

**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, 2022

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.)

250 West 34th Street
3rd Floor
New York, New York
(Address of principal executive offices)

10119
(Zip Code)

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

230 Park Avenue, 3rd Floor West
New York, NY 10169
(Former name, former address and former fiscal year, if changed since last report)

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
Preferred Stock Purchase Rights		The NASDAQ Stock Market LLC

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

As of April 21, 2022, there were 146,560,232 shares of the registrant's Common Stock, \$0.01 par value per share, outstanding.

WISDOMTREE INVESTMENTS, INC.
Form 10-Q
For the Quarterly Period Ended March 31, 2022

TABLE OF CONTENTS

PART I:	FINANCIAL INFORMATION	4
ITEM 1.	Financial Statements	4
ITEM 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	32
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk	46
ITEM 4.	Controls and Procedures	47
PART II:	OTHER INFORMATION	48
ITEM 1.	Legal Proceedings	48
ITEM 1A.	Risk Factors	48
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds	48
ITEM 3.	Default Upon Senior Securities	48
ITEM 4.	Mine Safety Disclosures	48
ITEM 5.	Other Information	48
ITEM 6.	Exhibits	49

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

WisdomTree® and Modern Alpha® are trademarks of WisdomTree Investments, Inc. in the United States and in other countries. All other trademarks are the property of their respective owners.

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 Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. 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 ultimate duration of the COVID-19 pandemic, or the war in Ukraine, and its short-term and long-term impact on our business and the global economy;
- anticipated trends, conditions and investor sentiment in the global markets and 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;
- whether we will experience future growth;
- our ability to develop new products and services and their success;
- our ability to maintain current vendors or find new vendors to provide services to us at favorable costs;
- our ability to successfully implement our digital assets strategy, including WisdomTree Prim[®], and achieve its objectives;
- our ability to successfully operate and expand our business in non-U.S. markets; and
- the effect of laws and regulations that apply to our business.

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.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WisdomTree Investments, Inc. and Subsidiaries
 Consolidated Balance Sheets
(In Thousands, Except Per Share Amounts)

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	<u>(unaudited)</u>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 110,395	\$ 140,709
Securities owned, at fair value (including \$15,769 and \$18,526 invested in WisdomTree ETFs at March 31, 2022 and December 31, 2021, respectively)	133,846	127,166
Accounts receivable (including \$25,743 and \$25,628 due from related parties at March 31, 2022 and December 31, 2021, respectively)	35,191	31,864
Prepaid expenses	6,177	3,952
Income taxes receivable	244	—
Other current assets	327	276
Total current assets	286,180	303,967
Fixed assets, net	559	557
Indemnification receivable (Note 20)	1,452	21,925
Securities held-to-maturity	290	308
Deferred tax assets, net	3,734	8,881
Investments (Note 7)	20,938	14,238
Right of use assets—operating leases (Note 12)	424	520
Goodwill (Note 22)	85,856	85,856
Intangible assets (Note 22)	601,247	601,247
Other noncurrent assets	357	361
Total assets	<u>\$ 1,001,037</u>	<u>\$ 1,037,860</u>
Liabilities and stockholders' equity		
Liabilities		
Current liabilities:		
Fund management and administration payable	\$ 23,795	\$ 20,661
Compensation and benefits payable	8,986	32,782
Deferred consideration—gold payments (Note 9)	17,882	16,739
Operating lease liabilities (Note 12)	244	209
Income taxes payable	—	3,979
Accounts payable and other liabilities	15,979	9,297
Total current liabilities	66,886	83,667
Convertible notes (Note 10)	319,269	318,624
Deferred consideration—gold payments (Note 9)	227,295	211,323
Operating lease liabilities (Note 12)	189	328
Other noncurrent liabilities (Note 20)	1,452	21,925
Total liabilities	615,091	635,867
Preferred stock – Series A Non-Voting Convertible, par value \$0.01; 14,750 shares authorized, issued and outstanding; redemption value of \$81,207 and \$90,741 at March 31, 2022 and December 31, 2021, respectively)(Note 11)	132,569	132,569
<i>Contingencies (Note 13)</i>		
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: 146,560 and 145,107 at March 31, 2022 and December 31, 2021, respectively	1,466	1,451
Additional paid-in capital	284,421	289,736
Accumulated other comprehensive income	196	682
Accumulated deficit	(32,706)	(22,445)
Total stockholders' equity	253,377	269,424
Total liabilities and stockholders' equity	<u>\$ 1,001,037</u>	<u>\$ 1,037,860</u>

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,	
	2022	2021
Operating Revenues:		
Advisory fees	\$ 76,517	\$ 70,042
Other income	1,851	1,214
Total revenues	<u>78,368</u>	<u>71,256</u>
Operating Expenses:		
Compensation and benefits	24,787	22,627
Fund management and administration	15,494	13,947
Marketing and advertising	4,023	3,006
Sales and business development	2,609	2,145
Contractual gold payments (Note 9)	4,450	4,270
Professional fees	4,459	2,013
Occupancy, communications and equipment	753	1,475
Depreciation and amortization	47	252
Third-party distribution fees	2,212	1,343
Other	1,845	1,571
Total operating expenses	<u>60,679</u>	<u>52,649</u>
Operating income	17,689	18,607
Other Income/(Expenses):		
Interest expense	(3,732)	(2,296)
(Loss)/gain on revaluation of deferred consideration – gold payments (Note 9)	(17,018)	2,832
Interest income	794	231
Impairment (Note 12)	—	(303)
Other losses, net	(24,707)	(5,893)
(Loss)/income before income taxes	(26,974)	13,178
Income tax benefit	(16,713)	(1,969)
Net (loss)/income	<u>\$ (10,261)</u>	<u>\$ 15,147</u>
(Loss)/earnings per share—basic	<u>\$ (0.08)</u>	<u>\$ 0.09</u>
(Loss)/earnings per share—diluted	<u>\$ (0.08)</u>	<u>\$ 0.09</u>
Weighted-average common shares—basic	<u>142,782</u>	<u>145,649</u>
Weighted-average common shares—diluted	<u>142,782</u>	<u>161,831</u>
Cash dividends declared per common share	<u>\$ 0.03</u>	<u>\$ 0.03</u>

*The accompanying notes are an integral part of these consolidated financial statements
(See Note 2 for revisions made to certain amounts previously reported)*

WisdomTree Investments, Inc. and Subsidiaries

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

	Three Months Ended	
	March 31,	
	2022	2021
Net (loss)/income	<u>\$ (10,261)</u>	<u>\$ 15,147</u>
Other comprehensive loss		
Foreign currency translation adjustment, net of income taxes	<u>(486)</u>	<u>(117)</u>
Other comprehensive loss	<u>(486)</u>	<u>(117)</u>
Comprehensive (loss)/income	<u><u>\$ (10,747)</u></u>	<u><u>\$ 15,030</u></u>

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, 2022					
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares Issued	Par Value				
Balance—January 1, 2022	145,107	\$ 1,451	\$ 289,736	\$ 682	\$ (22,445)	\$ 269,424
Restricted stock issued and vesting of restricted stock units, net	2,042	21	(21)	—	—	—
Shares repurchased	(589)	(6)	(3,388)	—	—	(3,394)
Stock-based compensation	—	—	2,936	—	—	2,936
Other comprehensive loss	—	—	—	(486)	—	(486)
Dividends	—	—	(4,842)	—	—	(4,842)
Net loss	—	—	—	—	(10,261)	(10,261)
Balance—March 31, 2022	<u>146,560</u>	<u>\$ 1,466</u>	<u>\$ 284,421</u>	<u>\$ 196</u>	<u>\$ (32,706)</u>	<u>\$ 253,377</u>

	For the Three Months Ended March 31, 2021					
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Shares Issued	Par Value				
Balance—January 1, 2021	148,716	\$ 1,487	\$ 317,075	\$ 1,102	\$ (53,399)	\$ 266,265
Reclassification of equity component related to convertible notes, net of deferred taxes of \$1,022, upon the implementation of ASU 2020-06 (Note 10)	—	—	(3,682)	—	616	(3,066)
Balance—January 1, 2021 (as adjusted)	148,716	\$ 1,487	\$ 313,393	\$ 1,102	\$ (52,783)	\$ 263,199
Restricted stock issued and vesting of restricted stock units, net	1,510	15	(15)	—	—	—
Shares repurchased	(490)	(5)	(2,625)	—	—	(2,630)
Exercise of stock options, net	75	1	378	—	—	379
Stock-based compensation	—	—	3,143	—	—	3,143
Other comprehensive loss	—	—	—	(117)	—	(117)
Dividends	—	—	—	—	(4,937)	(4,937)
Net income	—	—	—	—	15,147	15,147
Balance—March 31, 2021	<u>149,811</u>	<u>\$ 1,498</u>	<u>\$ 314,274</u>	<u>\$ 985</u>	<u>\$ (42,573)</u>	<u>\$ 274,184</u>

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,	
	2022	2021
Cash flows from operating activities:		
Net (loss)/income	\$ (10,261)	\$ 15,147
Adjustments to reconcile net (loss)/income to net cash (used in)/provided by operating activities:		
Loss/(gain) on revaluation of deferred consideration—gold payments	17,018	(2,832)
Advisory and license fees paid in gold, other precious metals and cryptocurrency	(16,052)	(19,757)
Deferred income taxes	5,273	2,904
Losses on securities owned, at fair value	5,142	549
Contractual gold payments	4,450	4,270
Stock-based compensation	2,936	3,143
Amortization of issuance costs—convertible notes	645	429
Amortization of right of use asset	89	697
Depreciation and amortization	47	252
Impairments	—	303
Other	163	(235)
Changes in operating assets and liabilities:		
Accounts receivable	(3,710)	290
Prepaid expenses	(2,264)	(362)
Gold and other precious metals	11,959	14,166
Other assets	(52)	5
Fund management and administration payable	3,199	(1,470)
Compensation and benefits payable	(23,690)	(14,245)
Income taxes receivable/payable	(4,228)	(1,028)
Operating lease liabilities	(97)	(918)
Accounts payable and other liabilities	6,741	982
Net cash (used in)/provided by operating activities	<u>(2,692)</u>	<u>2,290</u>
Cash flows from investing activities:		
Purchase of securities owned, at fair value	(25,461)	(1,657)
Purchase of investments	(6,863)	(5,500)
Purchase of fixed assets	(54)	(103)
Proceeds from the sale of securities owned, at fair value	13,639	1,232
Proceeds from held-to-maturity securities maturing or called prior to maturity	18	38
Net cash used in investing activities	<u>(18,721)</u>	<u>(5,990)</u>
Cash flows from financing activities:		
Dividends paid	(4,842)	(4,937)
Shares repurchased	(3,394)	(2,630)
Proceeds from exercise of stock options	—	379
Net cash used in financing activities	<u>(8,236)</u>	<u>(7,188)</u>
Decrease in cash flow due to changes in foreign exchange rate	<u>(665)</u>	<u>(235)</u>
Net decrease in cash and cash equivalents	(30,314)	(11,123)
Cash and cash equivalents—beginning of year	140,709	73,425
Cash and cash equivalents—end of period	<u>\$ 110,395</u>	<u>\$ 62,302</u>
Supplemental disclosure of cash flow information:		
Cash paid for taxes	<u>\$ 2,123</u>	<u>\$ 1,278</u>
Cash paid for interest	<u>\$ —</u>	<u>\$ —</u>

NON-CASH ACTIVITIES

On January 1, 2021, the Company reclassified the equity component related to the convertible notes, net of deferred taxes, reducing accumulated deficit by \$616, increasing the carrying value of the convertible notes by \$4,088, reducing additional paid in capital by \$3,682 and reducing deferred tax liabilities by \$1,022, upon the implementation of Accounting Standards Update (“ASU”) 2020-06, *Debt – Debt with Conversion and Other Options* (Note 10).

*The accompanying notes are an integral part of these consolidated financial statements
(See Note 2 for reclassifications made to certain amounts previously reported)*

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, cryptocurrency 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 is a non-consolidated Delaware statutory trust registered with the SEC as an open-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 seven 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 is a non-consolidated public limited company domiciled in Ireland.
- *WisdomTree Management Limited* (“WML”) is an Ireland based management company providing management services to WisdomTree Issuer ICAV (“WTI”) in respect of the WisdomTree UCITS ETFs issued by WTI. WTI is a non-consolidated 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 Digital Commodity Services, LLC* is a New York based company that has been formed to serve as the sponsor of the WisdomTree Bitcoin Trust and WisdomTree Ethereum Trust, each an ETF currently under review with the SEC.
- *WisdomTree Digital Management, Inc.* is a New York based company that has been formed to serve as a SEC-registered investment adviser (not yet registered) and will provide investment advisory and other management services to mutual funds including the WisdomTree Digital Trust and the WisdomTree Digital Short-Term Treasury Fund whose shares are secondarily recorded on a blockchain (currently under review with the SEC), and other products.
- *WisdomTree Securities, Inc.* is a New York based company that has been formed to operate as a limited purpose broker-dealer (i.e., mutual fund retailer) upon registration with the SEC, FINRA and state regulatory authorities.

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.

[Table of Contents](#)**Immaterial Correction of an Error – Consolidated Statements of Operations**

The presentation of the amount collected on behalf of third parties of \$1,574 for the three months ended March 31, 2021 has been revised due to an immaterial error correction. This amount was originally recorded as advisory fee revenue and fund management and administration expense while no such amount should have been recorded in the Consolidated Statements of Operations. The following table summarizes these revisions, which had no effect on previously reported net income:

	Three Months Ended March 31, 2021
Operating Revenues:	
Advisory fees (previously reported)	\$ 71,616
Amounts collected on behalf of third parties	(1,574)
Advisory fees (as corrected)	\$ 70,042
Total revenues (previously reported)	\$ 72,830
Amounts collected on behalf of third parties	(1,574)
Total revenues (as corrected)	\$ 71,256
Operating Expenses:	
Fund management and administration (previously reported)	\$ 15,521
Amounts collected on behalf of third parties	(1,574)
Fund management and administration (as corrected)	\$ 13,947
Total operating expenses (previously reported)	\$ 54,223
Amounts collected on behalf of third parties	(1,574)
Total operating expenses (as corrected)	\$ 52,649

Reclassifications - Consolidated Statements of Cash Flows

Cash flows from purchasing securities owned, at fair value of \$1,657 and selling securities owned, at fair value of \$1,232 during the three months ended March 31, 2021 that were not acquired specifically for resale or associated with the Company's business activities have been reclassified from operating activities to investing activities to conform to the current year's presentation in the Consolidated Statements of Cash Flows.

The following table summarizes these reclassifications for the three months ended March 31, 2021:

	Three Months Ended March 31, 2021
Consolidated Statements of Cash Flows:	
<i>Cash Flows from Operating Activities</i>	
Net cash provided by operating activities (previously reported)	\$ 1,865
Reclassification of net cash flows from securities purchases and sales	425
Net cash provided by operating activities (currently reported)	\$ 2,290
<i>Cash Flows from Investing Activities</i>	
Net cash used in investing activities (previously reported)	\$ (5,565)
Reclassification of purchases of securities owned, at fair value	(1,657)
Reclassification of proceeds from the sale of securities owned, at fair value	1,232
Net cash used in investing activities (currently reported)	\$ (5,990)

[Table of Contents](#)

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 VOE or VIE when certain reconsideration events occur.

Segment and Geographic Information

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.

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 Income/(Loss) 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 9).

Marketing and Advertising

Marketing and 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	3 to 5 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 assets under management (“AUM”), subject to caps or minimums, to marketing agents to sell WisdomTree ETFs and for including WisdomTree ETFs on third-party customer platforms and recognizes these expenses as incurred.

[Table of Contents](#)

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 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

Accounts receivable are customer and other obligations due under normal trade terms. The Company measures credit losses, if any, by applying historical loss rates, adjusted for current conditions and reasonable 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.

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 in earnings with a corresponding adjustment to the security's amortized cost basis if the Company intends to sell the impaired AFS debt security or it is more likely than not the Company will be required to sell the security before recovering its amortized cost basis. Other credit-related impairments are recognized as an allowance with a corresponding adjustment to earnings. 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 on held-to-maturity securities placed on non-accrual status is recognized on a cash basis as interest income if and when received.

The Company reviews its portfolio of held-to-maturity securities for impairment on a quarterly basis, recognizing an allowance, if any, 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.

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 in Accounting Standards Codification ("ASC") Topic 321, *Investments – Equity Securities* ("ASC 321"), 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.

Investments in debt instruments are accounted for at fair value, with changes in fair value reported in other income.

Goodwill

Goodwill is the excess 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

[Table of Contents](#)

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. 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.

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

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

The Company accounts for its lease obligations in accordance with 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.

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 observed on the CMX exchange, a selected discount rate and perpetual growth rate (Note 9). Changes in the fair value of this obligation are reported as (loss)/gain on revaluation of deferred consideration – gold payments in the Consolidated Statements of Operations.

Convertible Notes

Convertible notes are carried at amortized cost, net of issuance costs. In accordance with Accounting Standards Update ("ASU") 2020-06 *Debt – Debt with Conversion and Other Options*, the Company accounts for convertible instruments as a single liability (applicable to the convertible notes) or equity with no separate accounting for embedded conversion features unless the conversion feature meets the criteria for accounting under the substantial premium model or does not qualify for a derivative scope exception. Interest expense is recognized using the effective interest method and includes amortization of issuance costs over the life of the debt.

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 evaluates the likelihood of an unfavorable outcome of all legal or regulatory proceedings to which it is a party and accrues a loss contingency when the loss is probable and reasonably estimable.

[Table of Contents](#)

Contingent Payments

The Company recognizes a gain on contingent payments when the contingency is resolved and the gain is realized.

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 12) 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 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. The treasury stock method includes the dilutive effect of potential common shares including unvested stock-based awards, the Series A non-voting convertible preferred stock and the convertible notes, if any. Potential common shares associated with the Series A non-voting convertible preferred stock and the convertible notes are computed under their converted method. Potential common shares associated with the conversion option embedded in the convertible notes are dilutive when the Company’s average stock price exceeds the conversion price.

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.

The Global Intangible Low-Taxed Income (“GILTI”) provisions of the Tax Reform Act requires the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary’s tangible assets. An accounting policy election is available to either account for the tax effects of GILTI in the period that is subject to such taxes or to provide deferred taxes for book and tax basis differences that upon reversal may be subject to such taxes. The Company accounts for the tax effects of these provisions in the period that is subject to such tax.

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

3. Cash and Cash Equivalents

Of the total cash and cash equivalents of \$110,395 and \$140,709 at March 31, 2022 and December 31, 2021, respectively, \$109,867 and \$127,328 were held at two financial institutions. At March 31, 2022 and December 31, 2021, cash equivalents were approximately \$449 and \$11,488, respectively.

Certain of the Company’s international subsidiaries are required to maintain a minimum level of regulatory capital, which was \$12,602 and \$12,320 at March 31, 2022 and December 31, 2021, respectively. These requirements are generally satisfied by cash on hand.

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 Measurement*, 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:

Table of Contents

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, 2022 and 2021 there were no transfers between Levels 2 and 3.

	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Assets:				
Recurring fair value measurements:				
Cash equivalents	\$ 449	\$ 449	\$ —	\$ —
Securities owned, at fair value				
ETFs	16,035	16,035	—	—
Pass-through GSEs	115,858	24,503	91,355	—
Corporate bonds	1,953	—	1,953	—
Investments				
Fnality International Limited – convertible note (Note 7)	6,700	—	—	6,700
Total	<u>\$140,995</u>	<u>\$40,987</u>	<u>\$93,308</u>	<u>\$ 6,700</u>
Liabilities:				
Recurring fair value measurements:				
Deferred consideration (Note 9)	<u>\$245,177</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$245,177</u>

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Assets:				
Recurring fair value measurements:				
Cash equivalents	\$ 11,488	\$11,488	\$ —	\$ —
Securities owned, at fair value				
ETFs	18,812	18,812	—	—
Pass-through GSEs	106,245	24,720	81,525	—
Corporate bonds	2,109	—	2,109	—
Total	<u>\$138,654</u>	<u>\$55,020</u>	<u>\$83,634</u>	<u>\$ —</u>
Non-recurring fair value measurements:				
Security, Inc. – Series A convertible preferred stock ⁽¹⁾	<u>8,488</u>	<u>—</u>	<u>—</u>	<u>8,488</u>
Liabilities:				
Recurring fair value measurements:				
Deferred consideration (Note 9)	<u>\$228,062</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$228,062</u>

(1) Fair value of \$8,488 and \$8,349 determined on June 9, 2021 and March 8, 2021, respectively (Note 7).

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 classified as Level 1 in the fair value hierarchy.

[Table of Contents](#)

Securities Owned (Note 5) – Securities owned are investments in ETFs, pass-through GSEs and corporate bonds. ETFs are generally traded in active, quoted and highly liquid markets and are therefore classified as Level 1 in the fair value hierarchy. Pricing of pass-through GSEs and corporate bonds include consideration given to collateral characteristics and market assumptions related to yields, credit risk and timing of prepayments and are therefore generally classified as Level 2. Pass-through GSE positions invested in through a fund structure with a quoted market price on an exchange are generally classified as Level 1.

Fair Value Measurements classified as Level 3 – The following tables presents a reconciliation of beginning and ending balances of recurring fair value measurements classified as Level 3:

	Three Months Ended	
	March 31,	
	2022	2021
Fnality International Limited – Convertible note (Note 7)		
Beginning balance	\$ —	\$ —
Purchases	6,863	—
Net unrealized gains/(losses) ⁽¹⁾	(163)	—
Ending balance	<u>\$ 6,700</u>	<u>\$ —</u>

(1) Recorded in other losses, net in the Consolidated Statements of Operations.

	Three Months Ended	
	March 31,	
	2022	2021
Deferred consideration (Note 9)		
Beginning balance	\$228,062	\$230,137
Net realized losses ⁽¹⁾	4,450	4,270
Net unrealized losses/(gains) ⁽²⁾	17,018	(2,832)
Settlements	(4,353)	(4,429)
Ending balance	<u>\$245,177</u>	<u>\$227,146</u>

(1) Recorded as contractual gold payments expense in the Consolidated Statements of Operations.

(2) Recorded as (loss)/gain on revaluation of deferred consideration – gold payments in the Consolidated Statements of Operations.

5. Securities Owned

These securities consist of the following:

	March 31, 2022	December 31, 2021
Securities Owned		
Trading securities	<u>\$133,846</u>	<u>\$ 127,166</u>

The Company recognized net trading losses on securities owned that were still held at the reporting dates of \$3,316 and \$561 during the three months ended March 31, 2022 and 2021, respectively, which were recorded in other losses, net, in the Consolidated Statements of Operations.

6. Securities Held-to-Maturity

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

	March 31, 2022	December 31, 2021
Debt instruments: Pass-through GSEs (amortized cost)	<u>\$ 290</u>	<u>\$ 308</u>

During the three months ended March 31, 2022 and 2021, the Company received proceeds of \$18 and \$38, respectively, from held-to-maturity securities maturing or being called prior to maturity.

Table of Contents

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, 2022	December 31, 2021
Cost/amortized cost	\$ 290	\$ 308
Gross unrealized gains	3	13
Gross unrealized losses	(5)	—
Fair value	<u>\$ 288</u>	<u>\$ 321</u>

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.

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, 2022	December 31, 2021
Due within one year	\$ —	\$ —
Due one year through five years	—	—
Due five years through ten years	32	—
Due over ten years	258	308
Total	<u>\$ 290</u>	<u>\$ 308</u>

7. Investments

The following table sets forth the Company's investments:

	March 31, 2022		December 31, 2021	
	Carrying Value	Cost	Carrying Value	Cost
Securrency, Inc. – Series A convertible preferred stock	\$ 8,488	\$ 8,112	\$ 8,488	\$ 8,112
Securrency, Inc. – Series B convertible preferred stock	5,500	5,500	5,500	5,500
Subtotal – Securrency, Inc.	\$ 13,988	\$ 13,612	\$ 13,988	\$ 13,612
Fnality International Limited – convertible note	6,700	6,863	—	—
Onramp Invest, LLC – Simple Agreement for Future Equity	250	250	250	250
	<u>\$20,938</u>	<u>\$20,725</u>	<u>\$14,238</u>	<u>\$13,862</u>

Securrency, Inc. – Preferred Stock

The Company owns approximately 22% (or 17% on a fully-diluted basis) of the capital stock of Securrency, Inc. (“Securrency”), a developer of institutional-grade blockchain-based financial and regulatory technology, issued as a result of strategic investments totaling \$13,612. In consideration of such investments, the Company received 5,178,488 shares of Series A convertible preferred stock (“Series A Shares”) in December of 2019 and 2,004,665 shares of Series B convertible preferred stock (“Series B Shares”) in March of 2021. The Series B Shares contain a liquidation preference that is pari passu with shares of Series B-1 convertible preferred stock (which are substantially the same as the Series B Shares except that they have limited voting rights) and senior to that of the holders of the Series A Shares, which are senior to the holders of common stock. Otherwise, the Series A Shares and Series B Shares have substantially the same terms, 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. In addition, the Series A Shares and Series B Shares (together with the Series B-1 convertible preferred stock) are separately redeemable, with respect to all of the shares outstanding of the applicable series of preferred stock (subject to certain regulatory restrictions of certain investors), for the original issue price thereof, plus all declared and unpaid dividends, upon approval by holders of at least 60% of the Series A Shares (at any time on or after December 31, 2029) and 90% of the Series B Shares (at any time on or after March 31, 2031).

The investment is accounted for under the measurement alternative prescribed in ASC 321, as it does not have a readily determinable fair value and is not considered to be in-substance common stock. The investment is assessed for impairment and similar observable transactions on a quarterly basis. There was no impairment recognized during the three months ended March 31, 2022 based upon a qualitative assessment. On March 8, 2021, the Company recognized a gain of \$237 on its Series A Shares, which was re-measured to fair value upon the issuance of Securrency’s Series B Shares. Fair value was determined using the backsolve method, a valuation approach that determines the value of shares for companies with complex capital structures based upon the price paid for shares recently issued. Fair value is allocated across the capital structure using the Black-Scholes option pricing model.

Table of Contents

The table below presents the inputs used in backsolve valuation approach (classified as Level 3 in the fair value hierarchy):

	<u>Inputs</u> <u>March 8, 2021</u>
Expected volatility	55%
Time to exit (in years)	5.0

Finality International Limited – Convertible Note

In February 2022, the Company participated in a convertible note financing, making a £5,000 (\$6,863) investment in Finality International Limited (“Finality”), a company incorporated in England and Wales and focused on creating a peer-to-peer digital wholesale settlement ecosystem comprised of a consortium of financial institutions, offering real time cross-border payments from a single pool of liquidity. In consideration for its investment, the Company was issued a 5% Convertible Unsecured Loan Note maturing on December 31, 2023.

The note is convertible into equity shares in the event of a Qualified Financing Round (as defined in the note instrument) at a conversion price equal to the lower of (i) a discount of 20% to lowest price paid per equity share issued pursuant to such Qualified Financing Round and (ii) an amount paid per share subject to a pre-money valuation cap.

The note is redeemable upon the occurrence of a Change of Control (as defined in the note instrument) provided that the amount repaid is the greater of (i) the principal amount and all accrued interest and (ii) the amount that would be received had the note been converted to equity shares immediately prior to the occurrence of the Change of Control. Redemption may also occur at maturity or prior to maturity upon approval by holders of at least 50% and 75%, respectively, of the outstanding notes.

The note is accounted for at fair value. Fair value is determined by the Company using the probability-weighted expected return method (“PWERM”), a valuation approach that estimates the value of the note assuming various outcomes. The note is also remeasured for changes in the British pound and U.S. dollar exchange rate. During the three months ended March 31, 2022, the Company recognized a loss of \$163 when re-measuring the notes to fair value.

The table below presents the probability ascribed to potential outcomes used in the PWERM (classified as Level 3 in the fair value hierarchy):

	<u>March 31,</u> <u>2022</u>
Conversion of note upon a Qualified Financing Round	85%
Redemption of note upon a Change of Control	10%
Default	5%

Onramp Invest, LLC – Simple Agreement for Future Equity

In June 2021, the Company invested \$250 in Onramp Invest, LLC (“Onramp”), a technology company that provides access to cryptoassets for registered investment advisers. In consideration for its investment, the Company holds a Simple Agreement for Future Equity (“SAFE”), which provides the Company with the right to be issued certain shares of Onramp’s preferred stock in connection with Onramp’s future equity financing for preferred stock, at a 20% discount to the price per share issued in connection with such equity financing, subject to a pre-determined valuation cap. The preferred stock is issuable upon the occurrence of such preferred equity financing, which would occur after Onramp’s conversion to a corporation.

The investment is accounted for under the measurement alternative prescribed in ASU2016-01, as it does not have a readily determinable fair value and is not considered to be in-substance common stock. The investment is assessed for impairment and similar observable transactions on a quarterly basis. There was no impairment recognized during the three months ended March 31, 2022 based upon a qualitative assessment.

8. Fixed Assets, net

The following table summarizes fixed assets:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Equipment	\$ 823	\$ 784
Less: accumulated depreciation and amortization	(264)	(227)
Total	<u>\$ 559</u>	<u>\$ 557</u>

9. 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 \$245,177 and \$228,062 at March 31, 2022 and December 31, 2021 using the following assumptions:

	March 31, 2022	December 31, 2021
Forward-looking gold price (low) – per ounce	\$ 1,958	\$ 1,833
Forward-looking gold price (high) – per ounce	\$ 2,853	\$ 2,705
Forward-looking gold price (weighted average) – per ounce	\$ 2,263	\$ 2,106
Discount rate	9.0%	9.0%
Perpetual growth rate	0.9%	1.0%

The forward-looking gold prices at March 31, 2022 were extrapolated from the last observable CMX exchange price (beyond 2027) and the weighted-average price per ounce was derived from the relative present values of the annual payment obligations. The perpetual growth rate was determined based upon the increase in observable forward-looking gold prices through 2027. This obligation is classified as Level 3 as the discount rate, the extrapolated forward-looking gold prices and perpetual growth rate are significant unobservable inputs. An increase in spot gold prices, 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.

Current amounts payable were \$17,882 and \$16,739 and long-term amounts payable were \$227,295 and \$211,323, respectively, at March 31, 2022 and December 31, 2021, respectively.

During the three months ended March 31, 2022 and 2021, the Company recognized the following in respect of deferred consideration:

	Three Months Ended March 31,	
	2022	2021
Contractual gold payments	\$ 4,450	\$4,270
Contractual gold payments – gold ounces paid	2,375	2,375
(Loss)/gain on revaluation of deferred consideration – gold payments ⁽¹⁾	\$(17,018)	\$2,832

- (1) Losses on revaluation of deferred consideration—gold payments result from an increase in spot gold prices, an increase in the forward-looking price of gold, an increase in the perpetual growth rate and a decrease in the discount rate used to compute the present value of the annual payment obligations. Gains on revaluation of deferred consideration—gold payments result from a decrease in spot gold prices, a decrease in the forward-looking price of gold, a decrease in the perpetual growth rate and an increase in the discount rate used to compute the present value of the annual payment obligations.

10. Convertible Notes

On June 14, 2021, the Company issued and sold \$150,000 in aggregate principal amount of 3.25% Convertible Senior Notes due 2026 (the “2021 Notes”) pursuant to an indenture dated June 14, 2021, between the Company and U.S. Bank National Association, as trustee (the “Trustee”), in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (“Rule 144A”).

On June 16, 2020, the Company issued and sold \$150,000 in aggregate principal amount of 4.25% Convertible Senior Notes due 2023 (the “June 2020 Notes”) pursuant to an indenture dated June 16, 2020, between the Company and the Trustee, in a private offering to qualified institutional buyers pursuant to Rule 144A. On August 13, 2020, the Company issued and sold \$25,000 in aggregate principal amount of 4.25% Convertible Senior Notes due 2023 at a price equal to 101% of the principal amount thereof, plus interest deemed to have accrued since June 16, 2020, and constitute a further issuance of, and form a single series with, the Company’s June 2020 Notes (the “August 2020 Notes” and together with the June 2020 Notes, the “2020 Notes”).

Table of Contents

After the issuance of the 2021 Notes (and together with the 2020 Notes, the “Convertible Notes”), the Company had \$325,000 aggregate principal amount of Convertible Notes outstanding.

Key terms of the Convertible Notes are as follows:

	2021 Notes	2020 Notes
	June 15, 2026	June 15, 2023
Maturity date (unless earlier converted, repurchased or redeemed)		
Interest rate	3.25%	4.25%
Conversion price	\$ 11.04	\$ 5.92
Conversion rate	90.5797	168.9189
Redemption price	\$ 14.35	\$ 7.70

- *Interest rate:* Payable semiannually in arrears on June 15 and December 15 of each year.
- *Conversion price:* Convertible at an initial conversion rate of the Company’s common stock, per \$1,000 principal amount of notes (equivalent to an initial conversion price as disclosed in the table above).
- *Conversion:* Holders may convert at their option at any time prior to the close of business on the business day immediately preceding March 15, 2026 and March 15, 2023 in respect of the 2021 Notes and 2020 Notes, respectively, only under the following circumstances: (i) if the last reported sale price of the Company’s common stock for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (ii) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price per \$1,000 principal amount of the Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sales price of the Company’s common stock and the conversion rate on each such trading day; (iii) upon a notice of redemption delivered by the Company in accordance with the terms of the indentures but only with respect to the Convertible Notes called (or deemed called) for redemption; or (iv) upon the occurrence of specified corporate events. On or after March 15, 2026 and March 15, 2023 in respect of the 2021 Notes and 2020 Notes, respectively, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Convertible Notes at any time, regardless of the foregoing circumstances.
- *Cash settlement of principal amount:* Upon conversion, the Company will pay cash up to the aggregate principal amount of the Convertible Notes to be converted. At its election, the Company will also settle its conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted in either cash, shares of its common stock or a combination of cash and shares of its common stock.
- *Redemption price:* The Company may redeem for cash all or any portion of the notes, at its option, on or after June 20, 2026 and June 20, 2023 in respect of the 2021 Notes and 2020 Notes, respectively, and on or prior to the 55th scheduled trading day immediately preceding the maturity date, if the last reported sale price of the Company’s common stock has been at least 130% of the conversion price then in effect for at least 20 trading days, including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding the redemption date. No sinking fund is provided for the Convertible Notes.
- *Limited investor put rights:* Holders of the Convertible Notes have the right to require the Company to repurchase for cash all or a portion of their notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of certain change of control transactions or liquidation, dissolution or common stock delisting events.
- *Conversion rate increase in certain customary circumstances:* In certain circumstances, conversions in connection with a “make-whole fundamental change” (as defined in the indentures) or conversions of Convertible Notes called (or deemed called) for redemption may result in an increase to the conversion rate, provided that the conversion rate will not exceed 144.9275 shares and 270.2702 shares of the Company’s common stock per \$1,000 principal amount of the 2021 Notes and 2020 Notes, respectively (the equivalent of 69,036,410 shares of the Company’s common stock), subject to adjustment.
- *Seniority and Security:* The 2021 Notes and 2020 Notes rank equal in right of payment, and are the Company’s senior unsecured obligations, but are subordinated in right of payment to the Company’s obligations to make certain redemption payments (if and when due) in respect of its Series A Non-Voting Convertible Preferred Stock (Note 12).

The indentures contain customary terms and covenants, including that upon certain events of default occurring and continuing, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Convertible Notes outstanding may declare the entire principal amount of all the Convertible Notes to be repurchased, plus any accrued special interest, if any, to be immediately due and payable.

Table of Contents

The following table provides a summary of the carrying value of the Convertible Notes at March 31, 2022 and December 31, 2021:

	March 31, 2022			December 31, 2021		
	2021 Notes	2020 Notes	Total	2021 Notes	2020 Notes	Total
Principal amount	\$ 150,000	\$ 175,000	\$ 325,000	\$ 150,000	\$ 175,000	\$ 325,000
Plus: Premium	—	250	250	—	250	250
Gross proceeds	150,000	175,250	325,250	150,000	175,250	325,250
Less: Unamortized issuance costs ⁽¹⁾	(3,621)	(2,360)	(5,981)	(3,833)	(2,793)	(6,626)
Carrying amount	<u>\$ 146,379</u>	<u>\$ 172,890</u>	<u>\$ 319,269</u>	<u>146,167</u>	<u>\$ 172,457</u>	<u>\$ 318,624</u>
Effective interest rate ⁽¹⁾	<u>3.83%</u>	<u>5.26%</u>	<u>4.60%</u>	<u>3.83%</u>	<u>5.26%</u>	<u>4.60%</u>

(1) Includes amortization of the issuance costs and premium.

On January 1, 2021, the Company early adopted ASU 2020-06, which simplified the accounting for convertible instruments by providing for such instruments being reported as a single liability (applicable to the convertible notes) or equity with no separate accounting for the embedded conversion features unless the conversion feature meets the criteria for accounting under the substantial premium model or does not qualify for a derivative scope exception. Previously, convertible instruments were required to be separated into their liability and equity components by allocating the issuance proceeds to each of those components. The discount arising from the recognition of the equity component was amortized as interest expense over the life of the 2020 Notes.

Interest expense on the Convertible Notes during the three months ended March 31, 2022 and 2021 was \$,732 and \$2,296, respectively. Interest payable of \$3,676 and \$590 at March 31, 2022 and December 31, 2021 is included in accounts payable and other liabilities in the Consolidated Balance Sheets.

The fair value of the Convertible Notes (classified as Level 2 in the fair value hierarchy) was \$43,154 and \$360,571 at March 31, 2022 and December 31, 2021, respectively. The if-converted value of the 2020 Notes did not exceed the principal amount at March 31, 2022 and was \$80,912 at December 31, 2021. The if-converted value of the 2021 Notes did not exceed the principal amount at March 31, 2022 and December 31, 2021.

11. 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, 2022	December 31, 2022
Issuance of Preferred Shares	\$ 132,750	\$ 132,750
Less: Issuance costs	(181)	(181)
Preferred Shares – carrying value	<u>\$ 132,569</u>	<u>\$ 132,569</u>
Cash dividends declared per share	<u>\$ 0.03</u>	<u>\$ 0.03</u>

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.

Table of Contents

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 redemption value of the Preferred Shares was \$81,207 and \$90,741 at March 31, 2022 and December 31, 2021, respectively.

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

12. Leases

The Company has entered into operating leases for 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,	
	2022	2021
Lease cost:		
Operating lease cost	\$ 89	\$ 697
Short-term lease cost	276	295
Total lease cost	<u>\$ 365</u>	<u>\$ 992</u>
Other information:		
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 97	\$ 918
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	1.3	8.9
Weighted-average discount rate – operating leases	4.4%	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.

During the three months ended March 31, 2021, the Company recognized an impairment charge of \$303 resulting from the derecognition of a right-of-use asset upon exiting its London office in February 2021, as well as costs incurred to restore the office space to its original condition. This loss is included in impairments in the Consolidated Statements of Operations.

The following table discloses future minimum lease payments at March 31, 2022 with respect to the Company’s operating lease liabilities:

Remainder of 2022	\$349
2023	190
2024	—
2025	—
2026	—
2027 and thereafter	—
Total future minimum lease payments (undiscounted)	<u>\$539</u>

The following table reconciles the future minimum lease payments (disclosed above) at March 31, 2022 to the operating lease liabilities recognized in the Consolidated Balance Sheets:

Amounts recognized in the Consolidated Balance Sheets	
Lease liability – short term	\$244
Lease liability – long term	189
Subtotal	433
Difference between undiscounted and discounted cash flows	106
Total future minimum lease payments (undiscounted)	<u>\$539</u>

[Table of Contents](#)

13. 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.

Closure of the WisdomTree WTI Crude Oil 3x Daily Leveraged ETP

In December 2020, WMAI, WTMAML, WTUK and WisdomTree Ireland Limited (“WT Ireland”) were served with a writ of summons to appear before the Court of Milan, Italy. In January 2021, WTUK was served with a writ of summons to appear before the Court of Udine, Italy. Investors had filed actions seeking approximately €8,900 (\$9,912) and €100 (\$111) resulting from the closure of the WisdomTree WTI Crude Oil 3x Daily Leveraged ETP (“3OIL”) in March 2020. The product was dependent on the receipt of payments from a swap provider to satisfy payment obligations to the investors. Due to an extreme adverse move in oil futures relative to the oil futures’ closing price, the swap contract underlying 3OIL was terminated by the swap provider, which resulted in the compulsory redemption of 3OIL, all in accordance with the prospectus.

In February 2022, the Court of Udine ruled in the Company’s favor. Also in February 2022, WMAI, WTMAML, WTUK and WT Ireland were served with another writ of summons to appear before the Court of Milan by additional investors seeking approximately €3,400 (\$3,787) resulting from the closure of 3OIL.

In March 2022, WMAI and WTUK were served with (i) a writ of summons to appear before the Court of Turin by an investor seeking damages for approximately €2,000 (\$2,227) and (ii) three writs of summons to appear before the Court of Milan by investors seeking damages for approximately €1,500 (\$1,671), in the aggregate, all resulting from the closure of 3OIL. These writs were also served on the intermediary brokers for the respective claimants, with the claimants alleging joint and several liability of WMAI, WTUK and such intermediary brokers.

The Company is currently assessing these claims with its external counsel. An accrual has not been made with respect to these matters at March 31, 2022 and December 31, 2021.

14. Variable Interest Entities

VEs 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 in non-consolidated VIEs:

	March 31, 2022	December 31, 2021
Carrying Amount – Assets (Securrency)		
Preferred stock – Series A Shares	\$ 8,488	\$ 8,488
Preferred stock – Series B Shares	5,500	5,500
Subtotal – Securrency	\$ 13,988	\$ 13,988
Carrying Amount – Assets (Fnality International Limited)		
Convertible note	6,700	—
Carrying Amount – Assets (Onramp)		
SAFE	250	250
Total (Note 7)	\$ 20,938	\$ 14,238
Maximum exposure to loss	<u>\$ 20,938</u>	<u>\$ 14,238</u>

[Table of Contents](#)

15. Revenues from Contracts with Customers

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

	Three Months Ended	
	March 31,	
	2022	2021
Revenues from contracts with customers:		
Advisory fees ⁽¹⁾	\$ 76,517	\$ 70,042
Other	1,851	1,214
Total operating revenues	<u>\$ 78,368</u>	<u>\$ 71,256</u>

(1) Advisory fees previously reported have been revised due to an immaterial error correction. These revisions had no effect on previously reported net income. See Note 2 for additional information.

The Company recognizes revenues from contracts with customers when the performance obligation is satisfied, which is when the promised services are transferred to the customer. A service is considered to be transferred when the customer obtains control, which is represented by the transfer of rights with regard to the 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 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 16). 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,	
	2022	2021
Revenues from contracts with customers:		
United States	\$ 46,229	\$ 40,699
Jersey ⁽¹⁾	28,598	28,416
Ireland	3,541	2,141
Total operating revenues	<u>\$ 78,368</u>	<u>\$ 71,256</u>

(1) Advisory fees previously reported have been revised due to an immaterial error correction. These revisions had no effect on previously reported net income. See Note 2 for additional information.

16. 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. WisdomTree ETFs 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 are included in fund management and administration in the Consolidated Statements of Operations. In exchange, the Company receives fees based on a percentage of the ETPs' average daily net assets. A majority of the independent members of the Board of Trustees are required to annually approve the advisory agreements of the U.S. WisdomTree ETFs and these agreements may be terminated by the Board of Trustees upon notice.

[Table of Contents](#)

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

	March 31, 2022	December 31, 2021
Receivable from WTT	\$ 15,711	\$ 15,987
Receivable from ManJer Issuers	6,879	6,460
Receivable from WMAI and WTI	3,153	3,181
Total	<u>\$ 25,743</u>	<u>\$ 25,628</u>

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,	
	2022	2021
Advisory services provided to WTT	\$46,070	\$ 40,536
Advisory services provided to ManJer Issuers ⁽¹⁾	26,905	25,471
Advisory services provided to WMAI and WTI	3,542	4,035
Total	<u>\$76,517</u>	<u>\$ 70,042</u>

(1) Advisory fees previously reported have been revised due to an immaterial error correction. These revisions had no effect on previously reported net income. See Note 2 for additional information.

The Company also has investments in certain WisdomTree ETFs of approximately \$15,769 and \$18,526 at March 31, 2022 and December 31, 2021, respectively. Net losses related to trading WisdomTree ETFs during the three months ended March 31, 2022 and 2021 were \$806 and \$384, respectively, which are recorded in other losses, net in the Consolidated Statements of Operations.

17. Stock-Based Awards

On June 20, 2016, the Company's stockholders approved an 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 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 often 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 85th percentile (or 100th percentile for grants made during 2019 and 2020).
- If the Company's TSR is negative, the target number of PRSUs vesting is capped at 100% regardless of the relative TSR percentile.

Stock-based compensation expense during the three months ended March 31, 2022 and 2021 was \$2,936 and \$3,143, respectively.

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

	March 31, 2022	
	Unrecognized Stock- Based Compensation	Average Remaining Vesting Period (Years)
Employees and directors	\$ 19,744	2.11

A summary of stock-based compensation award activity (shares) during the three months ended March 31, 2022 is as follows:

	RSAs	RSUs	PRsUs
Balance at January 1, 2022	3,036,905	54,990	550,686
Granted	2,085,828	20,560	319,838
Exercised/vested	(1,523,866)	(27,894)	(202,336) ⁽¹⁾
Forfeitures	(72,170)	—	—
Balance at March 31, 2022	<u>3,526,697</u>	<u>47,656</u>	<u>668,188</u>

(1) The payout on PRsUs vesting in January 2022 was zero.

18. Stockholder Rights Plan

On March 13, 2022, the Board of Directors of the Company adopted a stockholder rights plan, as set forth in the Stockholder Rights Agreement, dated March 14, 2022, between the Company and Continental Stock Transfer & Trust Company, as Rights Agent (the “Rights Agreement”). Pursuant to the terms of the Rights Agreement, the Board of Directors declared a dividend distribution of (i) one Preferred Stock Purchase Right (a “Right”) for each outstanding share of common stock, par value \$0.01 per share, of the Company (the “Common Stock”) and (ii) 1,000 Rights for each outstanding share of Series A Non-Voting Convertible Preferred Stock, par value \$0.01 per share, of the Company (the “Series A Preferred Stock”), to stockholders of record as of the close of business on March 25, 2022 (the “Record Date”). In addition, one Right will automatically attach to each share of Common Stock and 1,000 Rights will automatically attach to each share of Series A Preferred Stock, in each case, issued between the Record Date and the earlier of the Distribution Date (as defined below) and the expiration date of the Rights. Each Right entitles the registered holder thereof to purchase from the Company a unit consisting of one ten-thousandth of a share (a “Unit”) of Series B Junior Participating Cumulative Preferred Stock, par value \$0.01 per share, of the Company (the “Preferred Stock”) at a cash exercise price of \$27.00 per Unit (the “Exercise Price”), subject to adjustment, under certain conditions specified in the Rights Agreement.

Initially, the Rights are not exercisable and are attached to and trade with all shares of Common Stock and Series A Preferred Stock outstanding as of, and issued subsequent to, the Record Date. The Rights will separate from the Common Stock and Series A Preferred Stock and will become exercisable upon the earlier of (i) the close of business on the tenth calendar day following the first public announcement that a person or group of affiliated or associated persons (an “Acquiring Person”) has acquired beneficial ownership of 10% (or 20% in the case of a person or group which, together with all affiliates and associates of such person or group, is the beneficial owner of shares of Common Stock of the Company representing less than 20% of the shares of Common Stock of the Company then outstanding, and which is entitled to file, and files, a statement on Schedule 13G pursuant to Rule 13d-1(b) or Rule 13d-1(c) of the General Rules and Regulations under the Exchange Act, as amended, as in effect at the time of the first public announcement of the declaration of the Rights dividend with respect to the shares of Common Stock beneficially owned by such person or group) or more of the outstanding shares of Common Stock, other than as a result of repurchases of stock by the Company or certain inadvertent actions by a stockholder (the date of such announcement being referred to as the “Stock Acquisition Date”), or (ii) the close of business on the tenth business day (or such later day as the Board of Directors may determine) following the commencement of a tender offer or exchange offer that could result upon its consummation in a person or group becoming an Acquiring Person (the earlier of such dates being herein referred to as the “Distribution Date”). A person or group who beneficially owned 10% or more (or 20% or more in the case of passive stockholders) of the Company’s outstanding Common Stock prior to the first public announcement by the Company of the adoption of the Rights Agreement will not trigger the Rights Agreement so long as they do not acquire beneficial ownership of any additional shares of Common Stock at a time when they still beneficially own 10% or more (or 20% or more in the case of passive stockholders) of such Common Stock, subject to certain exceptions as set forth in the Rights Agreement.

For purposes of the Rights Agreement, beneficial ownership is defined to include ownership of securities that are subject to a derivative transaction and acquired derivative securities. Swaps dealers unassociated with any control intent or intent to evade the purposes of the Rights Agreement are excepted from such imputed beneficial ownership.

[Table of Contents](#)

In the event that a Stock Acquisition Date occurs, proper provision will be made so that each holder of a Right (other than an Acquiring Person or its associates or affiliates, whose Rights shall become null and void) will thereafter have the right to receive upon exercise, in lieu of a number of shares of Preferred Stock, that number of shares of Common Stock of the Company (or, in certain circumstances, including if there are insufficient shares of Common Stock to permit the exercise in full of the Rights, Units of Preferred Stock, other securities, cash or property, or any combination of the foregoing) having a market value of two times the Exercise Price of the Right (such right being referred to as the "Subscription Right"). In the event that, at any time following the Stock Acquisition Date, (i) the Company consolidates with, or merges with and into, any other person, and the Company is not the continuing or surviving corporation, (ii) any person consolidates with the Company, or merges with and into the Company and the Company is the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the shares of Common Stock are changed into or exchanged for stock or other securities of any other person or cash or any other property, or (iii) 50% or more of the Company's assets or earning power is sold, mortgaged or otherwise transferred, each holder of a Right (other than an Acquiring Person or its associates or affiliates, whose Rights shall become null and void) will thereafter have the right to receive, upon exercise, common stock of the acquiring company having a market value equal to two times the Exercise Price of the Right (such right being referred to as the "Merger Right"). The holder of a Right will continue to have the Merger Right whether or not such holder has exercised the Subscription Right. Rights that are or were beneficially owned by an Acquiring Person may (under certain circumstances specified in the Rights Agreement) become null and void.

The Rights may be redeemed in whole, but not in part, at a price of \$0.01 per Right (payable in cash, Common Stock or other consideration deemed appropriate by the Board of Directors) by the Board of Directors only until the earlier of (i) the time at which any person becomes an Acquiring Person or (ii) the expiration date of the Rights Agreement. Immediately upon the action of the Board of Directors ordering redemption of the Rights, the Rights will terminate and thereafter the only right of the holders of Rights will be to receive the redemption price.

The Rights Agreement may be amended by the Board of Directors in its sole discretion at any time prior to the time at which any person becomes an Acquiring Person. After such time the Board of Directors may, subject to certain limitations set forth in the Rights Agreement, amend the Rights Agreement only to cure any ambiguity, defect or inconsistency, to shorten or lengthen any time period, or to make changes that do not adversely affect the interests of Rights holders (excluding the interests of an Acquiring Person or its associates or affiliates).

Until a Right is exercised, the holder will have no rights as a stockholder of the Company (beyond those as an existing stockholder), including the right to vote or to receive dividends. While the distribution of the Rights will not be taxable to stockholders or to the Company, stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for shares of Common Stock, other securities of the Company, other consideration or for common stock of an acquiring company.

The Rights are not exercisable until the Distribution Date and will expire at the close of business on March 13, 2023; provided that if the Company's stockholders have not ratified the Rights Agreement by the close of business on the first day after the Company's 2022 annual meeting of stockholders (including any adjournments or postponements thereof), the Rights will expire at such time, in each case, unless previously redeemed or exchanged by the Company.

The Rights Agreement provides the holders of the Common Stock with the ability to exempt an offer to acquire, or engage in another business combination transaction involving, the Company that is deemed a "Qualifying Offer" (as defined in the Rights Agreement) from the terms of the Rights Agreement. A Qualifying Offer is, in summary, an offer determined by a majority of the independent members of the Board to have specific characteristics that are generally intended to preclude offers that are coercive, abusive or highly contingent. Among those characteristics are that it be: (i) a fully financed all-cash tender offer or an exchange offer offering shares of common stock of the offeror, or a combination thereof, for any and all of the Common Stock; (ii) an offer whose per share offer price and consideration represent a "reasonable premium" over the highest reported per share market price of the Common Stock in the 24 months immediately preceding the date on which the offer is commenced; (iii) an offer that, within 20 business days after the commencement date of the offer (or within 10 business days after any increase in the offer consideration), does not result in a nationally recognized investment banking firm retained by the Board rendering an opinion to the Board that the consideration being offered to the holders of the Common Stock is either inadequate or unfair; and (iv) an offer that is otherwise in the best interests of the Company's stockholders. The Rights Agreement provides additional characteristics necessary for an acquisition offer to be deemed a "Qualifying Offer," including if the consideration offered in a proposed transaction is stock of the acquiror.

Pursuant to the Rights Agreement, if the Company receives a Qualifying Offer and the Board has not redeemed the outstanding Rights or exempted such Qualifying Offer from the terms of the Rights Agreement or called a special meeting of stockholders (the "Special Meeting") for the purpose of voting on whether to exempt such Qualifying Offer from the terms of the Rights Agreement, in each case by the end of the 90 business day period following the commencement of such Qualifying Offer, provided such offer remains a Qualifying Offer during such period, the holders of 10% of the Common Stock may request that the Board call a Special Meeting to vote on a resolution authorizing the exemption of the Qualifying Offer from the terms of the Rights Agreement. If such a Special Meeting is not held by the 90th business day following the receipt of such a request from stockholders to call a Special Meeting, the Qualifying Offer will be deemed exempt from the terms of the Rights Agreement on the 10th business day thereafter.

[Table of Contents](#)

Potential common shares associated with the conversion option embedded in the Convertible Notes were excluded from the computation for the three months ended March 31, 2022 and 2021 as the Company's average stock price during those respective periods was lower than the conversion price.

The following table reconciles weighted average diluted shares as reported in the Consolidated Statements of Operations for the three months ended March 31, 2022 and 2021, which are determined pursuant to the treasury stock method, to the weighted average diluted shares used to calculate diluted earnings/(loss) per share as disclosed in the table above:

Reconciliation of Weighted Average Diluted Shares (in thousands)	Three Months Ended	
	March 31,	
	2022	2021
Weighted average diluted shares as disclosed in the Consolidated Statements of Operations	142,782 ⁽¹⁾	161,831
Less: Participating securities		
Weighted average shares of common stock issuable upon conversion of the Preferred Shares (Note 11)	—	(14,750)
Potentially dilutive restricted stock awards	—	(1,311)
Weighted average diluted shares used to calculate diluted (loss)/earnings per share as disclosed in the table above	<u>142,782</u>	<u>145,770</u>

- (1) Excludes 15,521 participating securities and 31 potentially dilutive non-participating common stock equivalents for the three months ended March 31, 2022 as the Company reported a net loss for the period (shares herein are reported in thousands).

20. Income Taxes

Effective Income Tax Rate – Three Months Ended March 31, 2022 and March 31, 2021

The Company's effective income tax rate during the three months ended March 31, 2022 of 62.0% resulted in an income tax benefit of \$16,713. The effective income tax rate differs from the federal statutory tax rate of 21% primarily due to a \$19,897 reduction in unrecognized tax benefits (including interest and penalties), a lower tax rate on foreign earnings and tax windfalls associated with the vesting of stock-based compensation awards. These items were partly offset by a non-taxable loss on revaluation of deferred consideration and an increase in the deferred tax asset valuation allowance on losses recognized on securities owned.

The Company's effective income tax rate for the three months ended March 31, 2021 of negative 4.9% resulted in an income tax benefit of \$1,969. The Company's effective income tax rate differs from the federal statutory tax rate of 21% primarily due to a \$5,171 reduction in unrecognized tax benefits (including interest and penalties), a non-taxable gain on revaluation of deferred consideration and a lower tax rate on foreign earnings, partly offset by tax shortfalls associated with the vesting and exercise of stock-based compensation awards.

Deferred Tax Assets

A summary of the components of the Company's deferred tax assets at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Deferred tax assets:		
Capital losses	\$ 16,818	\$ 16,601
NOLs – Foreign	1,846	1,934
Unrealized losses	1,794	614
Accrued expenses	1,263	4,993
Goodwill and intangible assets	1,228	1,276
Interest carryforwards	604	437
Stock-based compensation	469	1,359
NOLs – U.S.	255	382
Outside basis differences	122	122
Other	362	376
Deferred tax assets	<u>24,761</u>	<u>28,094</u>

Table of Contents

	March 31, 2022	December 31, 2021
Deferred tax liabilities:		
Fixed assets and prepaid assets	158	257
Unremitted earnings – International subsidiaries	146	118
Unrealized gains	91	—
Foreign currency translation adjustment	52	181
Deferred tax liabilities	447	556
Total deferred tax assets less deferred tax liabilities	24,314	27,538
Less: Valuation allowance	(20,580)	(18,657)
Deferred tax assets, net	<u>\$ 3,734</u>	<u>\$ 8,881</u>

Net Operating and Capital Losses – U.S.

The Company's tax effected net operating losses ("NOLs") at March 31, 2022 were \$255, 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, 2022 were \$16,818. These capital losses expire between the years 2023 and 2027.

Net Operating Losses – International

One of the Company's European subsidiaries generated NOLs outside the U.S. These tax effected NOLs, all of which are carried forward indefinitely, were \$1,846 at March 31, 2022.

Valuation Allowance

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

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 Company also recorded an offsetting indemnification asset provided by ETFs Capital as part of its agreement to indemnify the Company for any potential claims. The table below sets forth the aggregate changes in the balance of these gross unrecognized tax benefits:

	Total	Unrecognized Tax Benefits	Interest and Penalties
Balance on January 1, 2022	\$ 21,925	\$ 18,218	\$ 3,707
Decrease - Settlements ⁽¹⁾	(13,052)	(11,865)	(1,187)
Decrease - Lapse of statute of limitations ⁽¹⁾	(6,845)	(4,825)	(2,020)
Increases	7	—	7
Foreign currency translation ⁽²⁾	(583)	(485)	(98)
Balance at March 31, 2022	<u>\$ 1,452</u>	<u>\$ 1,043</u>	<u>\$ 409</u>

- (1) In January 2022, an audit of ManJer's tax returns (a Jersey-based subsidiary) for the years ended December 31, 2014, 2016, 2017 and 2018 were resolved in favor of ManJer. The settlement, as well as the reduction in unrecognized tax benefits from the lapse of the statute of limitations totaling \$19,897 during the three months ended March 31, 2022, was recorded as an income tax benefit 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, 2021, an income tax benefit of \$5,171 was recorded along with an equal and offsetting amount in other losses, net.
- (2) The gross unrecognized tax benefits were accrued in British pounds.

[Table of Contents](#)

The gross unrecognized tax benefits and interest and penalties totaling \$1,451 at March 31, 2022 are included in other non-current liabilities in the Consolidated Balance Sheets. It is reasonably possible that these unrecognized tax benefits will reduce to zero in the next 12 months upon lapsing of the statute of limitations. If recognized, these unrecognized tax benefits 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 and is currently under review by the State of Michigan for the years ended 2017 through 2020. As of March 31, 2022, with few exceptions, the Company was no longer subject to income tax examinations by any taxing authority for the years before 2017.

ManJer's tax returns (a Jersey-based subsidiary) were previously under review for the years ended December 31, 2014, 2016, 2017 and 2018. In January 2022, the audit was resolved in favor of ManJer.

Undistributed Earnings of Foreign Subsidiaries

ASC 740-30, *Income Taxes*, provides guidance that US companies do not need to recognize tax effects on foreign earnings that are indefinitely reinvested. The Company repatriates earnings of its foreign subsidiaries and therefore has recognized a deferred tax liability of \$146 and \$118 at March 31, 2022 and December 31, 2021, respectively.

21. Shares Repurchased

On February 22, 2022, the Company's board of directors approved an increase of \$85,709 to the Company's share repurchase program to \$100,000 and extended the term for three years through April 27, 2025. Included under the Company's share repurchase 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 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.

During the three months ended March 31, 2022 and 2021, the Company repurchased 588,694 and 489,763 shares of its common stock, respectively, under this program for an aggregate cost of \$3,394 and \$2,630, 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, 2022, \$100,000 remained under this program for future purchases.

22. Goodwill and Intangible Assets

Goodwill

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

	Total
Balance at January 1, 2022	\$85,856
Changes	—
Balance at March 31, 2022	<u>\$85,856</u>

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:

	Total
Balance at January 1, 2022	\$601,247
Changes	—
Balance at March 31, 2022	<u>\$601,247</u>

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 intangible assets were determined to have indefinite useful lives and are not deductible for tax purposes.

23. Contingent Payments

AdvisorEngine – Sale of Financial Interests

On May 4, 2020, the Company closed a transaction to exit its investment in AdvisorEngine. The fair value of upfront consideration paid to the Company was \$9,592. Consideration also included contingent payments totaling up to \$10,408 which will be payable only upon AdvisorEngine achieving certain revenue milestones during the first through fourth anniversaries of such exit. No value has been ascribed to these contingent payments at March 31, 2022 and December 31, 2021 and no contingent payments were received during the three months ended March 31, 2022 and 2021.

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 was paid CDN \$3,000 (USD \$2,360) of additional cash consideration based upon the achievement of certain AUM growth targets as determined during the 18-month anniversary of the closing date.

The Company may receive additional cash consideration of CDN \$0 to \$4,000 depending on the achievement of certain AUM growth targets as determined on the 36-month anniversary of the closing date.

24. Subsequent Events

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

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 Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. 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 an asset management company in the business of offering transparent financial exposures to our clients and are a leading global ETP sponsor based on assets under management, or AUM, with AUM of \$79.4 billion as of March 31, 2022. More recently, we have been positioning ourselves to expand beyond our existing ETP business by leveraging blockchain technology, digital assets and principles of decentralized finance, or DeFi, to deliver transparency, choice and inclusivity to customers and consumers around the world.

Our family of ETPs includes providing exposure to equities, commodities, fixed income, leveraged and inverse, currency, cryptocurrency and alternative strategies. We have launched many first-to-market products and pioneered alternative weighting 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. 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 industry indexes use a capitalization weighted methodology. These products are distributed through all major channels in the asset management industry, including banks, brokerage firms, registered investment advisers, institutional investors, private wealth managers and online brokers primarily through our sales force.

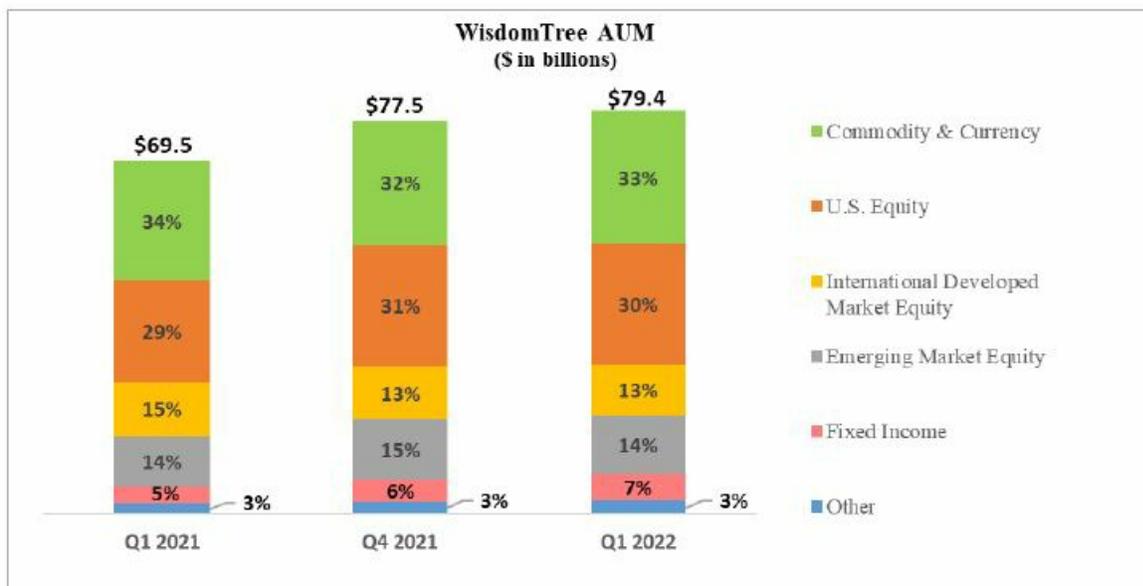
We are at the forefront of innovation and have differentiated ourselves through continued investments in technology-enabled and research-driven solutions such as our Advisor Solutions program, which includes portfolio construction, asset allocation, practice management services and digital tools for financial advisors. We seek to usher in the next chapter of financial services by introducing new revenue streams and expanding our offerings to include a new financial services mobile application, branded WisdomTree Prime™, a digital wallet that is native to the blockchain and being developed for saving, spending and investing in both native crypto assets and tokenized versions of mainstream financial assets (e.g., blockchain enabled investment funds). We also are planning to launch asset- and fund-tokenization products beginning with a dollar token, gold token and digital short term treasury fund which will be available on multiple public and permissioned blockchains, leveraging federal and state regulated entities. As we pursue our digital assets strategy, we are embracing a concept we refer to as “responsible DeFi,” which we believe upholds the foundational principles of regulation in this innovative and quickly evolving space.

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.

Assets Under Management

WisdomTree ETPs

We offer ETPs covering equity, commodity, fixed income, leveraged and inverse, currency, cryptocurrency and alternative strategies. The chart below sets forth the asset mix of our ETPs at March 31, 2021, December 31, 2021 and March 31, 2022:



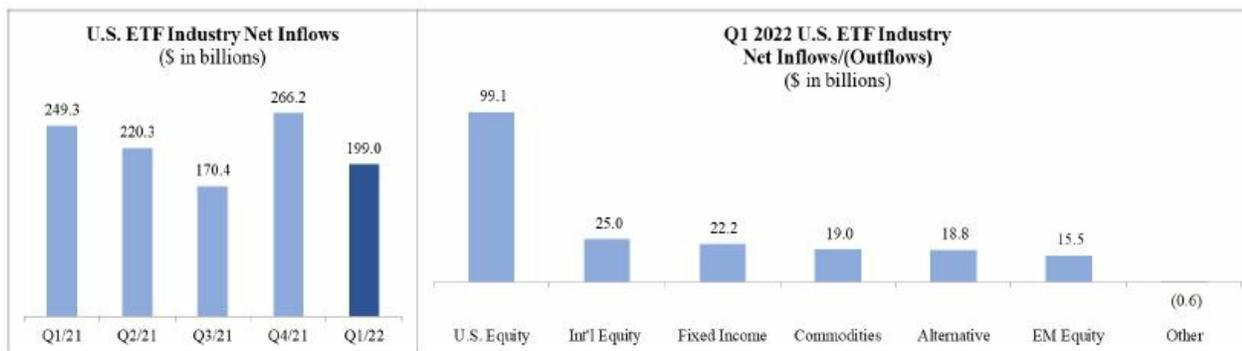
Market Environment

During the first quarter of 2022, the U.S. and Eurozone markets declined and inflationary pressures rose. Commodity prices surged following the Russian invasion of the sovereign territory of Ukraine and this contributed to a further increase in inflation as well as supply chain disruption. Emerging markets were negatively affected by renewed COVID-19 outbreaks. Gold prices increased during the quarter.

The S&P 500, MSCI EAFE (local currency) and MSCI Emerging Markets Index (U.S. dollar) decreased by 4.6%, 3.6% and 6.9%, respectively, while gold prices increased 6.7% during the quarter. In addition, the European and Japanese equities markets both depreciated with the MSCI EMU Index and MSCI Japan Index decreasing 9.1% and 1.4%, respectively, in local currency terms for the quarter. Also, the U.S. dollar rose 1.7% and 2.7% versus the euro and British pound, respectively, and weakened 5.9% versus the Japanese yen during the quarter.

U.S. listed ETF Industry Flows

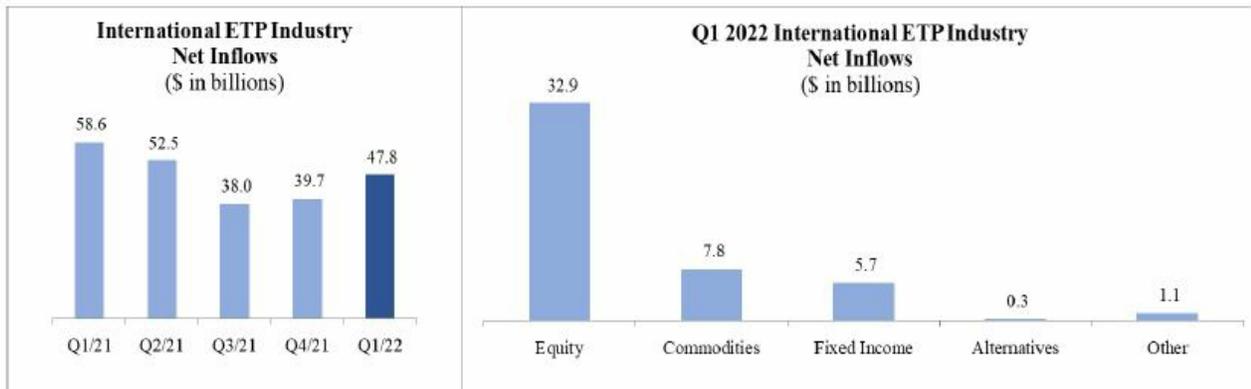
U.S. listed ETF industry net flows for the three months ended March 31, 2022 were \$199.0 billion. U.S. equity gathered the majority of those flows.



Source: Morningstar

International ETP Industry Flows

International ETP industry net flows were \$47.8 billion for the three months ended March 31, 2022. Equities gathered the majority of those flows.



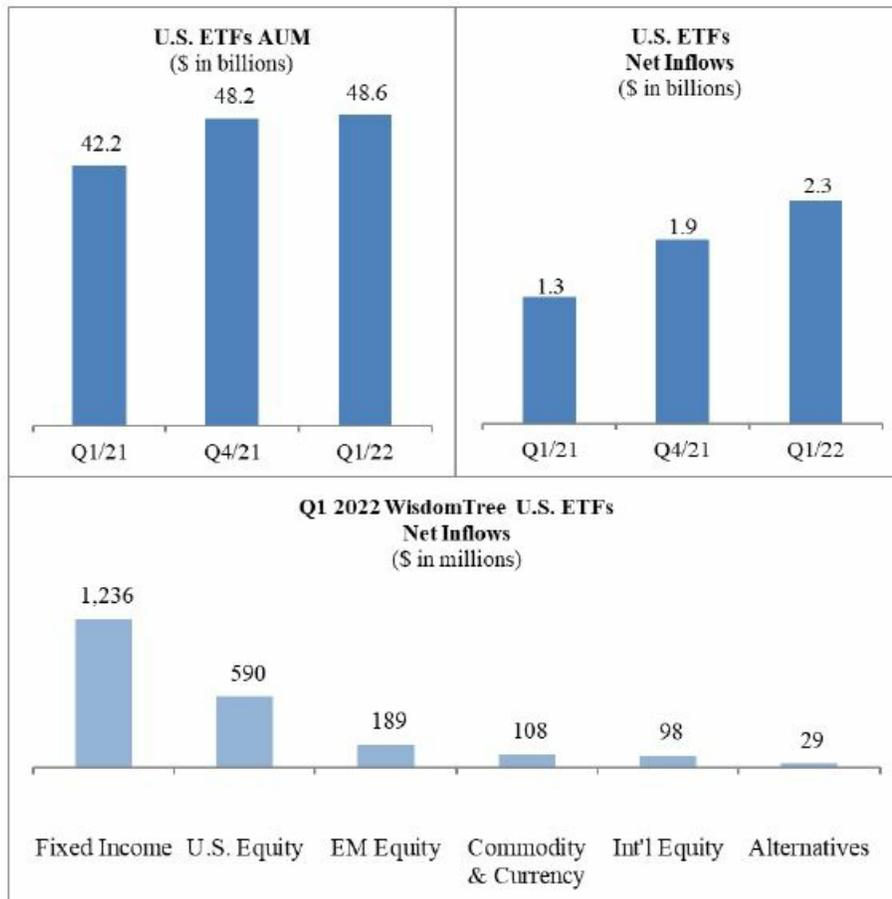
Source: Morningstar

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.

U.S. Listed ETFs

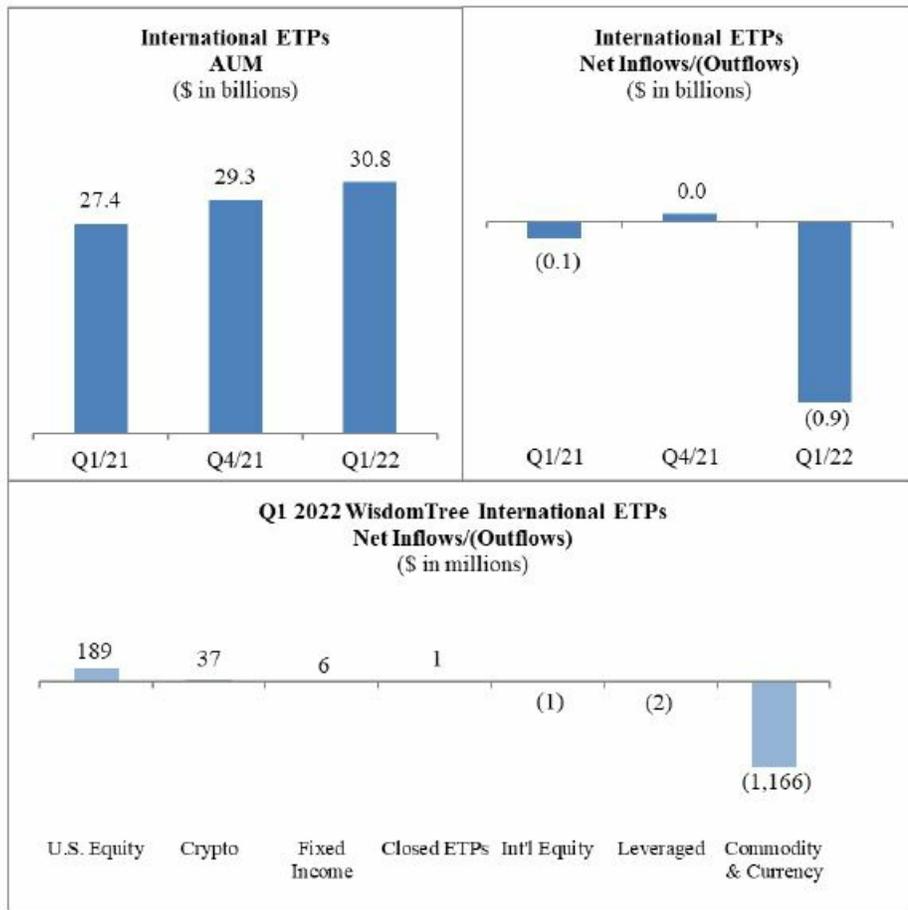
Our U.S. listed ETFs' AUM increased from \$48.2 billion at December 31, 2021 to \$48.6 billion at March 31, 2022 due to net inflows, partly offset by market depreciation.



[Table of Contents](#)

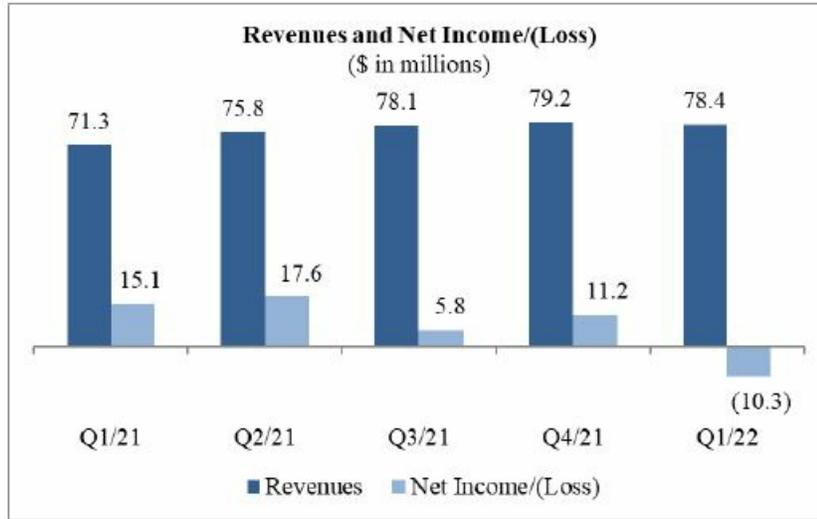
European Listed ETPs

Our European listed ETPs' AUM increased from \$29.3 billion at December 31, 2021 to \$30.8 billion at March 31, 2022 primarily due to market appreciation, partly offset by net outflows.



Consolidated Operating Results

The following table sets forth our revenues and net income/(loss) for the most recent five quarters. Prior period amounts previously disclosed have been revised to conform with our current presentation. These revisions had no effect on previously reported net income. See Note 2 to our Consolidated Financial Statements for additional information.



[Table of Contents](#)

- *Revenues* – We recorded operating revenues of \$78.4 million during the three months ended March 31, 2022, up 10% from the three months ended March 31, 2021 due to higher average AUM, partly offset by a lower average advisory fee.
- *Operating Expenses* – Total operating expenses increased 15.3% from the three months ended March 31, 2021 to \$60.7 million primarily due to expenses incurred in responding to the activist campaign by ETFs Capital Limited and Lion Point Capital, LP (collectively, the “Investor Group”), as evidenced by their Schedule 13D initially filed on January 24, 2022, and thereafter amended (the “activist campaign”), higher compensation arising from increased headcount, higher fund management and administration costs, as well as higher marketing expenses, third-party distribution fees and sales and business development expenses. These increases were partly offset by lower occupancy expenses.
- *Other Income/(Expenses)* – Other income/(expenses) includes interest income and interest expense, gains/(losses) on revaluation of deferred consideration – gold payments, impairments and other net losses. For the three months ended March 31, 2022 and 2021, the (losses)/gains on revaluation of deferred consideration – gold payments were (\$17.0) million and \$2.8 million, respectively. We recognized charges arising from the release of a tax-related indemnification asset of \$19.9 million and \$5.2 million during the three months ended March 31, 2022 and 2021, respectively. An equal and offsetting benefit has been recognized in income taxes. In addition, during the three months ended March 31, 2022 we recognized losses on our securities owned of \$5.1 million.
- *Net (loss)/income* – We reported net loss of (\$10.3) million during the three months ended March 31, 2022, compared to net income of \$15.1 million during the three months ended March 31, 2021. The change was impacted by an unfavorable change related to the revaluation of deferred consideration – gold payments of \$19.8 million, losses on our securities owned and the change in revenues and expenses described above.

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, 2022	December 31, 2021	March 31, 2021
GLOBAL ETPs (in millions)			
Beginning of period assets	\$ 77,471	\$ 72,774	\$ 67,383
Inflows/(outflows)	1,314	1,908	1,268
Market appreciation/(depreciation)	618	2,804	876
Fund closures	—	(15)	—
End of period assets	<u>\$ 79,403</u>	<u>\$ 77,471</u>	<u>\$ 69,527</u>
Average assets during the period	\$ 77,813	\$ 75,986	\$ 69,570
Average ETP advisory fee during the period	0.40%	0.40%	0.41%
Revenue days	90	92	90
Number of ETPs—end of period	341	329	313
U.S. LISTED ETFs (in millions)			
Beginning of period assets	\$ 48,210	\$ 44,742	\$ 38,517
Inflows/(outflows)	2,250	1,865	1,343
Market appreciation/(depreciation)	(1,838)	1,618	2,303
Fund closures	—	(15)	—
End of period assets	<u>\$ 48,622</u>	<u>\$ 48,210</u>	<u>\$ 42,163</u>
Average assets during the period	\$ 47,506	\$ 46,944	\$ 40,706
Number of ETFs – end of the period	77	75	68
EUROPEAN LISTED ETPs (in millions)			
Beginning of period assets	\$ 29,261	\$ 28,032	\$ 28,866
Inflows/(outflows)	(936)	43	(75)
Market appreciation/(depreciation)	2,456	1,186	(1,427)
Fund closures	—	—	—
End of period assets	<u>\$ 30,781</u>	<u>\$ 29,261</u>	<u>\$ 27,364</u>
Average assets during the period	\$ 30,307	\$ 29,042	\$ 28,864
Number of ETPs—end of period	264	254	245
PRODUCT CATEGORIES (in millions)			
Commodity & Currency			
Beginning of period assets	\$ 24,598	\$ 23,825	\$ 25,880
Inflows/(outflows)	(1,058)	(246)	(672)
Market appreciation/(depreciation)	2,761	1,019	(1,552)
End of period assets	<u>\$ 26,301</u>	<u>\$ 24,598</u>	<u>\$ 23,656</u>
Average assets during the period	\$ 25,893	\$ 24,423	\$ 25,290
U.S. Equity			
Beginning of period assets	\$ 23,860	\$ 21,383	\$ 18,367
Inflows/(outflows)	779	784	218
Market appreciation/(depreciation)	(901)	1,693	1,434
End of period assets	<u>\$ 23,738</u>	<u>\$ 23,860</u>	<u>\$ 20,019</u>
Average assets during the period	\$ 23,141	\$ 22,964	\$ 19,320
International Developed Market Equity			
Beginning of period assets	\$ 11,888	\$ 11,174	\$ 9,406
Inflows/(outflows)	97	440	17
Market appreciation/(depreciation)	(566)	274	561
End of period assets	<u>\$ 11,419</u>	<u>\$ 11,888</u>	<u>\$ 9,984</u>
Average assets during the period	\$ 11,539	\$ 11,518	\$ 9,786
Emerging Market Equity			
Beginning of period assets	\$ 10,375	\$ 10,666	\$ 8,539
Inflows/(outflows)	189	(3)	1,663
Market appreciation/(depreciation)	(573)	(288)	275
End of period assets	<u>\$ 9,991</u>	<u>\$ 10,375</u>	<u>\$ 10,477</u>
Average assets during the period	\$ 10,116	\$ 10,550	\$ 9,875

[Table of Contents](#)

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Fixed Income			
Beginning of period assets	\$ 4,354	\$ 3,528	\$ 3,308
Inflows/(outflows)	1,242	837	10
Market appreciation/(depreciation)	(178)	(11)	(74)
End of period assets	<u>\$ 5,418</u>	<u>\$ 4,354</u>	<u>\$ 3,244</u>
Average assets during the period	\$ 4,690	\$ 4,117	\$ 3,234
Leveraged & Inverse			
Beginning of period assets	\$ 1,775	\$ 1,663	\$ 1,477
Inflows/(outflows)	(2)	11	(4)
Market appreciation/(depreciation)	83	101	46
End of period assets	<u>\$ 1,856</u>	<u>\$ 1,775</u>	<u>\$ 1,519</u>
Average assets during the period	\$ 1,830	\$ 1,761	\$ 1,554
Cryptocurrency			
Beginning of period assets	\$ 357	\$ 295	\$ 167
Inflows/(outflows)	37	28	36
Market appreciation/(depreciation)	(11)	34	174
End of period assets	<u>\$ 383</u>	<u>\$ 357</u>	<u>\$ 377</u>
Average assets during the period	\$ 324	\$ 406	\$ 264
Alternatives			
Beginning of period assets	\$ 261	\$ 222	\$ 215
Inflows/(outflows)	29	56	—
Market appreciation/(depreciation)	3	(17)	12
End of period assets	<u>\$ 293</u>	<u>\$ 261</u>	<u>\$ 227</u>
Average assets during the period	\$ 275	\$ 229	\$ 223
Closed ETPs			
Beginning of period assets	\$ 3	\$ 18	\$ 24
Inflows/(outflows)	1	1	—
Market appreciation/(depreciation)	—	(1)	—
Fund closures	—	(15)	—
End of period assets	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 24</u>
Average assets during the period	\$ 5	\$ 18	\$ 24
Headcount:	253	241	227

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

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

Selected Operating and Financial Information

	Three Months Ended			Percent Change
	March 31,		Change	
AUM (in millions)	2022	2021		
Average AUM	\$77,813	\$69,570	\$8,243	11.8%
Operating Revenues (in thousands)				
Advisory fees ⁽¹⁾	\$76,517	\$70,042	\$6,475	9.2%
Other income	1,851	1,214	637	52.5%
Total revenues	<u>\$78,368</u>	<u>\$71,256</u>	<u>\$7,112</u>	<u>10.0%</u>

(1) Advisory fees previously reported have been revised due to an immaterial error correction. These revisions had no effect on previously reported net income. See Note 2 to our Consolidated Financial Statements for additional information.

Average AUM

Our average AUM increased 11.8% from \$69.6 billion at March 31, 2021 to \$77.8 billion at March 31, 2022 due to market appreciation and net inflows.

Table of Contents

Operating Revenues

Advisory fees

Advisory fee revenues increased 9.2% from \$70.0 million during the three months ended March 31, 2021 to \$76.5 million in the comparable period in 2022 due to higher average AUM, partly offset by a lower average advisory fee. Our average advisory fee was 0.40% during the three months ended March 31, 2022 and 0.41% during the same period in 2021.

Other income

Other income increased 52.5% from \$1.2 million during the three months ended March 31, 2021 to \$1.9 million in the comparable period in 2022 primarily due to higher fees associated with our European listed products.

Operating Expenses

(in thousands)	Three Months Ended March 31,			Percent Change
	2022	2021	Change	
Compensation and benefits	\$24,787	\$22,627	\$2,160	9.5%
Fund management and administration ⁽¹⁾	15,494	13,947	1,547	11.1%
Marketing and advertising	4,023	3,006	1,017	33.8%
Sales and business development	2,609	2,145	464	21.6%
Contractual gold payments	4,450	4,270	180	4.2%
Professional fees	4,459	2,013	2,446	121.5%
Occupancy, communications and equipment	753	1,475	(722)	(48.9%)
Depreciation and amortization	47	252	(205)	(81.3%)
Third-party distribution fees	2,212	1,343	869	64.7%
Other	1,845	1,571	274	17.4%
Total operating expenses	<u>\$60,679</u>	<u>\$52,649</u>	<u>\$8,030</u>	<u>15.3%</u>

As a Percent of Revenues:	Three Months Ended March 31,	
	2022	2021
Compensation and benefits	31.5%	31.7%
Fund management and administration ⁽¹⁾	19.8%	19.6%
Marketing and advertising	5.1%	4.2%
Sales and business development	3.3%	3.0%
Contractual gold payments	5.7%	6.0%
Professional fees	5.7%	2.8%
Occupancy, communications and equipment	1.0%	2.1%
Depreciation and amortization	0.1%	0.4%
Third-party distribution fees	2.8%	1.9%
Other	2.4%	2.2%
Total operating expenses	<u>77.4%</u>	<u>73.9%</u>

- (1) Fund management and administration expenses previously reported have been revised due to an immaterial error correction. These revisions had no effect on previously reported net income. See Note 2 to our Consolidated Financial Statements for additional information.

Compensation and benefits

Compensation and benefits expense increased 9.5% from \$22.6 million during the three months ended March 31, 2021 to \$24.8 million in the comparable period in 2022 due to increased headcount. Headcount was 227 and 253 at March 31, 2021 and 2022, respectively.

Fund management and administration

Fund management and administration expense increased 11.1% from \$13.9 million during the three months ended March 31, 2021 to \$15.5 million in the comparable period in 2022 due to higher average AUM.

[Table of Contents](#)

Marketing and advertising

Marketing and advertising expense increased 33.8% from \$3.0 million during the three months ended March 31, 2021 to \$4.0 million in the comparable period in 2022 primarily due to higher spending on online marketing campaigns.

Sales and business development

Sales and business development expense increased 21.6% from \$2.1 million during the three months ended March 31, 2021 to \$2.6 million in the comparable period in 2022 primarily due to higher spending on conferences and market data.

Contractual gold payments

Contractual gold payments expense increased 4.2% from \$4.3 million during the three months ended March 31, 2021 to \$4.5 million in the comparable period in 2022. This expense was associated with the payment of 2,375 ounces of gold and was calculated using the average daily spot price of \$1,798 and \$1,874 per ounce during the three months ended March 31, 2021 and 2022, respectively.

Professional fees

Professional fees increased 121.5% from \$2.0 million during the three months ended March 31, 2021 to \$4.5 million in the comparable period in 2022 due to expenses incurred in response to the activist campaign by the Investor Group.

Occupancy, communications and equipment

Occupancy, communications and equipment expense decreased 48.9% from \$1.5 million during the three months ended March 31, 2021 to \$0.8 million in the comparable period in 2022 due to the termination of our New York office lease in September 2021.

Depreciation and amortization

Depreciation and amortization expense decreased 81.3% from \$0.3 million during the three months ended March 31, 2021 to \$0.05 million in the comparable period in 2022 due to write-off of fixed assets related to the exit of our New York office.

Third-party distribution fees

Third-party distribution fees increased 64.7% from \$1.3 million during the three months ended March 31, 2021 to \$2.2 million in the comparable period in 2022 primarily due to higher AUM in Latin America resulting in higher fees paid to our third-party marketing agent, as well as new platform relationships in Europe.

Other

Other expenses were essentially unchanged from the three months ended March 31, 2021.

Other Income/(Expenses)

<i>(in thousands)</i>	Three Months Ended		Change	Percent Change
	2022	2021		
Interest expense	\$ (3,732)	\$ (2,296)	\$ (1,436)	62.5%
(Loss)/gain on revaluation of deferred consideration – gold payments	(17,018)	2,832	(19,850)	n/a
Interest income	794	231	563	243.7%
Impairments	—	(303)	303	n/a
Other losses, net	(24,707)	(5,893)	(18,814)	319.3%
Total other expenses, net	<u>\$ (44,663)</u>	<u>\$ (5,429)</u>	<u>\$ (39,234)</u>	<u>722.7%</u>

Table of Contents

As a Percent of Revenues:	Three Months Ended	
	March 31,	
	2022	2021
Interest expense	(4.8%)	(3.2%)
(Loss)/gain on revaluation of deferred consideration – gold payments	(21.7%)	4.0%
Interest income	1.0%	0.3%
Impairments	0.0%	(0.4%)
Other losses, net	(31.5%)	(8.3%)
Total other expenses, net	<u>(57.0%)</u>	<u>(7.6%)</u>

Interest expense

Interest expense increased 62.5% from \$2.3 million during the three months ended March 31, 2021 to \$3.7 million in the comparable period in 2022 due to a higher level of debt outstanding, partly offset by a lower effective interest rate. Our effective interest rate during the three months ended March 31, 2021 and 2022 was 5.3% and 4.6%, respectively.

(Loss)/gain on revaluation of deferred consideration

We recognized a gain on revaluation of deferred consideration of \$2.8 million during the three months ended March 31, 2021 as compared to a loss of (\$17.0) million during the three months ended March 31, 2022. The loss in the current quarter was due to higher forward-looking gold prices. 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 increased 243.7% from \$0.2 million during the three months ended March 31, 2021 to \$0.8 million in the comparable period in 2022 due to an increase in securities owned.

Impairment

During the three months ended March 31, 2021, we recognized an impairment charge of \$0.3 million upon exiting our London office. There were no impairment charges recognized in the comparable period in 2022.

Other losses, net

Other losses, net were \$5.9 million and \$24.7 million during the three months ended March 31, 2021 and 2022, respectively. The three months ended March 31, 2022 includes a non-cash charge of \$19.9 million arising from the release of a tax-related indemnification asset due to a favorable resolution to certain tax audits as well as the expiration of the statute of limitations (an equal and offsetting benefit was recognized in income tax expense) and losses on securities owned of \$5.1 million.

Included in the loss recognized during the three months ended March 31, 2021 is a charge of \$5.2 million, arising from the release of a tax-related indemnification asset upon the expiration of the statute of limitations (an equal and offsetting benefit was recognized in income tax expense). During the three months ended March 31, 2021, we also recognized an unrealized gain of \$0.2 million on our investment in Securrency.

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 and other miscellaneous items.

Income taxes

Our effective income tax rate for the three months ended March 31, 2022 of 62.0% resulted in an income tax benefit of \$16.7 million. Our tax rate differs from the federal statutory rate of 21% primarily due to a \$19.9 million reduction in unrecognized tax benefits (including interest and penalties), a lower tax rate on foreign earnings and tax windfalls associated with the vesting of stock-based compensation awards. These items were partly offset by a non-taxable loss on revaluation of deferred consideration and an increase in the deferred tax asset valuation allowance on losses recognized on securities owned.

Our effective income tax rate for the three months ended March 31, 2021 of negative 14.9% resulted in an income tax benefit of \$2.0 million. Our effective income tax rate differs from the federal statutory tax rate of 21% primarily due to a \$5.2 million reduction in unrecognized tax benefits (including interest and penalties), a non-taxable gain on revaluation of deferred consideration and a lower tax rate on foreign earnings, partly offset tax shortfalls associated with the vesting and exercise of stock-based compensation awards.

Non-GAAP Financial Measurements

In an effort to provide additional information regarding our results as determined by GAAP, we also disclose certain non-GAAP information which we believe provides useful and meaningful information. Our management reviews these non-GAAP financial measurements when evaluating our financial performance and results of operations; therefore, we believe it is useful to provide information with respect to these non-GAAP measurements so as to share this perspective of management. Non-GAAP measurements do not have any standardized meaning, do not replace nor are superior to GAAP financial measurements and are unlikely to be comparable to similar measures presented by other companies. These non-GAAP financial measurements should be considered in the context with our GAAP results. The non-GAAP financial measurements contained in this Report include:

Adjusted Operating Income, Operating Expenses, Income Before Income Taxes, Income Tax Expense, Net Income and Diluted Earnings per Share

We disclose adjusted operating income, operating expenses, income before income taxes, income tax expense, net income and diluted earnings per share as non-GAAP financial measurements in order to report our results exclusive of items that are non-recurring or not core to our operating business. We believe presenting these non-GAAP financial measurements provides investors with a consistent way to analyze our performance. These non-GAAP financial measurements 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 and changes in the discount rate used to compute the present value of the annual payment obligations may have a material impact on the carrying value of the deferred consideration and our reported financial results. We exclude this item when calculating our non-GAAP financial measurements as it is not core to our operating business. The item is not adjusted for income taxes as the obligation was assumed by a wholly-owned subsidiary of ours that is based in Jersey, a jurisdiction where we are subject to a zero percent tax rate.

Gains or losses on securities owned: We account for securities owned as trading securities which requires these instruments to be measured at fair value with gains and losses reported in net income. In the third quarter of 2021, we began excluding these items when calculating our non-GAAP financial measurements as these securities have become a more meaningful percentage of total assets and the gains and losses introduce volatility in earnings and are not core to our operating business.

Tax shortfalls and windfalls upon vesting and exercise of stock-based compensation awards: GAAP requires the recognition of tax windfalls and shortfalls within income tax expense. These items arise upon the vesting and exercise of stock-based compensation awards and the magnitude is directly correlated to the number of awards vesting/exercised as well as the difference between the price of our stock on the date the award was granted and the date the award vested or was exercised. We exclude these items when calculating our non-GAAP financial measurements as they introduce volatility in earnings and are not core to our operating business.

Other items: Unrealized gains and losses recognized on our investments, changes in the deferred tax asset valuation allowance on securities owned, expenses incurred in response to the activist campaign by the Investor Group, impairment charges and the remeasurement of contingent consideration payable to us from the sale of our Canadian ETF business.

	Three Months Ended	
	March 31, 2022	March 31, 2021
Adjusted Net Income and Diluted Earnings per Share:		
Net (loss)/income, as reported	\$ (10,261)	\$ 15,147
Add back/Deduct: Loss/(gain) on revaluation of deferred consideration	17,018	(2,832)
Add back: Increase in deferred tax asset valuation allowance on securities owned	2,010	—
Add back: Losses on securities owned, net of income taxes	3,893	—
Add back: Expenses incurred in response to the activist campaign by the Investor Group, net of income taxes	1,844	—
Deduct/Add back: Tax (windfalls)/shortfalls upon vesting and exercise of stock-based compensation awards	(565)	123
Add back/Deduct: Unrealized loss/(gain) recognized on our investments, net of income taxes	124	(179)
Add back: Impairments, net of income taxes	—	245
Adjusted net income	<u>\$ 14,063</u>	<u>\$ 12,504</u>
Weighted average common shares - diluted	<u>158,335</u>	<u>161,831</u>
Adjusted earnings per share - diluted	<u>\$ 0.09</u>	<u>\$ 0.08</u>

Liquidity and Capital Resources

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

	March 31, 2022	December 31, 2021
Balance Sheet Data (in thousands):		
Cash and cash equivalents	\$110,395	\$ 140,709
Securities owned, at fair value	133,846	127,166
Accounts receivable	35,191	31,864
Securities held-to-maturity	290	308
Total: Liquid assets	279,722	300,047
Less: Total current liabilities	(66,886)	(83,667)
Less: Regulatory capital requirement – certain international subsidiaries	(12,602)	(12,320)
Total: Available liquidity	<u>\$200,234</u>	<u>\$ 204,060</u>

	Three Months Ended March 31,	
	2022	2021
Cash Flow Data (in thousands):		
Operating cash flows ⁽¹⁾	\$ (2,692)	\$ 2,290
Investing cash flows ⁽¹⁾	(18,721)	(5,990)
Financing cash flows	(8,236)	(7,188)
Foreign exchange rate effect	(665)	(235)
Decrease in cash and cash equivalents	<u>\$(30,314)</u>	<u>\$(11,123)</u>

- (1) Cash flows from purchasing securities owned, at fair value of (\$1,657) and selling securities owned, at fair value of \$1,232 during the three months ended March 31, 2021 that were not acquired specifically for resale or associated with the Company's business activities have been reclassified from operating activities to investing activities to conform to the current year's presentation in the Consolidated Statements of Cash Flows. See Note 2 for additional information.

Liquidity

We consider our available liquidity to be our liquid assets, less our current liabilities and regulatory capital requirements of certain international subsidiaries. Liquid assets consist of cash and cash equivalents, securities owned, at fair value, accounts receivable and securities held-to-maturity. Our securities owned, at fair value are highly liquid investments. 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.

Cash and cash equivalents decreased \$30.3 million during the three months ended March 31, 2022 due to \$25.5 million used to purchase securities owned, \$6.9 million used to purchase investments, \$4.8 million used to pay dividends on our common stock, \$3.4 million used to repurchase our common stock, \$2.7 million of net cash used in operating activities and \$0.6 million used in other activities. These decreases were partly offset by \$13.6 million of proceeds from the sale of securities owned.

Cash and cash equivalents decreased \$11.1 million during the three months ended March 31, 2021 due to \$5.5 million used to purchase investments, \$4.9 million used to pay dividends on our common stock, \$2.6 million used to repurchase our common stock and \$1.7 million used to purchase investments. These decreases were partly offset by \$2.3 million provided by operating activities, \$1.2 million of proceeds from the sale of securities owned and \$0.1 provided by other activities.

Issuance of Convertible Notes

On June 14, 2021, we issued and sold \$150.0 million in aggregate principal amount of 3.25% Convertible Senior Notes due 2026 (the "2021 Notes") pursuant to an indenture dated June 14, 2021, between us and U.S. Bank National Association, as trustee, in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended ("Rule 144A").

On June 16, 2020, we issued and sold \$150.0 million in aggregate principal amount of 4.25% Convertible Senior Notes due 2023 (the "June 2020 Notes") pursuant to an indenture dated June 16, 2020, between us and the trustee, in a private offering to qualified institutional buyers pursuant to Rule 144A. On August 13, 2020, we issued and sold \$25.0 million in aggregate principal amount of 4.25% Convertible Senior Notes due 2023 at a price equal to 101% of the principal amount thereof, plus interest deemed to have accrued since June 16, 2020, which constitute a further issuance of, and form a single series with, our June 2020 Notes (the "August 2020 Notes" and together with the June 2020 Notes, the "2020 Notes").

Table of Contents

After the issuance of the 2021 Notes (and together with the 2020 Notes, the “Convertible Notes”), we had \$325.0 million aggregate principal amount of Convertible Notes outstanding.

Key terms of the Convertible Notes are as follows:

	2021 Notes	2020 Notes
	June 15, 2026	June 15, 2023
Maturity date (unless earlier converted, repurchased or redeemed)		
Interest rate	3.25%	4.25%
Conversion price	\$ 11.04	\$ 5.92
Conversion rate	90.5797	168.9189
Redemption price	\$ 14.35	\$ 7.70

- *Interest rate:* Payable semiannually in arrears on June 15 and December 15 of each year.
- *Conversion price:* Convertible at an initial conversion rate (as disclosed in the table above) of shares of our common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price as disclosed in the table above).
- *Conversion:* Holders may convert at their option at any time prior to the close of business on the business day immediately preceding March 15, 2026 and March 15, 2023 in respect of the 2021 Notes and 2020 Notes, respectively, only under the following circumstances: (i) if the last reported sale price of our common stock for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (ii) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the trading price per \$1,000 principal amount of the Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sales price of our common stock and the conversion rate on each such trading day; (iii) upon a notice of redemption delivered by us in accordance with the terms of the indentures but only with respect to the Convertible Notes called (or deemed called) for redemption; or (iv) upon the occurrence of specified corporate events. On or after March 15, 2026 and March 15, 2023 in respect of the 2021 Notes and 2020 Notes, respectively, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their Convertible Notes at any time, regardless of the foregoing circumstances.
- *Cash settlement of principal amount:* Upon conversion, we will pay cash up to the aggregate principal amount of the Convertible Notes to be converted. At our election, we will also settle our conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted in either cash, shares of our common stock or a combination of cash and shares of our common stock.
- *Redemption price:* We may redeem for cash all or any portion of the notes, at our option, on or after June 20, 2026 and June 20, 2023 in respect of the 2021 Notes and 2020 Notes, respectively, and on or prior to the 55th scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days, including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding the redemption date. No sinking fund is provided for the Convertible Notes.
- *Limited investor put rights:* Holders of the Convertible Notes have the right to require us to repurchase for cash all or a portion of their notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of certain change of control transactions or liquidation, dissolution or common stock delisting events.
- *Conversion rate increase in certain customary circumstances:* In certain circumstances, conversions in connection with a “make-whole fundamental change” (as defined in the indentures) or conversions of Convertible Notes called (or deemed called) for redemption may result in an increase to the conversion rate, provided that the conversion rate will not exceed 144.9275 shares and 270.2702 shares of our common stock per \$1,000 principal amount of the 2021 Notes and 2020 Notes, respectively (the equivalent of 69,036,410 shares of our common stock), subject to adjustment.
- *Seniority and Security:* The 2021 Notes and 2020 Notes rank equal in right of payment, and are our senior unsecured obligations, but are subordinated in right of payment to our obligations to make certain redemption payments (if and when due) in respect of our Series A Non-Voting Convertible Preferred Stock (See Note 12 to our Consolidated Financial Statements).

The indentures contain customary terms and covenants, including that upon certain events of default occurring and continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the Convertible Notes outstanding may declare the entire principal amount of all the Convertible Notes to be repurchased, plus any accrued special interest, if any, to be immediately due and payable.

[Table of Contents](#)

Capital Resources

Our principal source of financing is our operating cash flow. We believe that cash flows generated by our operating activities and existing cash balances should be sufficient for us to fund our operations for the foreseeable future.

Our ability to satisfy our contractual obligations as they arise are discussed in the section titled “Contractual Obligations” below.

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, 2022 was approximately \$12.6 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. 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, 2025, including purchases to offset future equity grants made under our equity plans.

During the three months ended March 31, 2022, we repurchased 588,694 shares of our common stock under the repurchase program for an aggregate cost of \$3.4 million. Currently, \$100.0 million remains under this program for future purchases.

Contractual Obligations

Convertible Notes

At March 31, 2022, we had \$325.0 million aggregate principal amount of Convertible Notes outstanding, of which \$175.0 million are scheduled to mature on June 15, 2023 and \$150.0 million are scheduled to mature on June 15, 2026, unless earlier converted, repurchased or redeemed. Conditional conversions or a requirement to repurchase the Convertible Notes upon the occurrence of a fundamental change may accelerate payment.

The Convertible Notes require cash settlement of the principal amount, while settlement of the conversion obligation in excess of the aggregate principal amount may be satisfied in either cash, shares of our common stock or a combination of cash and shares of our common stock. We currently anticipate refinancing these obligations when due.

See the section titled “Issuance of Convertible Notes” above for additional information.

Deferred Consideration – Gold Payments

Deferred consideration represents an obligation we assumed in April 2018 in connection with our acquisition of the European exchange-traded commodity, currency and leveraged and inverse business of ETFS Capital Limited. The obligation is for fixed payments to ETFS Capital Limited 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 present value of the deferred consideration was \$245.2 million at March 31, 2022.

The Contractual Gold Payments are paid from advisory fee income generated by any of our sponsored financial products backed by physical gold with no recourse back to us for any unpaid amounts that exceed advisory fees earned.

See Note 9 to our Consolidated Financial Statements for additional information.

Operating Leases

Total future minimum lease payments with respect to our office space was \$0.5 million at March 31, 2022. Cash flows generated by our operating activities and existing cash balances should be sufficient to satisfy the future minimum lease payments. See Note 12 to our Consolidated Financial Statements for additional information.

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 or off-balance sheet entities for the purpose of raising capital, incurring debt or operating our business.

Critical Accounting Policies

Goodwill and Intangible Assets

Goodwill is the excess 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. 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.

Goodwill is assessed for impairment annually on November 30th. When performing our goodwill impairment test, we consider a qualitative assessment, when appropriate, the market approach and its market capitalization when determining the fair value of the reporting unit. The results of our analysis indicated no impairment based upon a quantitative assessment.

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 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 in ASU2016-01, *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.

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 observed on the CMX exchange, a selected discount rate and perpetual growth rate. The weighted average forward-looking gold price per ounce, discount rate and perpetual growth rate were \$2,263, 9.0% and 0.9%, respectively, at March 31, 2022. Changes in the fair value of this obligation are reported as (loss)/gain on revaluation of deferred consideration – gold payments in our Consolidated Statements of Operations.

During the three months ended March 31, 2022, we reported a loss on deferred consideration – gold payments of \$17.0 million. A 1.0% increase in the weighted average forward-looking gold price per ounce would have increased this reported loss by \$1.9 million, a 1 percentage point increase in the discount rate would have reduced this reported loss by \$24.7 million and a 1 percentage point increase in the perpetual growth rate would have increased this reported loss by \$21.7 million. See Note 9 to our Consolidated Financial Statements for additional information.

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.

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.

[Table of Contents](#)

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 global economy, inflation, changes in investor strategies and sentiment, availability of alternative investment vehicles, domestic and foreign government regulations, emerging markets developments 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 in federal agency debt instruments, WisdomTree fixed income ETFs, corporate bonds, money market instruments at a commercial bank and other securities which totaled \$138.3 million and \$134.3 million as of December 31, 2021 and March 31, 2022, respectively. During the three months ended March 31, 2022, we recognized losses on these securities of \$5.1 million and any losses recognized in the future may be material to our operating results. We do not anticipate that changes in interest rates will have a material impact on our financial condition or cash flows.

In addition, our Convertible Notes bear interest at fixed rates of 3.25% and 4.25% for the 2021 Notes and the 2020 Notes, respectively. Therefore, we have no direct financial statement risk associated with changes in interest rates. However, the fair value of the Convertible Notes changes primarily when the market price of our common stock fluctuates or interest rates change.

Exchange Rate Risk

We are subject to currency translation exposure on the results of our non-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 and Cryptocurrency Price Risk

Fluctuations in the prices of commodities and cryptocurrencies 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, other precious metals and cryptocurrencies are paid in the underlying metal or cryptocurrency. In addition, we pay gold ounces to satisfy our deferred consideration obligation (See Note 9 to our Consolidated Financial Statements). While we readily sell the gold, precious metals and cryptocurrencies 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 these commodities and cryptocurrencies and any hedging we may undertake in the future may not be cost-effective or sufficient to hedge against this exposure.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2022, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(b) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2022, 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 and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2022, 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**

We may be subject to reviews, inspections and investigations by the SEC, CFTC, NFA, state and foreign regulators, as well as legal proceedings arising in the ordinary course of business. See Note 13 to our Consolidated Financial Statements for additional information regarding claims brought by investors in our WisdomTree WTI Crude Oil 3x Daily Leveraged ETP totaling approximately €15.9 million (\$17.7 million).

ITEM 1A. RISK FACTORS

You should carefully consider the information set forth in Part I, Item 1A. "Risk Factors" in Amendment No. 1 on Form 10-K/A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Recent sales of Unregistered Securities**

None.

Use of Proceeds

Not applicable.

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 the Company or any "affiliated purchaser" of shares of our common stock.

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs⁽¹⁾</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs</u> <u>(in thousands)</u>
January 1, 2022 to January 31, 2022	588,694	\$ 5.76	588,694	
February 1, 2022 to February 28, 2022	—	\$ —	—	
March 1, 2022 to March 31, 2022	—	\$ —	—	
Total	<u>588,694</u>	\$ 5.76	<u>588,694</u>	\$ 100,000

On February 22, 2022, our board of directors approved an increase of \$85.7 million to our share repurchase program to \$100 million and extended the term for three years through April 27, 2025.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
3.1	<u>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)</u>
3.2	<u>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)</u>
3.3	<u>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)</u>
3.4	<u>Certificate of Designations of Series B Junior Participating Cumulative Preferred Stock of the Registrant classifying and designating the Series B Junior Participating Cumulative Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A filed on March 14, 2022)</u>
4.1	<u>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)</u>
4.2	<u>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)</u>
4.3	<u>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)</u>
4.4	<u>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)</u>
4.5	<u>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)</u>
4.6	<u>Investor Rights Agreement, dated April 11, 2018, between the Registrant and ETFs Capital (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)</u>
4.7	<u>Indenture, dated as of June 16, 2020, by and between the Registrant and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on June 17, 2020)</u>
4.8	<u>Form of Global Note, representing the Registrant's 4.25% Convertible Senior Notes due 2023 (included as Exhibit A to the Indenture filed as Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on June 17, 2020)</u>
4.9	<u>Indenture, dated as of June 14, 2021, by and between the Registrant and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the SEC on June 14, 2021)</u>
4.10	<u>Form of Global Note, representing the Registrant's 3.25% Convertible Senior Notes due 2026 (incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the SEC on June 14, 2021)</u>
4.11	<u>Stockholder Rights Agreement, dated as of March 14, 2022, between the Registrant and Continental Stock Transfer & Trust Company, as Rights Agent (incorporated by to Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A filed on March 14, 2022)</u>

Table of Contents

<u>Exhibit No.</u>	<u>Description</u>
31.1 ⁽¹⁾	Rule 13a-14(a) / 15d-14(a) Certification
31.2 ⁽¹⁾	Rule 13a-14(a) / 15d-14(a) Certification
32 ⁽¹⁾	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101 ⁽¹⁾	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the three months ended March 31, 2022, formatted in XBRL: (i) Consolidated Balance Sheets at March 31, 2022 (Unaudited) and December 31, 2021; (ii) Consolidated Statements of Operations and Comprehensive (Loss)/Income for the three months ended March 31, 2022 and March 31, 2021 (Unaudited); (iii) Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2022 and March 31, 2021 (Unaudited) (iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2022 and March 31, 2021 (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 Labels Linkbase Document
101.PRE ⁽¹⁾	Inline XBRL Taxonomy Extension Presentation Linkbase Document
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 Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized on this 5th day of May 2022.

WISDOMTREE INVESTMENTS, INC.

By: /s/ Jonathan Steinberg

Jonathan Steinberg
Chief Executive Officer
(Principal Executive Officer)

WISDOMTREE INVESTMENTS, INC.

By: /s/ Bryan Edmiston

Bryan Edmiston
Chief Financial Officer (Principal Financial Officer)

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(c) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-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 5, 2022

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(c) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-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 Financial Officer
(Principal Financial Officer)

Date: May 5, 2022

**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, 2022 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, and Bryan Edmiston, Chief Financial 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 Exchange Act, 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, as amended. A signed original of this written statement required 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/ Bryan Edmiston
Bryan Edmiston
Chief Financial Officer
(Principal Financial Officer)

Date: May 5, 2022