the 25th percentile, then linear scaling is applied such that the percent of the target number of PRSUs vesting is 100% at the 50th percentile and capped at 200% of the target number of PRSUs granted for performance at the 100th percentile.

Stock-based compensation during the three months ended March 31, 2020 and 2019 was $3,239 and $3,072, respectively.

A summary of unrecognized stock-based compensation expense and average remaining vesting period is as follows:

	March 31, 2020	
	Unrecognized Stock-Based Compensation	Average Remaining Vesting Period (Years)
Employees and directors	$ 17,760	1.91

A summary of stock-based compensation award activity during the three months ended March 31, 2020 is as follows:

	Stock Options	RSAs	RSUs	PRSUs
Balance at January 1, 2020	485,536	3,244,558	39,278	232,610
Granted	—	1,436,089	32,901	117,013(1)
Exercised/vested	(107,000)	(936,186)	(27,130)	—
Forfeitures	(63,536)	(23,483)	(1,993)	—
Balance at March 31, 2020	315,000	3,720,978	43,056	349,623

(1) Represents the target number of PRSUs granted and outstanding. The number of PRSUs that ultimately vest ranges from 0% to 200% of this amount. A Monte-Carlo simulation was used to value these awards using the following assumptions for the Company and the peer group: (i) beginning 90-day average stock prices; (ii) valuation date stock prices; (iii) historical stock price volatilities ranging from 21% to 36% (average 26%); (iv) correlation coefficients based upon the price data used to calculate the historical volatilities; (v) a risk free interest rate of 1.47%; and (vi) an expected dividend yield of 0%.

20. Earnings Per Share

The following tables set forth reconciliations of the basic and diluted earnings per share computations for the periods presented:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Basic Earnings per Share		
Net (loss)/income	$ (8,638)	$ 8,824
Less: Income distributed to participating securities	(555)	(544)
Less: Undistributed income allocable to participating securities	—	(391)
Net (loss)/income available to common stockholders – Basic EPS	$ (9,193)	$ 7,889
Weighted average common shares (in thousands)	152,519	151,625
Basic (loss)/earnings per share	$ (0.06)	$ 0.05

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Diluted Earnings per Share		
Net (loss)/income available to common stockholders	$ (9,193)	$ 7,889
Add back: Undistributed income allocable to participating securities	—	391
Less: Reallocation of undistributed income allocable to participating securities considered potentially dilutive	(—)	(390)
Net (loss)/income available to common stockholders – Diluted EPS	$ (9,193)	$ 7,890
Weighted Average Diluted Shares (in thousands):		
Weighted average common shares	152,519	151,625
Dilutive effect of common stock equivalents, excluding participating securities	—	196
Weighted average diluted shares, excluding participating securities (in thousands)	152,519	151,821
Diluted (loss)/earnings per share	$ (0.06)	$ 0.05

Diluted (loss)/earnings per share presented above is calculated using the two-class method as this method results in the lowest diluted earnings per share amount for common stock. During the three months ended March 31, 2020, the Company excluded 16,178 common stock equivalents from its computation of diluted loss per share as the Company had reported a net loss for the period. The Company excluded 90,530 common stock equivalents from its computation of diluted earnings per share for the three months ended March 31, 2019 as they were determined to be anti-dilutive.

The following table reconciles weighted average diluted shares as reported on the Company's consolidated statements of operations for the three months ended March 31, 2020 and 2019 to the weighted average diluted shares used to calculate diluted (loss)/earnings per share as disclosed in the table above:

Reconciliation of Weighted Average Diluted Shares (in thousands)	Three Months Ended March 31, 2020	2019
Weighted average diluted shares as disclosed on the consolidated statements of operations	152,519(1)	166,811
Less: Participating securities:		
Weighted average shares of common stock issuable upon conversion of the Preferred Shares (Note 13)	—	(14,750)
Potentially dilutive restricted stock awards	—	(240)
Weighted average diluted shares used to calculate diluted (loss)/earnings per share as disclosed in the table above	152,519(1)	151,821

(1) Excludes participating securities as the Company reported a net loss for the period.

21. Income Taxes

Effective Income Tax Rate – Three Months Ended March 31, 2020 and March 31, 2019

The Company's effective income tax rate for the three months ended March 31, 2020 of 21.5% resulted in an income tax benefit of $2,371. The Company's effective income tax rate differs from the federal statutory tax rate of 21% primarily due to a $5,981 reduction in unrecognized tax benefits, a $2,877 non-taxable gain recognized upon sale of the Company's Canadian ETF business and a lower tax rate on foreign earnings, partly offset by a valuation allowance on capital losses, tax shortfalls associated with the vesting and exercise of stock-based compensation and a non-deductible loss on revaluation of deferred consideration.

The Company's effective income tax rate for the three months ended March 31, 2019 of negative 13.5% resulted in an income tax benefit of $1,049. The Company's effective income tax rate differs from the federal statutory tax rate of 21% primarily due to a $4,309 reduction in unrecognized tax benefits, a non-taxable gain on revaluation of deferred consideration and a lower tax rate on foreign earnings, partly offset by a valuation allowance on foreign net operating losses, tax shortfalls associated with the vesting and exercise of stock-based compensation awards and state and local income taxes.

Deferred Tax Assets

A summary of the components of the Company's deferred tax assets at March 31, 2020 and December 31, 2019 are as follows:

	March 31, 2020	December 31, 2019
Deferred tax assets:		
Capital losses	$ 17,002	$ 8,226
Operating lease liabilities	5,295	5,529
NOLs – International	5,233	9,336
Goodwill and intangible assets	1,622	1,671
Stock-based compensation	1,115	1,754
NOLs – U.S.	514	642
Accrued expenses	373	4,054
Outside basis differences	123	123
Other	159	218
Deferred tax assets	31,436	31,553
Deferred tax liabilities:		
Right of use assets – operating leases	4,189	4,400
Fixed assets and prepaid assets	1,309	1,326
Unrealized gains	717	744
Deferred tax liabilities	6,215	6,470
Total deferred tax assets less deferred tax liabilities	25,221	25,083
Less: valuation allowance	(22,358)	(17,685)
Deferred tax assets, net	$ 2,863	$ 7,398

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Net Operating and Capital Losses – U.S.

The Company's tax effected net operating losses ("NOLs") at March 31, 2020 were $514 which expire in 2024. The net operating loss carryforwards have been reduced by the impact of annual limitations described in the Internal Revenue Code Section 382 that arose as a result of an ownership change.

The Company's tax effected capital losses at March 31, 2020 and December 31, 2019 were $17,002 and $8,226, respectively. The change in capital losses is due to the impairment recognized on the Company's financial interests in AdvisorEngine (Note 7) and a capital loss recognized upon sale of the Canadian ETF business.

Net Operating Losses – International

Certain of the Company's European subsidiaries generated NOLs outside the U.S. These tax effected NOLs were $5,233 and $9,336 at March 31, 2020 and December 31, 2019, respectively. All of these NOLs at March 31, 2020 are carried forward indefinitely. The reduction in NOLs was due to the sale of the Company's Canadian ETF business, which occurred on February 19, 2020 (Note 24).

Valuation Allowance

The Company's valuation allowance has been established on its net capital losses, international net operating losses and outside basis differences as it is more-likely-than-not that these deferred tax assets will not be realized.

Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act")

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic which included temporary changes to income and non-income based tax laws including: (i) the elimination of the 80% of taxable income limitation by allowing corporate entities to fully utilize NOL carryforwards to offset taxable income in 2018, 2019 and 2020; (ii) allowing NOLs originating in 2018, 2019 and 2020 to be carried back five years; (iii) increasing the net interest expense deduction limit to 50% of adjusted taxable income from 30% for tax years beginning January 1, 2019 and 2020; and (iv) other related provisions. The CARES Act did not have a material impact on the Company's consolidated financial statements.

Uncertain Tax Positions

Tax positions are evaluated utilizing a two-step process. The Company first determines whether any of its tax positions are more-likely-than-not to be sustained upon examination, based solely on the technical merits of the position. Once it is determined that a position meets this recognition threshold, the position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

In connection with the ETFS Acquisition, the Company accrued a liability for uncertain tax positions and interest and penalties at the acquisition date. The table below sets forth the aggregate changes in the balance of these gross unrecognized tax benefits during the three months ended March 31, 2020:

	Total	Unrecognized Tax Benefits	Interest and Penalties
Balance on January 1, 2020	$32,101	$ 25,998	$ 6,103
Decrease - Lapse of statute of limitations[1]	(5,981)	(4,620)	(1,361)
Increases	76	—	76
Foreign currency translation[2]	(1,767)	(1,432)	(335)
Balance at March 31, 2020	$24,429	$ 19,946	$ 4,483

(1) Recorded as an income tax benefit of $5,981 during the three months ended March 31, 2020, along with an equal and offsetting amount recorded in other losses, net, to recognize a reduction in the indemnification asset. During the three months ended March 31, 2019, an income tax benefit of $4,309 was recorded along with an equal and offsetting amount in other losses, net.
(2) The gross unrecognized tax benefits were accrued in British pounds sterling.

The Company also recorded an offsetting indemnification asset provided by ETFS Capital as part of its agreement to indemnify the Company for any potential claims, for which an amount is being held in escrow. ETFS Capital has also agreed to provide additional collateral by maintaining a minimum working capital balance up to a stipulated amount.

The gross unrecognized tax benefits and interest and penalties totaling $24,429 at March 31, 2020 are included in other non-current liabilities on the Consolidated Balance Sheet. It is reasonably possible that the total amount of unrecognized tax benefits will decrease by $4,525 (including interest and penalties of $1,317) in the next 12 months upon lapsing of the statute of limitations.

At March 31, 2020, there were $24,429 of unrecognized tax benefits (including interest and penalties) that, if recognized, would impact the effective tax rate. The recognition of any unrecognized tax benefits would result in an equal and offsetting adjustment to the indemnification asset which would be recorded in income before taxes due to the indemnity for any potential claims.

Income Tax Examinations

The Company is subject to U.S. federal income tax as well as income tax of multiple state, local and certain foreign jurisdictions. The Company's federal tax return and ManJer's tax return (a Jersey-based subsidiary) for the year ended December 31, 2016 and the Company's New York state tax return for the years ended December 31, 2015 through 2018 are currently under review by the relevant tax authorities. The Company is indemnified by ETFS Capital for any potential exposure associated with ManJer's tax return under audit.

The Company is not currently under audit in any other income tax jurisdictions. As of March 31, 2020, with few exceptions, the Company was no longer subject to income tax examinations by any taxing authority for years before 2015.

Undistributed Earnings of Foreign Subsidiaries

Due to the imposition of the Global Intangible Low-Taxed Income ("GILTI") provisions, all unremitted earnings are no longer subject to U.S. federal income tax; however, there could be U.S. state and/or foreign withholding taxes upon distribution of such unremitted earnings. The Company recognizes deferred tax liabilities for withholding taxes that may become payable, where applicable, upon the distribution of earnings and profits from foreign subsidiaries unless considered permanent in duration. As of March 31, 2020, the Company considers all undistributed foreign earnings and profits to be permanent in duration.

22. Shares Repurchased

On April 24, 2019, the Company's Board of Directors extended the term of the Company's share repurchase program for three years through April 27, 2022. Included under this program are purchases to offset future equity grants made under the Company's equity plans and purchases made in open market or privately negotiated transactions. This authority may be exercised from time to time, subject to the terms of the credit agreement described below and regulatory considerations. The timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements, market conditions and other corporate liquidity requirements and priorities. The repurchase program may be suspended or terminated at any time without prior notice. Shares repurchased under this program are returned to the status of authorized and unissued on the Company's books and records.

In addition, the Company entered into a credit agreement (Note 12) which contains customary negative covenants, including, among others, a covenant which may restrict the Company's ability to repurchase equity interests. Share repurchases only are permitted to the extent the Total Leverage Ratio (as defined in the credit agreement) does not exceed 1.75 to 1.00 and no event of default (as defined in the credit agreement) has occurred and is continuing at the time the share repurchase is made. However, the Company's ability to purchase shares of its common stock withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations is not restricted.

During the three months ended March 31, 2020 and March 31, 2019, the Company repurchased 385,399 shares and 311,213 shares of its common stock, respectively, under this program for an aggregate cost of $1,495 and $2,005, respectively. Shares repurchased under this program were returned to the status of authorized and unissued on the Company's books and records.

As of March 31, 2020, $81,894 remained under this program for future purchases.

23. Goodwill and Intangible Assets

Goodwill

The table below sets forth the Company's goodwill which is tested annually for impairment on November 30th:

	Total
Balance at January 1, 2020	$85,856
Changes	—
Balance at March 31, 2020	$85,856

Goodwill arising from the ETFS Acquisition of $84,057 is not deductible for tax purposes as the acquisition was structured as a stock acquisition occurring in the United Kingdom. The remainder of the goodwill is deductible for U.S. tax purposes.

Intangible Assets (Indefinite-Lived)

The table below sets forth the Company's intangible assets which are tested annually for impairment on November 30th:

	Advisory Agreements (ETFS)	Advisory Agreements (Questrade AUM)	Total
Balance at January 1, 2020	$ 601,247	$ 2,047	$603,294
Decreases[(1)]	—	(1,992)	(1,992)
Foreign currency translation	—	(55)	(55)
Balance at March 31, 2020	$ 601,247	$ —	$601,247

(1) Derecognized upon the sale of the Company's Canadian ETF business (Note 24).

ETFS

In connection with the ETFS Acquisition, which was completed on April 11, 2018, the Company identified intangible assets valued at $601,247 related to the right to manage AUM through customary advisory agreements. The fair value of the intangible assets was determined using an income approach (discounted cash flow analysis) which relied upon significant unobservable inputs including a revenue growth multiple of 3% to 4% and a weighted average cost of capital of 11.6%. The intangible assets were determined to have indefinite useful lives and are not deductible for tax purposes. The Company has designated November 30th as its annual impairment testing date for these intangible assets.

24. Exit Activities

The following table summarizes operating losses recognized by the Company's wholly-owned subsidiaries that have either been sold or liquidated during reporting periods covered by its consolidated financial statements:

	Three Months Ended	
	March 31, 2020	March 31, 2019
WTAMC	$ 428	$ 777
WisdomTree Japan Inc. ("WTJ")[(1)]	—	430
Total	$ 428	$ 1,207

(1) WTJ also recognized an impairment expense of $572 in connection with the termination of its office lease on March 31, 2019

Sale of Canadian ETF Business

On February 19, 2020, the Company completed the sale of all the outstanding shares of WTAMC to CI Financial Corp. The Company received CDN $3,720 (USD $2,774) in cash at closing and will receive additional cash consideration of CDN $2,000 to $8,000, depending on the achievement of certain AUM growth targets over the next three years.

During the three months ended March 31, 2020, the Company recognized a $2,877 gain on sale which was recorded in other losses, net on the Consolidated Statements of Operations and represents the difference between the minimum cash consideration payable to the Company and the carrying value of WTAMC's net assets upon disposition. Contingent payments, if any, are recognized by the Company when the contingency is resolved and the gain is realized.

Restructuring of Distribution Strategy in Japan

In July 2018, the Company determined to restructure its distribution strategy in Japan and expanded its existing relationship with Premia Partners Company Limited to manage distribution of the Company's ETFs in Japan. As a result, WTJ ceased operations and was liquidated in September 2019.

25. Subsequent Events

The Company evaluated subsequent events through the date of issuance of the accompanying financial statements. There were no events requiring disclosure.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and the related notes and the other financial information included elsewhere in this Report. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below. 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" in this Report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. We assume no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Executive Summary

Introduction

We are the only publicly-traded asset management company that focuses exclusively on exchange-traded products, or ETPs, and are a leading global ETP sponsor based on assets under management, or AUM, with AUM of $50.3 billion globally as of March 31, 2020. An ETP is a pooled investment vehicle that holds a basket of securities, financial instruments or other assets and generally seeks to track (index-based) or outperform (actively managed) the performance of a broad or specific equity, fixed income or alternatives market segment, commodity or currency (or an inverse or multiple thereof). ETPs are listed on an exchange with their shares traded in the secondary market at market prices, generally at approximately the same price as the net asset value of their underlying components. ETP is an umbrella term that includes exchange-traded funds, or ETFs, exchange-traded notes and exchange-traded commodities.

Our family of ETFs includes funds that track our own indexes, funds that track third-party indexes and actively managed funds. Most of our equity-based funds employ a fundamentally weighted investment methodology, which weights securities based on factors such as dividends, earnings or investment factors, whereas most other ETF industry indexes use a capitalization weighted methodology. We distribute our ETFs through all major channels within the asset management industry, including brokerage firms, registered investment advisers, institutional investors, private wealth managers and discount brokers primarily through our sales force. Our sales efforts are not directed towards the retail segment but rather are directed towards financial or investment advisers that act as intermediaries between the end-client and us.

We focus on creating ETFs for investors that offer thoughtful innovation, smart engineering and redefined investing. We have launched many first-to-market ETFs and pioneered alternative weighting methods commonly referred to as "smart beta." However, our U.S. listed ETFs are not beta, but rather an investment approach we call "Modern Alpha," which combines the outperformance potential of active management with the benefits of passive management to offer investors cost-effective funds that are built to perform.

We strive to deliver a better investing experience through innovative solutions. Continued investments in technology-enabled services and our Advisor Solutions program, which includes portfolio construction, asset allocation, practice management services and digital tools for financial advisors, are meant to differentiate us in the market, expand our distribution and further enhance our relationships with financial advisors.

We were incorporated under the laws of the state of Delaware on September 19, 1985 as Financial Data Systems, Inc. and ultimately renamed WisdomTree Investments, Inc. on September 6, 2005.

COVID-19 Impact on our Business

During the first quarter of 2020, market declines arising from the COVID-19 pandemic adversely impacted the market performance of most financial assets and sectors of the economy, including the AUM that we manage. During the height of the market volatility in March 2020, we experienced a 16% decline in our AUM resulting from market depreciation and $1.6 billion of net outflows. These pressures contributed to a corresponding decline in our operating results which, if further eroded, could adversely impact our liquidity as our credit facility includes a financial covenant that requires we maintain compliance with a leverage test. At March 31, 2020, we were in compliance with this covenant and we continue to be in compliance as of the date of this Report.

The market rebound in April 2020 led to a partial recovery of our AUM. Our AUM increased 8% from $50.3 billion at March 31, 2020 to $54.5 billion at May 4, 2020. While this improvement is meaningful, we will continue to monitor our compliance with the financial covenants under our credit facility and are actively exploring refinancing and extension alternatives in advance of the maturity date in April 2021. Our available liquidity as disclosed in the section entitled "Liquidity and Capital Resources" was $74.7 million, which is available to reduce our outstanding debt, if necessary.

The CARES Act was enacted on March 27, 2020 in response to theCOVID-19 pandemic, which provided financial assistance under various programs to help companies cope with economic hardships. We did not draw upon any available financial assistance afforded by the CARES Act. Throughout the course of the pandemic, we have continued to operate our business without disruption.

Cost Control Measures

Given the significant decline in our AUM and the current overall operating environment, we are managing a reduction in our expenses. Certain of our variable expenses that are tied to average AUM will decline, such as our fund related operating costs and fees we pay for third party distribution platforms. In addition, we expect a significant decline in our incentive compensation. We also expect to spend less on discretionary expenses such as marketing, sales and overhead expenses for managing our business.

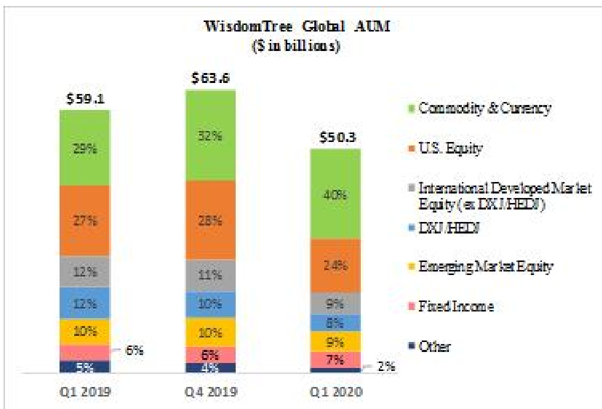
Recent Developments in our Commodity Product Suite

Recent market developments and price volatility around oil has led to the generation of over $3.0 billion of net inflows into our European listed oil related products, with greater than 60% of those net inflows into one product, WisdomTree Crude Oil (CRUD), predominantly in the month of April. Because of the recent unprecedented decline in oil prices, three of our inverse and leveraged oil products were terminated as they hit underlying pricing thresholds. In order to manage counterparty risk, we temporarily halted creations into three products, including CRUD. Therefore, we will not experience further inflows into CRUD or the other two products until the creation halt is lifted, which we anticipate will occur as soon as possible after the counterparty risk exposures are mitigated.

Assets Under Management

WisdomTree ETPs

We offer ETPs covering equity, commodity, fixed income,leveraged-and-inverse, currency and alternative strategies. The chart below sets forth the asset mix of our ETPs at March 31, 2019, December 31, 2019 and March 31, 2020:



During the three months ended March 31, 2020, market declines arising from theCOVID-19 pandemic adversely impacted the market performance of most financial assets and sectors of the economy, including the AUM that we manage. Our AUM declined 20.9% from the prior quarter primarily due to market depreciation.

Market Environment

The COVID-19 pandemic had a profound impact on the global markets during the quarter. Equity securities across all developed and emerging markets fell as the global economy was shut down to stem the spread of the virus. Government bond yields also fell and gold prices appreciated as investors sought out assets perceived as lower risk.

During the first quarter of 2020, the S&P 500 declined 19.6%, MSCI EAFE (local currency) declined 20.4%, MSCI Emerging Markets Index (U.S. dollar) declined 25.2%, while gold prices rose 5.6%. In addition, the European and Japanese equities markets both depreciated with the MSCI EMU Index and MSCI Japan Index declining 23.6% and 17.2%, respectively, in local currency terms for the quarter. Also, the U.S. dollar strengthened 1.3% and 5.5% versus the euro and British pound, respectively, while weakening 1.1% versus the Japanese yen during the quarter.

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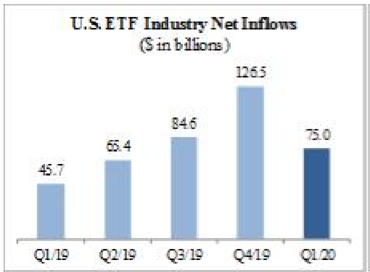
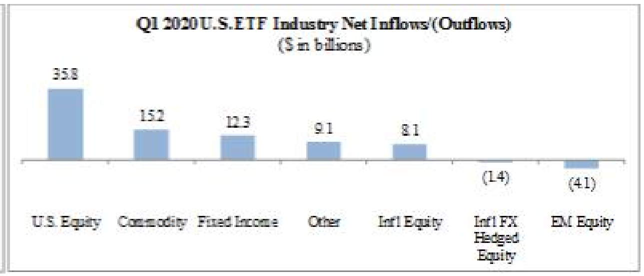
U.S. Listed ETF Industry Flows

U.S. listed ETF net flows for the three months ended March 31, 2020 were $75.0 billion. U.S. equity, commodities and fixed income gathered the majority of those flows.

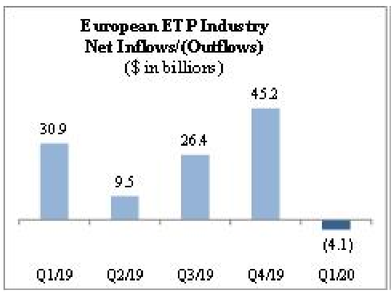


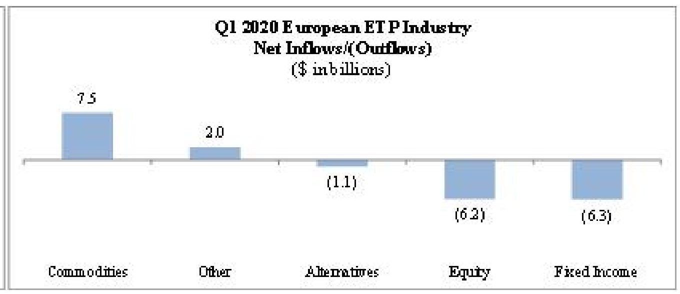


Source: Bloomberg, Investment Company Institute, WisdomTree

European ETP Industry Flows

European ETP net flows were ($4.1) billion for the three months ended March 31, 2020 due to net outflows in fixed income and equities partly offset by commodity inflows.





Source: Morningstar

Our Operating and Financial Results

We operate as an ETP sponsor and asset manager providing investment advisory services globally through our subsidiaries in the United States and Europe.

On February 19, 2020, we completed the sale of all of the outstanding shares of our wholly-owned Canadian subsidiary, WisdomTree Asset Management Canada, Inc., or Canadian ETF business, to CI Financial Corp. We received CDN $3.7 million (USD $2.8 million) in cash at closing and will receive additional cash consideration of CDN $2.0 million to $8.0 million, depending on the achievement of certain AUM growth targets over the next three years.

Our Canadian ETF business reported operating losses during the three months ended March 31, 2020 and 2019 of $0.8 million and $0.4 million, respectively.

U.S. Listed ETFs

Our U.S. listed ETFs' AUM decreased from $40.6 billion at December 31, 2019 to $28.9 billion at March 31, 2020 due to market depreciation and net outflows.

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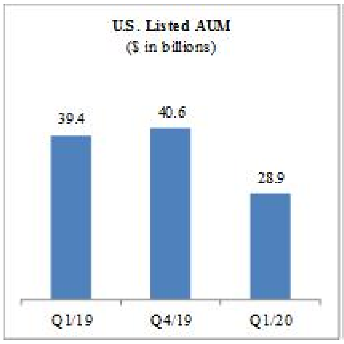
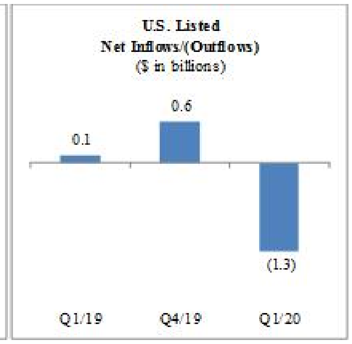
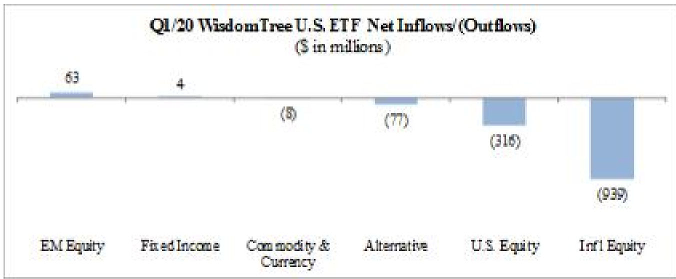
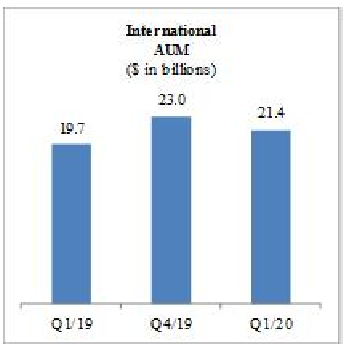


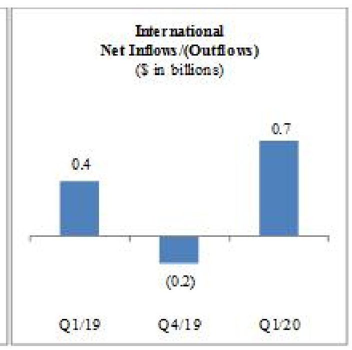


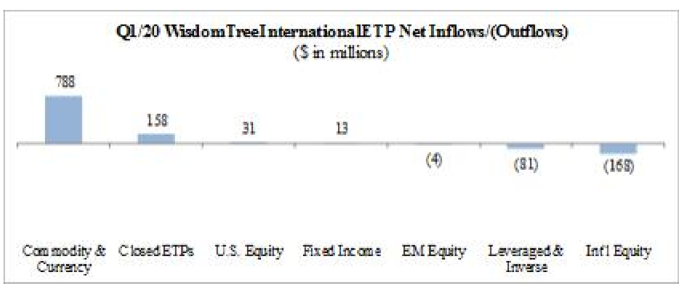


International Listed ETPs

Our international ETPs' AUM decreased from $23.0 billion at December 31, 2019 to $21.4 billion at March 31, 2020 due to market depreciation and a reduction of $0.8 billion of AUM resulting from the sale of our Canadian ETF business which was completed on February 19, 2020, partly offset by net inflows.







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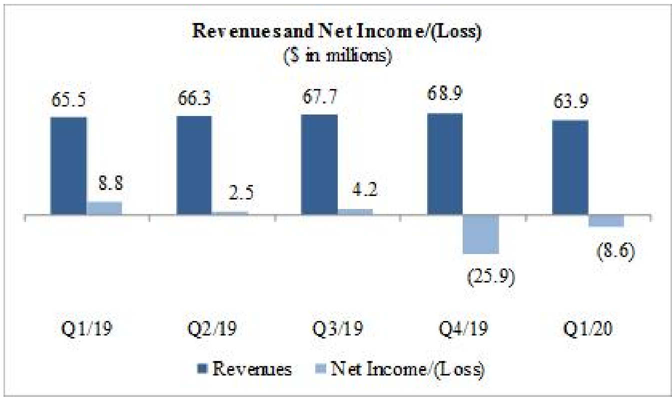
Consolidated Operating Results

The following table sets forth our revenues and net income/(loss) for the most recent five quarters:



- *Revenues* – We recorded operating revenues of $63.9 million during the three months ended March 31, 2020, down 2.5% from the three months ended March 31, 2019 due to lower average AUM of our U.S. listed products arising from market depreciation and net outflows, as well as a 3 basis point decline in our average global advisory fee due to AUM mix shift. These declines were partly offset by higher average AUM of our International listed products.
- *Expenses* – Total operating expenses decreased 12.0% from the three months ended March 31, 2019 to $48.2 million largely due to lower compensation resulting from lower incentive compensation accruals as well as $2.0 million of severance included in the prior period, lower third-party distribution fees and lower sales and business development expenses.
- *Other Income/(Expenses)* – Other income/(expenses) includes interest income and interest expense, (losses)/gains on revaluation of deferred consideration – gold payments, impairments and other gains and losses. For the three months ended March 31, 2020 and 2019, the (losses)/gains on revaluation of deferred consideration – gold payments were ($2.2) million and $4.4 million, respectively. In addition, during the three months ended March 31, 2020, we recognized a non-cash impairment charge of $19.7 million on our investment in AdvisorEngine, Inc., or AdvisorEngine (See Note 7 to our Consolidated Financial Statements). We also recorded a gain of $2.9 million associated with the sale of our Canadian ETF business.
- *Net (loss)/income* – We reported a net loss of ($8.6) million during the three months ended March 31, 2020, compared to net income of $8.8 million during the three months ended March 31, 2019. The net loss reported in the current period includes the loss on revaluation of deferred consideration – gold payments of $2.2 million and the non-cash impairment charge of $19.7 million on our investment in AdvisorEngine.

Key Operating Statistics

The following table presents key operating statistics that serve as indicators for the performance of our business:

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
GLOBAL ETPs ($ in millions)			
Beginning of period assets	$ 63,615	$ 59,981	$ 54,094
Assets sold	(778)	—	—
Inflows/(outflows)	(536)	390	561
Market appreciation/(depreciation)	(11,958)	3,247	4,544
Fund closures	(20)	(3)	(87)
End of period assets	$ 50,323	$ 63,615	$ 59,112
Average assets during the period	$ 59,819	$ 61,858	$ 57,683
Average ETP advisory fee during the period	0.43%	0.44%	0.46%
Number of ETPs – end of the period	331	349	534
U.S. LISTED ETFs ($ in millions)			
Beginning of period assets	$ 40,600	$ 37,592	$ 35,486
Inflows/(outflows)	(1,273)	563	147
Market appreciation/(depreciation)	(10,424)	2,448	3,820
Fund closures	(10)	(3)	(87)
End of period assets	$ 28,893	$ 40,600	$ 39,366
Average assets during the period	$ 36,936	$ 39,094	$ 38,061
Average ETF advisory fee during the period	0.43%	0.44%	0.45%
Number of ETFs – end of the period	77	80	77
INTERNATIONAL LISTED ETPs ($ in millions)			
Beginning of period assets	$ 23,015	$ 22,389	$ 18,608
Assets sold	(778)	—	—
Inflows/(outflows)	737	(173)	414
Market appreciation/(depreciation)	(1,534)	799	724
Fund closures	(10)	—	—
End of period assets	$ 21,430	$ 23,015	$ 19,746
Average assets during the period	$ 22,883	$ 22,764	$ 19,622
Average ETP advisory fee during the period	0.43%	0.44%	0.47%
Number of ETPs – end of period	254	269	457
PRODUCT CATEGORIES ($ in millions)			
Commodity & Currency			
Beginning of period assets	$ 20,326	$ 19,954	$ 16,212
Inflows/(outflows)	780	(266)	228
Market appreciation/(depreciation)	(1,018)	638	539
End of period assets	$ 20,088	$ 20,326	$ 16,979
Average assets during the period	$ 20,643	$ 20,146	$ 16,994
U.S. Equity			
Beginning of period assets	$ 17,746	$ 16,296	$ 13,222
Inflows/(outflows)	(285)	458	639
Market appreciation/(depreciation)	(5,302)	992	1,898
End of period assets	$ 12,159	$ 17,746	$ 15,759
Average assets during the period	$ 16,022	$ 16,983	$ 14,823
International Developed Market Equity			
Beginning of period assets	$ 13,089	$ 12,243	$ 14,309
Inflows/(outflows)	(1,107)	(139)	(1,575)
Market appreciation/(depreciation)	(3,300)	985	1,407
End of period assets	$ 8,682	$ 13,089	$ 14,141
Average assets during the period	$ 11,515	$ 12,684	$ 14,280

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	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Emerging Market Equity			
Beginning of period assets	$ 6,494	$ 5,787	$ 5,275
Inflows/(outflows)	59	193	(94)
Market appreciation/(depreciation)	(1,887)	514	533
End of period assets	$ 4,666	$ 6,494	$ 5,714
Average assets during the period	$ 6,002	$ 6,082	$ 5,492
Fixed Income			
Beginning of period assets	$ 3,633	$ 3,390	$ 2,345
Inflows/(outflows)	17	212	1,403
Market appreciation/(depreciation)	(86)	31	24
End of period assets	$ 3,564	$ 3,633	$ 3,772
Average assets during the period	$ 3,697	$ 3,589	$ 3,268
Leveraged & Inverse			
Beginning of period assets	$ 1,058	$ 1,046	$ 981
Inflows/(outflows)	(81)	14	147
Market appreciation/(depreciation)	(78)	(2)	(43)
End of period assets	$ 899	$ 1,058	$ 1,085
Average assets during the period	$ 1,043	$ 1,078	$ 1,074
Alternatives			
Beginning of period assets	$ 394	$ 461	$ 739
Inflows/(outflows)	(77)	(68)	(138)
Market appreciation/(depreciation)	(55)	1	15
End of period assets	$ 262	$ 394	$ 616
Average assets during the period	$ 358	$ 437	$ 653
Closed ETPs			
Beginning of period assets	$ 875	$ 804	$ 1,011
Assets sold	(778)	—	—
Inflows/(outflows)	158	(14)	(49)
Market appreciation/(depreciation)	(232)	88	171
Fund closures	(20)	(3)	(87)
End of period assets	$ 3	$ 875	$ 1,046
Average assets during the period	$ 539	$ 859	$ 1,099
Headcount	210	208	216

Note: Previously issued statistics may be restated due to fund closures and trade adjustments
Source: WisdomTree

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Selected Operating and Financial Information

	Three Months Ended March 31, 2020	2019	Change	Percent Change
Global AUM (in millions)				
Average global AUM	$59,819	$57,683	$ 2,136	3.7%
Operating Revenues (in thousands)				
Advisory fees	$62,950	$64,840	$(1,890)	(2.9%)
Other income	924	645	279	43.3%
Total revenues	$63,874	$65,485	$(1,611)	(2.5%)

Average Global AUM

Our average global AUM increased 3.7% from $57.7 billion at March 31, 2019 to $59.8 billion at March 31, 2020 primarily due to market appreciation over the trailing twelve months, partly offset by net outflows. The market declines arising from the COVID-19 pandemic had a minimal impact on the change in our average global AUM as the market depreciation occurred during the most recent month. Over the trailing twelve months net outflows were $0.5 billion, primarily due to $2.1 billion of outflows from our two largest currency hedged products, HEDJ and DXJ. These outflows were offset by inflows of $1.6 billion principally into our commodity, emerging market and U.S. equity ETPs.

Operating Revenues

Advisory fees

Advisory fee revenues decreased 2.9% from $64.8 million during the three months ended March 31, 2019 to $63.0 million in the comparable period in 2020 due to lower average AUM of our U.S. listed products arising from market depreciation and net outflows, as well as a 3 basis point decline in our average global advisory fee. Our average global ETP advisory fee declined from 0.46% during the three months ended March 31, 2019 to 0.43% during the three months ended March 31, 2020 due to AUM mix shift.

Other income

Other income increased 43.3% from $0.6 million during the three months ended March 31, 2019 to $0.9 million in the comparable period in 2020 primarily due to higher creation/redemption fees associated with our International listed products.

Operating Expenses

(in thousands)	Three Months Ended March 31, 2020	2019	Change	Percent Change
Compensation and benefits	$17,295	$ 21,301	$(4,006)	(18.8%)
Fund management and administration	14,485	15,166	(681)	(4.5%)
Marketing and advertising	2,468	2,680	(212)	(7.9%)
Sales and business development	3,417	4,422	(1,005)	(22.7%)
Contractual gold payments	3,760	3,098	662	21.4%
Professional and consulting fees	1,273	1,482	(209)	(14.1%)
Occupancy, communications and equipment	1,551	1,618	(67)	(4.1%)
Depreciation and amortization	256	269	(13)	(4.8%)
Third-party distribution fees	1,355	2,400	(1,045)	(43.5%)
Acquisition and disposition-related costs	383	313	70	22.4%
Other	1,997	2,053	(56)	(2.7%)
Total expenses	$48,240	$ 54,802	$(6,562)	(12.0%)

As a Percent of Revenues:	Three Months Ended March 31, 2020	2019
Compensation and benefits	27.1%	32.5%
Fund management and administration	22.7%	23.2%
Marketing and advertising	3.9%	4.1%

As a Percent of Revenues:	Three Months Ended March 31, 2020	2019
Sales and business development	5.3%	6.8%
Contractual gold payments	5.9%	4.7%
Professional and consulting fees	2.0%	2.3%
Occupancy, communications and equipment	2.4%	2.4%
Depreciation and amortization	0.4%	0.4%
Third-party distribution fees	2.1%	3.7%
Acquisition and disposition-related costs	0.6%	0.5%
Other	3.1%	3.1%
Total expenses	75.5%	83.7%

Compensation and benefits

Compensation and benefits expense decreased 18.8% from $21.3 million during the three months ended March 31, 2019 to $17.3 million in the comparable period in 2020 due to lower incentive compensation accruals as well as $2.0 million of severance expense included in the prior period. Headcount was 216 and 210 at March 31, 2019 and March 31, 2020, respectively.

Fund management and administration

Fund management and administration expense decreased 4.5% from $15.2 million during the three months ended March 31, 2019 to $14.5 million in the comparable period in 2020 primarily due to lower variable fees associated with lower average AUM of our U.S. listed products, partly offset by higher average AUM of our International listed products. These expenses were also lower as a result of the sale of our Canadian ETF business which was completed on February 19, 2020. We had 77 U.S. listed ETFs and 457 International listed ETPs at March 31, 2019 compared to 77 U.S. listed ETFs and 254 International listed ETPs at March 31, 2020.

Marketing and advertising

Marketing and advertising expense decreased 7.9% from $2.7 million during the three months ended March 31, 2019 to $2.5 million in the comparable period in 2020 primarily due to lower discretionary spending resulting from the COVID-19 pandemic.

Sales and business development

Sales and business development expense decreased 22.7% from $4.4 million during the three months ended March 31, 2019 to $3.4 million in the comparable period in 2020 primarily due to lower discretionary spending resulting from the COVID-19 pandemic.

Contractual gold payments

Contractual gold payments expense increased 21.4% from $3.1 million during the three months ended March 31, 2019 to $3.8 million in the comparable period in 2020. This expense was associated with the payment of 2,375 ounces of gold and was calculated using the average daily spot price of $1,304 and $1,583 per ounce during the three months ended March 31, 2019 and 2020, respectively.

Professional and consulting fees

Professional and consulting fees decreased 14.1% from $1.5 million during the three months ended March 31, 2019 to $1.3 million in the comparable period in 2020 due to lower spending on corporate consulting-related expenses.

Occupancy, communications and equipment

Occupancy, communications and equipment expense was essentially unchanged from the three months ended March 31, 2019.

Depreciation and amortization

Depreciation and amortization expense was essentially unchanged from the three months ended March 31, 2019.

Third-party distribution fees

Third-party distribution fees decreased 43.5% from $2.4 million during the three months ended March 31, 2019 to $1.4 million in the comparable period in 2020 primarily due to lower fees for platform relationships.

Acquisition and disposition-related costs

Acquisition and disposition-related costs increased 22.4% from $0.3 million during the three months ended March 31, 2019 to $0.4 million in the comparable period in 2020 due to the completion of the sale of our Canadian ETF business.

Other

Other expenses were essentially unchanged from the three months ended March 31, 2019.

Other Income/(Expenses)

(in thousands)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Change	Percent Change
Interest expense	$ (2,419)	$(2,892)	$ 473	(16.4%)
(Loss)/gain on revaluation of deferred consideration	(2,208)	4,404	(6,612)	n/a
Interest income	163	779	(616)	(79.1%)
Impairments	(19,672)	(572)	(19,100)	3,339.2%
Other losses, net	(2,507)	(4,627)	2,120	(45.8%)
Total other income/(expenses)	$(26,643)	$(2,908)	$(23,735)	816.2%

As a Percent of Revenues:	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Interest expense	(3.8%)	(4.4%)
(Loss)/gain on revaluation of deferred consideration	(3.5%)	6.7%
Interest income	0.2%	1.2%
Impairment	(30.7%)	(0.9%)
Other losses, net	(3.9%)	(7.0%)
Total other income/(expenses)	(41.7%)	(4.4%)

Interest expense

Interest expense decreased 16.4% from $2.9 million during the three months ended March 31, 2019 to $2.4 million in the comparable period in 2020 due to a lower level of debt outstanding as well as lower interest rates. Our effective interest rate during the three months ended March 31, 2019 and 2020 was 5.5% and 5.0%, respectively, and includes our cost of borrowing and amortization of issuance costs.

(Loss)/gain on revaluation of deferred consideration

We recognized a gain on revaluation of deferred consideration of $4.4 million during the three months ended March 31, 2019 as compared to a loss of ($2.2) million during the three months ended March 31, 2020. The loss in the current quarter was due to an increase in the forward-looking price of gold when compared to the forward-looking gold curve on December 31, 2019, the date on which the deferred consideration was last measured. The magnitude of any gain or loss is highly correlated to the magnitude of the change in the forward-looking price of gold.

Interest income

Interest income decreased 79.1% from $0.8 million during the three months ended March 31, 2019 to $0.2 million in the comparable period in 2020 due to our AdvisorEngine unsecured convertible note receivable being placed on non-accrual status.

Impairment

During the three months ended March 31, 2020, we recognized anon-cash impairment charge of $19.7 million on our investment in AdvisorEngine (See Note 7 to our Consolidated Financial Statements). During the three months ended March 31, 2019, we recognized an impairment of $0.6 million in connection with the termination of our Japan office lease.

Other losses, net

Other losses, net were $4.6 million and $2.5 million during the three months ended March 31, 2019 and 2020, respectively. Included in the loss recognized during the three months ended March 31, 2019 and 2020 is a charge of $4.3 million and $6.0 million, respectively, arising from the release of a tax-related indemnification asset upon the expiration of the statute of limitations. An equal and offsetting benefit has been recognized in income tax expense. In addition, during the first quarter of 2020, we recognized a gain of $2.9 million associated with the sale of our Canadian ETF business (See Note 24 to our Consolidated Financial Statements). Gains and losses also generally arise from the sale of gold earned from management fees paid by our physically-backed gold ETPs, foreign exchange fluctuations, securities owned and other miscellaneous items.

Income taxes

Our effective income tax rate for the three months ended March 31, 2020 of 21.5% resulted in an income tax benefit of $2.4 million. Our effective income tax rate differs from the federal statutory rate of 21% primarily due a $6.0 million reduction in unrecognized tax benefits, a $2.9 million non-taxable gain upon sale of our Canadian ETF business and a lower tax rate on foreign earnings, partly offset by a valuation allowance on capital losses, tax shortfalls associated with the vesting and exercise of stock-based compensation awards and a non-deductible loss on revaluation of deferred consideration.

Our effective income tax rate for the three months ended March 31, 2019 of negative 13.5% resulted in an income tax benefit of $1.0 million. Our effective income tax rate differs from the federal statutory rate of 21% primarily due a $4.3 million reduction in unrecognized tax benefits, the non-taxable gain on revaluation of deferred consideration and a lower tax rate on foreign earnings, partly offset by a valuation allowance applied to foreign net operating losses, tax shortfalls associated with the vesting and exercise of stock-based compensation awards and state and local income taxes.

Non-GAAP Financial Measures

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 Report 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 financial results. 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*: Impairment charges, gain recognized upon sale of our Canadian ETF business, severance expense and acquisition and disposition-related costs are excluded when determining adjusted net income and adjusted earnings per share.

Adjusted Net Income and Diluted Earnings per Share:	Three Months Ended Mar. 31, 2020	Three Months Ended Mar. 31, 2019
Net (loss)/income, as reported	$ (8,638)	$ 8,824
Add back/(deduct): Loss/(gain) on revaluation of deferred consideration	2,208	(4,404)
Add back: Impairment, net of income taxes	19,672	572
Deduct: Gain recognized upon sale of our Canadian ETF business	(2,877)	—
Add back: Tax shortfalls upon vesting and exercise of stock-based compensation awards	501	971
Add back: Acquisition and disposition-related costs, net of income taxes	358	253
Add back: Severance expense, net of income taxes	—	1,521
Adjusted net income	$ 11,224	$ 7,737
Deduct: Income distributed to participating securities	(555)	(544)
Deduct: Undistributed income allocable to participating securities	(654)	(276)
Adjusted net income available to common stockholders	$ 10,015	$ 6,917
Weighted average diluted shares, excluding participating securities (See Note 20 to our Consolidated Financial Statements)	152,535	151,821
Adjusted earnings per share – diluted	$ 0.07	$ 0.05

Liquidity and Capital Resources

The following table summarizes key data regarding our liquidity, capital resources and uses of capital to fund our operations:

	March 31, 2020	December 31, 2019
Balance Sheet Data (in thousands):		
Cash and cash equivalents	$ 68,429	$ 74,972
Accounts receivable	22,728	26,838
Securities owned, at fair value	20,261	17,319
Securities held-to-maturity	10,864	16,863
Total: Liquid assets	122,282	135,992
Less: Total current liabilities	(54,329)	(79,041)
Less: Regulatory capital requirement – certain international subsidiaries	(10,398)	(12,312)
Subtotal	57,555	44,639
Plus: Revolving credit facility – available capacity	17,128	27,908
Total: Available liquidity	$ 74,683	$ 72,547

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash Flow Data (in thousands):		
Operating cash flows	$ (2,634)	$ 7,852
Investing cash flows	8,754	11
Financing cash flows	(11,391)	(7,088)
Foreign exchange rate effect	(1,272)	383
(Decrease)/increase in cash and cash equivalents	$ (6,543)	$ 1,158

Liquidity

We consider our available liquidity to be our liquid assets and available borrowings under our revolving credit facility, less our current liabilities and regulatory capital requirements of certain international subsidiaries. Liquid assets consist of cash and cash equivalents, accounts receivable, securities held-to-maturity and securities owned, at fair value. Our securities owned, at fair value are highly liquid investments. Certain securities are accounted for as held-to-maturity securities and we have the intention and ability to hold them to maturity. However, these securities are also readily traded and, if needed, could be sold for liquidity. Accounts receivable are current assets and primarily represent receivables from advisory fees we earn from our ETPs. Our current liabilities consist primarily of payments owed to vendors and third parties in the normal course of business, deferred consideration and accrued incentive compensation for employees.

See the section below titled “Credit Facility” for a discussion of our revolving credit facility.

Cash and cash equivalents decreased $6.5 million during the three months ended March 31, 2020 due to $5.1 million used to pay dividends on our common stock, $5.0 million used to repay our debt, $2.6 million used in operating activities, $1.5 million used to repurchase our common stock and $1.1 million used in other activities. These decreases were partly offset by $6.0 million of proceeds from held-to-maturity securities maturing or called prior to maturity and $2.8 million of net proceeds from the sale of our Canadian ETF business.

Cash and cash equivalents increased $1.1 million during the three months ended March 31, 2019 due to net cash provided by operating activities of $7.9 million and $0.3 million from changes in foreign exchange rates. These increases were partly offset by $5.1 million used to pay dividends on our common stock and $2.0 million used to repurchase our common stock.

Credit Facility

On April 11, 2018, we entered into a credit agreement with Credit Suisse AG and certain other lenders. Under the credit agreement, the lenders extended to us a term loan, or the Term Loan, of which $174.0 million is currently outstanding, and made a $50.0 million revolving credit facility, or the Revolver, available to us for revolving borrowings from time to time for working capital, capital expenditures and general corporate purposes. The Term Loan, together with the Revolver, are referred to as the Credit Facility. The available capacity under the Revolver is subject to compliance with the Total Leverage Ratio as further described below.

Interest on the Term Loan accrues at a rate per annum equal to LIBOR, plus up to 2.00% (commencing at LIBOR, plus 1.75%), and interest on the Revolver accrues at a rate per annum equal to LIBOR, plus up to 1.50% (commencing at LIBOR, plus 1.25%), in each case, with the exact interest rate margin determined based on the Total Leverage Ratio (as defined below). The Revolver is also subject to a facility fee equal to a rate per annum of up to 0.50% of the actual daily amount of the aggregate commitments (whether used or unused) under the Revolver, with the exact facility fee rate determined based on the Total Leverage Ratio. The Credit Facility matures on April 11, 2021. The Term Loan does not amortize and the entire principal balance is due in a single payment on the maturity date.

The credit agreement governing the terms of the Credit Facility includes a financial covenant that requires that we maintain a Total Leverage Ratio, calculated as of the last day of each fiscal quarter, equal to or less than the ratio set forth opposite such fiscal quarter:

Fiscal Quarter Ending	Total Leverage Ratio
March 31, 2020	2.25:1.00
June 30, 2020	2.25:1.00
September 30, 2020 and each subsequent fiscal quarter ending on or before the maturity date	2.00:1.00

Total Leverage Ratio means, as of the last day of any fiscal quarter, the ratio of Consolidated Total Debt of ours and our restricted subsidiaries (as defined in the credit agreement) as of such date to Consolidated EBITDA of ours and our restricted subsidiaries (as defined in the credit agreement) for the four consecutive fiscal quarters ended on such date.

The credit agreement contains customary affirmative covenants for transactions of this type and other affirmative covenants agreed to by the parties, including, among others, the provision of annual and quarterly financial statements and compliance certificates, maintenance of property, insurance, compliance with laws and environmental matters. The credit agreement contains customary negative covenants, including among others, restrictions on the incurrence of indebtedness, granting of liens, making investments and acquisitions, paying dividends, repurchasing equity interests of ours, entering into affiliate transactions and asset sales. The credit agreement also provides for a number of customary events of default, including, among others, payment, bankruptcy, covenant, representation and warranty, change of control and judgment defaults.

We are in compliance with our covenants under the credit agreement and are actively exploring refinancing and extension alternatives as the facility matures within approximately the next 12 months.

Capital Resources

Our principal source of financing is our operating cash flow. We believe that current cash flows generated by our operating activities and existing cash balances should be sufficient for us to fund our operations for at least the next 12 months. In addition, we have access to the Revolver for working capital, capital expenditures and general corporate purposes. No amounts are currently outstanding under the Revolver.

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Use of Capital

Our business does not require us to maintain a significant cash position. However, certain of our international subsidiaries are required to maintain a minimum level of regulatory capital, which at March 31, 2020 was approximately $10.4 million in the aggregate. Notwithstanding these regulatory capital requirements, we expect that our main uses of cash will be to fund the ongoing operations of our business. As part of our capital management, we use available capital to pay down our debt. We also maintain a capital return program which includes a $0.03 per share quarterly cash dividend and authority to purchase our common stock through April 27, 2022, including purchases to offset future equity grants made under our equity plans. As previously mentioned, under the terms of the credit agreement, we are subject to various covenants including compliance with the Total Leverage Ratio. A quarterly dividend payment in excess of $0.03 per share and repurchases of our common stock (excluding purchases of our common stock withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations) are permitted only to the extent the Total Leverage Ratio does not exceed 1.75 to 1.00 and no event of default (as defined in the credit agreement) has occurred and is continuing at the time the cash dividend payment or stock repurchase is made.

During the three months ended March 31, 2020, we repurchased 385,399 shares of our common stock under the repurchase program for an aggregate cost of $1.5 million. At March 31, 2020, $81.9 million remained under this program for future purchases.

Contractual Obligations

The following table summarizes our future payments associated with contractual obligations as of March 31, 2020:

		Payments Due by Period (in thousands)			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Term Loan	$174,000	$ —	$ 174,000	$ —	$ —
Deferred consideration – gold payments[1]	175,300	14,500	25,876	21,839	113,085
Operating leases	29,255	3,479	5,916	6,042	13,818
Total	$378,555	$ 17,979	$ 205,792	$ 27,881	$ 126,903

(1) Paid from advisory fee income generated by any Company-sponsored financial product backed by physical gold with no recourse back to the Company for any unpaid amounts that exceed advisory fees earned (See Note 11 to our Consolidated Financial Statements).

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing or other arrangements and have neither created nor are party to any special-purpose oroff-balance sheet entities for the purpose of raising capital, incurring debt or operating our business.

Critical Accounting Policies

Business Combinations

We account for business combinations under the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, *Business Combinations,* which requires an allocation of the consideration we paid to the identifiable assets, intangible assets and liabilities based on the estimated fair values as of the closing date of the acquisition. The excess of the fair value of purchase price over the fair values of these identifiable assets, intangible assets and liabilities is recorded as goodwill.

Goodwill and Intangible Assets

Goodwill is the excess of the fair value of the purchase price over the fair values of the identifiable net assets at the acquisition date. We test goodwill for impairment at least annually and at the time of a triggering event requiring re-evaluation, if one were to occur. Goodwill is considered impaired when the estimated fair value of the reporting unit that was allocated the goodwill is less than its carrying value. If the estimated fair value of such reporting unit is less than its carrying value, goodwill impairment is recognized based on that difference, not to exceed the carrying amount of goodwill. A reporting unit is an operating segment or a component of an operating segment provided that the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component.

Goodwill is allocated to our U.S. Business and European Business components. Effective January 1, 2020, for impairment testing purposes, these components are aggregated as a single reporting unit as they fall under the same operating segment and have similar economic characteristics. Previously, these components were tested separately for impairment when we were operating as more than one operating segment.

Goodwill is assessed for impairment annually on November 30th. When performing our goodwill impairment test, we consider a qualitative assessment, when appropriate, and the market approach and its market capitalization when determining the fair value of the reporting units, in the aggregate.

Indefinite-lived intangible assets are tested for impairment at least annually and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indefinite-lived intangible assets are impaired if their estimated fair value is less than their carrying value. We may rely on a qualitative assessment when performing our intangible asset impairment test. Otherwise, the impairment evaluation is performed at the lowest level of reasonably identifiable cash flows independent of other assets. The annual impairment testing date for all of our intangible assets is November 30th.

Investments

We account for equity investments that do not have a readily determinable fair value under the measurement alternative prescribed within ASU 2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities*, to the extent such investments are not subject to consolidation or the equity method. Under the measurement alternative, these financial instruments are carried at cost, less any impairment (assessed quarterly), plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. In addition, income is recognized when dividends are received only to the extent they are distributed from net accumulated earnings of the investee. Otherwise, such distributions are considered returns of investment and are recorded as a reduction of the cost of the investment.

Revenue Recognition

We earn substantially all of our revenue in the form of advisory fees from our ETPs and recognize this revenue over time, as the performance obligation is satisfied. Advisory fees are based on a percentage of the ETPs' average daily net assets. Progress is measured using the practical expedient under the output method resulting in the recognition of revenue in the amount for which we have a right to invoice.

Recently Issued Accounting Pronouncements

In December 2019, the FASB issued ASU2019-12, *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes*(ASU 2019-12). The main objective of the standard is to reduce complexity in the accounting for income taxes by removing the following exceptions: (1) exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items (for example, discontinued operations or other comprehensive income); (2) exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; (3) exception to the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and (4) exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The standard also simplifies the accounting for income taxes by enacting the following: (a) requiring that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount as a non-income-based tax; (b) requiring that an entity evaluate when a step up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered as a separate transaction; (c) specifying that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements; and (d) requiring that an entity reflect the enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. ASU 2019-12 is effective for years beginning after December 15, 2020, including the interim periods within those reporting periods. Early adoption is permitted. We have determined that this standard will not have a material impact on our financial statements.

Recently Adopted Accounting Pronouncements

On January 1, 2020, we adopted ASU2016-13, *Financial Instruments-Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The main objective of the standard is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. In issuing the standard, the FASB is responding to criticism that prior guidance delayed recognition of credit losses. The standard replaced the prior guidance's "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss ("CECL") model, applies to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. The standard is applicable to loans, accounts receivable, trade receivables, and other financial assets measured at amortized cost, loan commitments and certain other off-balance sheet credit exposures, debt securities (including those held-to-maturity) and other financial assets measured at fair value through other comprehensive income, and beneficial interests in securitized financial assets. The CECL model does not apply to available-for-sale debt securities. For available-for-sale debt securities with unrealized losses, entities measure credit losses in a manner similar to prior guidance, except that the credit losses are recognized as allowances rather than reductions in the amortized cost of the securities. Accordingly, the new methodology is utilized when assessing our financial instruments for impairment. As a result, entities recognize improvements to estimated credit losses immediately in earnings rather than as interest income over time. The ASU also simplified the accounting model for purchased credit-impaired debt securities and loans. ASU 2016-13 also expanded the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. The adoption of this standard, which is applicable to our trade receivables, notes receivable and held-to-maturity securities did not have a material impact on our consolidated financial statements.

On January 1, 2020, we adopted ASU2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13), which modified the disclosure requirements on fair value measurements, including removing the requirement to disclose (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels and (3) the valuation processes for Level 3 fair value measurements. ASU 2018-13 also added new disclosures including the requirement to disclose (a) the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and (b) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This standard only impacted the disclosures pertaining to fair value measurements and were incorporated into the notes to our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following information, together with information included in other parts of this Management's Discussion and Analysis of Financial Condition and Results of Operations, describes key aspects of our market risk.

Market Risk

Market risk to us generally represents the risk of changes in the value of our ETPs that results from fluctuations in securities or commodity prices, foreign currency exchange rates against the U.S. dollar, and interest rates. Nearly all our revenues are derived from advisory agreements for the WisdomTree ETPs. Under these agreements, the advisory fee we receive is based on the average market value of the assets in the WisdomTree ETP portfolios we manage.

Fluctuations in the value of the ETPs are common and are generated by numerous factors such as market volatility, the overall economy, inflation, changes in investor strategies and sentiment, availability of alternative investment vehicles, government regulations and others. Accordingly, changes in any one or a combination of these factors may reduce the value of investment securities and, in turn, the underlying AUM on which our revenues are earned. These declines may cause investors to withdraw funds from our ETPs in favor of investments that they perceive as offering greater opportunity or lower risk, thereby compounding the impact on our revenues. We believe challenging and volatile market conditions will continue to be present in the foreseeable future.

Interest Rate Risk

We invest our corporate cash in short-term interest earning assets, primarily money market instruments at a commercial bank, federal agency debt instruments and other securities which totaled $33.9 million and $34.5 million as of December 31, 2019 and March 31, 2020, respectively. We do not anticipate that changes in interest rates will have a material impact on our financial condition, operating results or cash flows.

In addition, interest rate risk on borrowings under our Credit Facility is not significant as borrowings accrue interest at variable rates (Note 12 to our Consolidated Financial Statements).

Exchange Rate Risk

We are subject to currency translation exposure on the results of ournon-U.S. operations, primarily in the United Kingdom and Europe. Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of earnings and balance sheets from functional currency to our reporting currency (the U.S. dollar) for consolidation purposes. The advisory fees earned on our International listed ETPs are predominantly in U.S. dollars (and also paid in gold ounces, as described below), however, expenses for corporate overhead are generally incurred in British pounds. Currently, we do not enter into derivative financial instruments aimed at offsetting certain exposures in the statement of operations or the balance sheet but may seek to do so in the future.

Exchange rate risk associated with the euro is not considered to be significant.

Commodity Price Risk

Fluctuations in the prices of commodities that are linked to certain of our ETPs could have a material adverse effect on our AUM and revenues. In addition, a portion of the advisory fee revenues we receive on our ETPs backed by gold are paid in gold ounces. In addition, we pay gold ounces to satisfy our deferred consideration obligation (Note 11 to our Consolidated Financial Statements). While we may readily sell the gold that we earn under these advisory contracts, we still may maintain a position. We currently do not enter into arrangements to hedge against fluctuations in the price of gold and any hedging we may undertake in the future may not be cost-effective or sufficient to hedge against this gold exposure.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2020, our management, with the participation of our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based upon that evaluation, our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded that, as of March 31, 2020, our disclosure controls and procedures were effective at a reasonable assurance level in ensuring that material information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules, regulations and forms of the SEC, including ensuring that such material information is accumulated by and communicated to our management, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

In addition to the risk factors and other information set forth below and elsewhere in this Report, you should carefully consider the information set forth in Part 1, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

As a result of the recent global market reactions to the COVID-19 pandemic, our assets under management, or AUM, have declined and adversely impacted our revenues and we face various potential liquidity and operational challenges due to the pandemic.

As a result of the recent global market reactions to theCOVID-19 pandemic, our AUM declined significantly during the first quarter of 2020, which adversely impacted our revenues. Future negative market reactions to the COVID-19 pandemic would likely adversely impact our future financial results.

In addition, our credit facility includes a financial covenant that requires we maintain compliance with a leverage test. At March 31, 2020, we were in compliance this covenant and we continue to be in compliance as of the date of this Report. However, further pressures on our operating results may require that we use available liquidity to reduce our outstanding borrowing under the credit facility to maintain compliance with this requirement. The inability to maintain compliance with our covenants under our credit facility could accelerate the timeframe our outstanding debt comes due.

Further, in response to mandated precautions where applicable and to ensure the safety of our employees, all our employees are working remotely at this time to seek to mitigate the risks associated with the COVID-19 virus. While our teams have been successful in working remotely, operational challenges may arise in the future. Many of the key service providers we rely on also have transitioned to working remotely. If we or they were to experience material disruptions in the ability for our or their employees to work remotely, such as disruptions in internet-based communications systems and networks or the availability of essential goods and services such as food or power, our ability to operate our business normally could be materially adversely disrupted. Similarly, to date our own employees and, we believe, the employees of our key service providers, have not experienced a material degree of illness due to the COVID-19 virus. If our or their workforces, or key components thereof, were to experience significant illness, our ability to operate our business normally could be materially adversely disrupted. Any such material adverse disruptions to our business operations could have a material adverse impact on our results of operations or financial condition.

Certain of our European listed products are subject to counterparty risks. Failure of the counterparties to fulfill their obligations could negatively impact our products and AUM, which could adversely affect our business.

Certain of our European listed products depend on the services of counterparties. The terms of contracts with counterparties are generally complex, frequently customized and often not subject to regulatory oversight, and are thus subject to a variety of risks, including the following:

- *Counterparty risk* – certain products are backed by swap, derivative or similar arrangements and are subject to risks associated with the creditworthiness of their counterparties;
- *Default* – a counterparty may not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the relevant arrangement (whether or not bona fide), a default (whether or not bona fide), or because of a credit, liquidity, regulatory, tax or operational problem; and
- *Uncollateralized obligation* – certain of our products are not collateralized. Products issued by WisdomTree Oil Securities Limited, or OSL, are backed by futures swaps purchased from an affiliate of the Royal Dutch Shell Company, or Shell. In the event of default under these purchased swaps, OSL would have only unsecured claims against Shell with no recourse to collateral.

These products are dependent on receipt of payments from such counterparties in order to satisfy payment obligations to investors. Any shortfall in the amounts received from counterparties, a voluntary or involuntary default by a counterparty, failure of the counterparty to perform its contractual obligations due to market stress or otherwise, or deterioration of the credit rating of a counterparty could result in:

- losses for investors and the potentially limited ability to recover losses;
- a compulsory redemption or other termination of the relevant products which may be earlier and at a different price to that which investors may receive had their investment not been redeemed or otherwise terminated;
- the associated products trading at a discount to the value of the underlying assets;
- the imposition of temporary restrictions on creation and redemption activity in the primary market in accordance with applicable product documentation. Such actions may impact the operation and liquidity of these products in the secondary market on exchange and the products may trade at a discount or premium; and/or
- increased operational risks or transaction costs, which may negatively affect the investment performance of the relevant products and have a material adverse effect on our business and operations.

We currently depend on HSBC and JP Morgan to provide us with critical physical custody services for precious metals that back our ETCs. The failure of HSBC and JP Morgan to adequately safeguard the physical assets could materially adversely affect our business and harm WisdomTree ETC shareholders.

Certain products are backed by physical metal and are subject to risks associated with the custody of physical assets, including the risk that access to the metal held in the secure facilities managed by HSBC and JP Morgan could be restricted by natural events (such as an earthquake) or human actions (such as a terrorist attack or pandemic). In addition, there is a risk that the physical metal could be lost, stolen, damaged or restricted. The failure of HSBC and JP Morgan to successfully provide us with these services could result in financial loss to us and WisdomTree ETC shareholders and our recovery of any losses from a custodian, sub-custodian or insurer may be inadequate.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent sales of Unregistered Securities

None.

Use of Proceeds

Not applicable.

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Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to purchases made by or on behalf of us or any "affiliated purchaser" of shares of our common stock.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
January 1, 2020 to January 31, 2020	378,408	$ 3.86	378,408	
February 1, 2020 to February 29, 2020	6,991	$ 4.75	6,991	
March 1, 2020 to March 31, 2020	—	$ —	—	
Total	385,399	$ 3.88	385,399	$ 81,894

(1) On April 24, 2019, our Board of Directors extended the term of our share repurchase program for three years through April 27, 2022. During the three months ended March 31, 2020, we repurchased 385,399 shares of our common stock under this program for an aggregate cost of approximately $1.5 million. As of March 31, 2020, $81.9 million remained under this program for future purchases. Under the terms of the credit agreement, share repurchases are permitted only to the extent the Total Leverage Ratio does not exceed 1.75 to 1.00 and no event of default (as defined in the credit agreement) has occurred and is continuing at the time the stock repurchase is made. However, our ability to purchase shares of our common stock withheld pursuant to the terms of equity awards granted to employees to satisfy tax withholding obligations is not restricted.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)
3.2	Certificate of Designations of Series A Non-Voting Convertible Preferred Stock of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 13, 2018)
3.3	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed with the SEC on February 26, 2019)
4.1	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)
4.2	Amended and Restated Stockholders Agreement among the Registrant and certain investors dated December 21, 2006 (incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)
4.3	Securities Purchase Agreement among the Registrant and certain investors dated December 21, 2006 (incorporated by reference to Exhibit 4.3 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)
4.4	Securities Purchase Agreement among the Registrant and certain investors dated October 15, 2009 (incorporated by reference to Exhibit 4.4 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)
4.5	Third Amended and Restated Registration Rights Agreement dated October 15, 2009 (incorporated by reference to Exhibit 4.5 of the Registrant's Registration Statement on Form 10, filed with the SEC on March 31, 2011)
4.6	Investor Rights Agreement, dated April 11, 2018, between the Registrant and ETF Securities Limited (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on April 13, 2018)
31.1 (1)	Certification of Chief Executive Officer and Principal Executive Officer pursuant to Rule 13a-14 of the Exchange Act
31.2 (1)	Certification of Chief Financial Officer and Principal Financial Officer pursuant to Rule 13a-14 of the Exchange Act
31.3 (1)	Certification of Chief Accounting Officer and Principal Accounting Officer pursuant to Rule 13a-14 of the Exchange Act
32 (1)	Section 1350 Certification
101 (1)	Financial Statements from the Quarterly Report on Form10-Q of the Company for the three months ended March 31, 2020, formatted in XBRL: (i) Consolidated Balance Sheets at March 31, 2020 (Unaudited) and December 31, 2019; (ii) Consolidated Statements of Operations and Comprehensive (Loss)/Income for the three months ended March 31, 2020 and March 31, 2019 (Unaudited); (iii) Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2020 and March 31, 2019 (Unaudited); (iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2020 and March 31, 2019 (Unaudited); and (v) Notes to Consolidated Financial Statements, as blocks of text and in detail.
101.SCH (1)	Inline XBRL Taxonomy Extension Schema Document
101.CAL (1)	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF (1)	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB (1)	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE (1)	Inline XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit No.	Description
104 (1)	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)

(1) Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized on this 8th day of May 2020.

WISDOMTREE INVESTMENTS, INC.

By: /s/ Jonathan Steinberg
Jonathan Steinberg
Chief Executive Officer
(Principal Executive Officer)

WISDOMTREE INVESTMENTS, INC.

By: /s/ Amit Muni
Amit Muni
Chief Financial Officer
(Principal Financial Officer)

WISDOMTREE INVESTMENTS, INC.

By: /s/ Bryan Edmiston
Bryan Edmiston
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Jonathan Steinberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WisdomTree Investments, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Jonathan Steinberg
Jonathan Steinberg
Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2020

Exhibit 31.2

CERTIFICATION

I, Amit Muni, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WisdomTree Investments, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Amit Muni
Amit Muni
Chief Financial Officer
(Principal Financial Officer)

Date: May 8, 2020

Exhibit 31.3

CERTIFICATION

I, Bryan Edmiston, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WisdomTree Investments, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

By: /s/ Bryan Edmiston
Bryan Edmiston
Chief Accounting Officer
(Principal Accounting Officer)

Date: May 8, 2020

Exhibit 32

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of WisdomTree Investments, Inc. (the "Company") on Form10-Q for the period ended March 31, 2020 as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), we, Jonathan Steinberg, Chief Executive Officer of the Company, Amit Muni, Chief Financial Officer of the Company, and Bryan Edmiston, Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being furnished and not filed, and shall not be incorporated into any documents for any purpose, under the Exchange Act of 1934, as amended. A signed original of this written statement require by Section 906 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

By: /s/ Jonathan Steinberg
Jonathan Steinberg
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Amit Muni
Amit Muni
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Bryan Edmiston
Bryan Edmiston
Chief Accounting Officer
(Principal Accounting Officer)

Date: May 8, 2020