

WisdomTree Investments, Inc.
Form S-1
October 17, 2011
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As filed with the Securities and Exchange Commission on October 14, 2011.

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

WisdomTree Investments, Inc.

(Exact Name of Registrant As Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	6221 (Primary Standard Industrial Classification Code Number) 380 Madison Avenue, 21st Floor New York, New York 10017 (212) 801-2080	13-3487784 (I.R.S. Employer Identification Number)
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(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Jonathan L. Steinberg

Chief Executive Officer

WisdomTree Investments, Inc.

380 Madison Avenue, 21st Floor

New York, New York 10017

(212) 801-2080

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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

Large Accelerated Filer " Accelerated Filer "
Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, par value \$0.01 per share	\$100,000,000	\$11,460

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

(2) Includes additional shares of our common stock that the underwriters have an option to purchase.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated October 14, 2011

PROSPECTUS

Shares

WisdomTree Investments, Inc.

Common Stock

We are selling up to 1,000,000 shares of our common stock and the selling stockholders are selling _____ shares of our common stock. We will not receive any proceeds from the sale of shares to be offered by the selling stockholders.

Our shares trade on the NASDAQ Global Market under the symbol WETF. On October 13, 2011, the last sale price of our shares as reported by the Nasdaq Global Market was \$6.21 per share.

Investing in the common stock involves risks that are described in the Risk Factors section beginning on page 11.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$
Proceeds, before expenses, to selling shareholders	\$	\$

The underwriters may also exercise their option to purchase up to an additional _____ shares from the selling stockholders, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus to cover overallocments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about _____, 2011.

BofA Merrill Lynch

Morgan Stanley

The date of this prospectus is _____, 2011.

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We, the selling stockholders and the underwriters have not authorized anyone to provide you with additional or different information from that contained in this prospectus or any free writing prospectus. We, the selling stockholders and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front cover of this prospectus, or other earlier date stated in this prospectus or in such free-writing prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, and those which we intend to target, is based on information from various sources (including industry publications, surveys and forecasts and our internal research), on assumptions that we have made, which we believe to be reasonable, based on that data and other similar sources and on our knowledge of those markets. In most cases, our internal research has not been verified by any independent source. Projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

WisdomTree® is our U.S. registered service mark. This prospectus contains additional tradenames, trademarks and service marks of other companies.

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PROSPECTUS SUMMARY

The following summary highlights information appearing elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully. In particular, you should read the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes relating to those statements included elsewhere in this prospectus. Unless the context otherwise requires, in this prospectus, references to we, our, us, WisdomTree Investments, Inc., WisdomTree, or the Company refer to WisdomTree Investments, Inc. and its consolidated subsidiaries. WisdomTree ETFs refers to the exchange traded funds issued by the WisdomTree Trust for which we serve as investment advisor.

Our Company

We are the only publicly-traded asset management company that focuses exclusively on exchange traded funds, or ETFs. We are the eighth largest ETF sponsor in the United States with assets under management, or AUM, of approximately \$11.2 billion as of September 30, 2011. We offer a broad, diverse range of 47 ETFs that span multiple asset classes, including 34 international and domestic equity ETFs, nine currency ETFs, two recently launched international fixed income ETFs and two recently launched alternative strategy ETFs. Our family of ETFs includes both fundamentally weighted funds that track our own indexes, and actively managed funds. We distribute our ETFs through all major channels within the asset management industry, including brokerage firms, registered investment advisors, institutional investors, private wealth managers and discount brokers.

We focus on creating innovative and thoughtful ETFs for investors. We believe that our differentiated approach, employing a distinctive investment methodology, delivers better risk adjusted returns over the long term. Our index-based funds employ a fundamental weighting investment methodology, which weights securities on the basis of factors such as dividends or earnings, whereas most other ETF indexes use a capitalization weighted methodology. Using our approach, 82% of the \$8.3 billion invested in our 34 equity ETFs were in funds that, since their respective inceptions through September 30, 2011, outperformed their competitive market capitalization-weighted benchmarks. Similarly, 25 of our 34 equity ETFs have outperformed their competitive capitalization-weighted benchmarks over the same period. In addition, we are one of a small number of ETF sponsors that have received the necessary exemptive relief from the SEC to offer actively managed ETFs, which are ETFs that are not based on a particular index but rather are actively managed with complete transparency into the ETF's portfolio on a daily basis. Our exemptive relief enables us to use our own indexes for certain of our ETFs, actively manage other ETFs and incorporate the use of derivatives in certain products, thereby allowing us to develop certain ETFs not yet offered by other sponsors. For example, we are the only ETF sponsor that has launched a managed futures strategy fund.

Despite a challenging economic environment, our AUM increased by \$1.3 billion, or 13%, from the beginning of this year to \$11.2 billion at September 30, 2011. Net inflows into our ETFs reached \$3.1 billion for the first nine months of 2011, nearly equal to the total amount of net inflows we had for the full year of 2010. Our market share of the ETF industry net inflows in the first nine months of 2011 reached 3.9% compared to 2.6% in the first nine months of 2010. As a result of strong net inflows and growth in our AUM, our revenues increased 72.9% to \$31.2 million in the first half of 2011, while our corresponding expenses increased 29.3% over the same period. We recorded net income of \$0.8 million in the first half of 2011 compared to a net loss of \$5.5 million in the comparable period in 2010.

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The following charts show our AUM as of the dates indicated and net inflows of our ETFs for the periods indicated:

The following charts show the asset mix and distribution of our ETFs as of September 30, 2011:

ETFs and Our Industry

An ETF is an investment fund that holds assets such as equities, bonds, currencies or commodities and generally trades at approximately the same price as the net asset value of its underlying components over the course of the trading day. ETFs offer exposure to a wide variety of asset classes and investment themes, including domestic, international and global equities, fixed income securities, as well as securities in specific industries and countries. There are also ETFs that track certain specific investments, such as commodities, real estate or currencies.

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We believe ETFs have been one of the most innovative, revolutionary and disruptive technologies to emerge in the last two decades in the asset management industry. As of September 30, 2011, there were approximately 1,100 ETFs in the United States with an aggregate AUM over \$1 trillion. McKinsey & Company projects the global aggregate AUM of ETFs could grow by \$1.5 trillion by 2015. The chart below reflects the AUM of the ETF industry in the United States since 2001:

U.S. ETF Industry AUM

(in billions)

Source: Investment Company Institute, Bloomberg, WisdomTree.

ETFs are one of the fastest growing sectors of the asset management industry, having expanded at a compound annual growth rate of 31.2% from \$66 billion in AUM in 2000 to nearly \$1 trillion in AUM at the end of 2010. According to the Investment Company Institute, ETF AUM increased from 4.2% of total ETF and long-term mutual fund AUM in 2005 to 10% in 2010, while ETF inflows have increased from 23% of total ETF and long-term mutual fund inflows in 2005 to 34% in 2010. We expect this trend to continue. For example, during the recent market downturn in 2008, while traditional long-term mutual funds experienced outflows of \$225 billion, ETFs experienced inflows of \$177 billion. We believe the growth of the ETF industry will be accelerated by a number of factors, including increased educational efforts and greater investor awareness, the continued transition towards fee based models on the part of financial advisors, continued product innovation within the ETF industry, further penetration of ETFs within distribution channels and 401(k) retirement plans, and the secular growth of financial products associated with meeting the financial needs of the baby boomer generation.

According to Morningstar, Inc., ETFs were initially marketed mostly to institutional investors, but today, institutional investors account for only about half of the assets held in ETFs. ETFs have become more popular among a broad range of investors as they have come to realize their benefits and use them for a variety of purposes and strategies, including low cost index investing and asset allocation, access to specific asset classes, protective hedging, income generation, exploitation of arbitrage opportunities, and diversification strategies.

While ETFs are similar to mutual funds in many respects, they have some important differences as well:

Transparency. ETFs disclose the composition of their underlying portfolios on a daily basis, unlike mutual funds which typically disclose their holdings only every 90 days.

Intraday trading, hedging strategies and complex orders. Like stocks, ETFs can be bought and sold on exchanges throughout the trading day at market prices. ETFs update the indicative values of their underlying portfolios every 15 seconds. As publicly-traded securities, ETF shares can be purchased on margin and sold short, enabling the use of hedging strategies, and traded using stop orders and limit orders, which allow investors to specify the price points at which they are willing to trade.

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Tax efficiency. In the United States, whenever a mutual fund or ETF realizes a capital gain that is not balanced by a realized loss, it must distribute the capital gain to its shareholders. These gains are taxable to all shareholders, even those who reinvest the gain distributions in additional shares of the fund. However, most ETFs typically redeem their shares through in-kind redemptions in which low-cost securities are transferred out of the ETF in exchange for fund shares in a non-taxable transaction. As a practical matter, mutual funds cannot use this process. By using this process, ETFs avoid the transaction fees and tax impact incurred by mutual funds that sell securities to generate cash to pay out redemptions.

Uniform pricing. From a cost perspective, ETFs are one of the most equitable investment products on the market. Investors, regardless of their size, structure or sophistication, pay identical advisory fees. Unlike mutual funds, there are not different share classes or different expense structures for retail and institutional clients and ETFs are not sold with sales loads or 12b-1 fees. In many cases, ETFs offer lower expense ratios than comparable mutual funds.

Our Competitive Strengths

Well-positioned in large and growing markets. We believe that ETFs are well-positioned to grow significantly faster than the asset management industry as a whole, making our concentration in ETFs a significant advantage versus other traditional asset management firms. In the first nine months of 2011, our AUM grew at a faster rate than any of the other top 10 ETF sponsors. We have markedly increased our share of ETF industry net flows from 0.5% in 2008 to 3.9% in the nine months ended September 30, 2011. Within the ETF industry, being a first mover, or one of the first providers of ETFs in a particular asset class, can be a significant advantage. We believe that our early leadership in a number of asset classes, including small cap emerging markets equities, international local currency denominated fixed income, and managed futures positions us well to maintain a leadership position.

Strong performance through a differentiated approach. We create our own indexes, rebalanced annually, that weight companies in our equity ETFs by a measure of fundamental value. In contrast, traditional indexes are market capitalization weighted and tend to track the momentum of the market. Using our approach, 82% of the \$8.3 billion invested in our 34 equity ETFs were in funds that, since their respective inceptions through September 30, 2011, outperformed their competitive market capitalization-weighted benchmarks. Similarly, 25 of our 34 equity ETFs have outperformed their competitive capitalization-weighted benchmarks over the same period. We believe our approach differentiates us from our competitors and will allow us to take a greater share of the expected growth in the ETF market.

Diversified product set, powered by innovation. We have a broad and diverse product set. Our products span a variety of traditional and high growth asset classes, including international and U.S. equities, currencies, international fixed income, alternatives, and emerging markets, and include both passive and actively managed funds. Our product development and research teams work closely to identify potential new ETFs for the marketplace. Because we have the regulatory exemptive relief that enables us to use our own indexes in our ETFs, we have the ability to create certain indexes and related ETFs more rapidly than our competitors who must license indexes from third party index providers. Our exemptive relief also enables us to offer actively managed funds and incorporate the use of derivatives. Our innovations include launching the industry's first emerging markets small cap equity ETF and the first actively managed currency ETFs. We believe that our expertise in product development combined with our regulatory exemptive relief provides a strategic advantage, enabling us to launch innovative ETFs that others may not be able to launch as quickly.

Extensive marketing, research and sales efforts. Since 2006, we have invested significant resources to establish the WisdomTree brand through targeted television, print and online advertising, as well

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as public relations efforts using our investors, Michael Steinhardt and Professor Jeremy Siegel. The majority of our employees are dedicated to marketing, research and sales. Our sales professionals are the primary points of contact for financial advisors who use our ETFs. Their efforts are enhanced through value-added services provided by our research and marketing efforts. We have strong relationships with financial advisors at leading national brokerage firms, registered investment advisors and high net worth advisors. We believe the recent growth we have experienced by strategically aligning these advisor relationships and marketing campaigns with targeted research and sales initiatives differentiates us from our competitors and contributes to our strong inflows.

Efficient business model with low risk profile. We have invested heavily in the internal development of our core competencies with respect to product development, marketing, research and sales of ETFs. We outsource to third parties those services that are not our core competencies or may be resource or risk intensive, such as the portfolio management responsibilities and fund accounting operations of our ETFs. In addition, since we create our own indexes, we do not incur licensing costs and can therefore be more competitive in terms of the fees we charge for our index-based ETFs. We have already made substantial investments in our core competencies, and we expect to be able to leverage these existing capabilities across our business, positioning us to maintain both growth and profitability.

Strong, seasoned and creative management team. We have built a strong and dedicated senior leadership team. Most of our leadership team has significant ETF or financial services industry experience in fund operations, regulatory and compliance oversight, product development and management or marketing and communications. We believe our team, by developing an ETF sponsor from the ground up despite significant competitive, regulatory and operational barriers, has demonstrated an ability to innovate as well as recognize and respond to market opportunities and effectively execute our strategy.

Our Growth Strategies

Our goal is to be among the top five U.S. sponsors in the ETF industry, where scale is a competitive advantage. We believe our continued execution will enable us to increase trading volumes and build longer performance track records, which should allow us to attract additional investors and, in turn, further grow our AUM. We will seek to increase our market share and build additional scale by continuing to implement the following growth strategies:

Increase penetration within existing distribution channels. We believe there is an opportunity to increase our market share by further penetrating existing distribution channels and by cross-selling additional WisdomTree ETFs. In order to achieve these objectives, we intend to continue our strategy of targeted advertising and direct marketing, coupled with our research-focused sales support initiatives, to enhance product awareness and increase our market share of ETF net inflows. We have increased our share of ETF industry net inflows from 0.5% in 2008 to 3.9% in the nine months ended September 30, 2011, and we are focused on continuing this trend.

Launch innovative new products that diversify our product offerings and revenues. We believe our track record has shown that we can create and sell innovative ETFs that meet market demand. We believe that continued launches of new products will strengthen our business by allowing us to realize additional inflows, maintain and grow our AUM and generate revenues across different market cycles as particular investment strategies move in and out of favor.

Expand internationally. To date, our sales and marketing has been principally focused on the domestic U.S. market. However, since April 2010, ten of our ETFs have been cross-listed in the special international section on the Mexican stock exchange, Bolsa Mexicana De Valores, where certain institutional investors trade foreign securities in Mexico. As ETFs are increasingly traded globally we believe that international expansion of our marketing, communication and sales

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strategies will provide significant new growth avenues. We are currently developing a plan for further international expansion, which includes establishing an international fund company to capitalize on growth opportunities outside of the United States.

Selectively pursue acquisitions or partnerships. We may pursue acquisitions or enter into partnerships or other commercial arrangements that will enable us to strengthen our current business, expand and diversify our product offering, increase our AUM or enter into new markets. We believe entering into partnerships or pursuing acquisitions is a cost-effective means of growing our business and AUM. For example, in 2007, we purchased certain assets and intellectual property from Treasury Equity, LLC which formed the basis for our currency ETFs. In addition, in 2008, we entered into a joint venture with Mellon Capital Management Corporation and The Dreyfus Corporation with respect to our currency and fixed income ETFs, which enabled us to bring these ETFs to market faster than would otherwise have been possible.

Risk Factors

Our business is subject to many risks and uncertainties, as more fully described in the section entitled "Risk Factors" in this prospectus, of which you should be aware before investing in our common stock. For example:

We have only a limited operating history and, as a result, recent historical growth may not provide an accurate representation of the growth we may experience in the future, which may make it difficult to evaluate our future prospects.

Challenging market conditions associated with declining prices of securities can adversely affect our business by reducing the market value of the assets we manage or causing customers to sell their fund shares and trigger redemptions.

Fluctuations in the amount and mix of our AUM may negatively impact revenue and operating margin.

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

We derive a substantial portion of our revenue from products invested in emerging markets and are exposed to the market-specific political and economic risks as well as general investor sentiment regarding future growth of those markets.

We derive a substantial portion of our revenue from a limited number of products and, as a result, our operating results are particularly exposed to the performance of those funds, investor sentiment toward the strategies pursued by those funds and our ability to maintain the assets under management of those funds.

The WisdomTree ETFs have a limited track record and poor investment performance could cause our revenue to decline.

We depend on other third parties to provide many critical services to operate our business and the WisdomTree ETFs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm our customers.

Our Corporate Information

We were incorporated in the state of Delaware on September 19, 1985. Our principal executive office is located at 380 Madison Avenue, 21st Floor, New York, New York, 10017, and our telephone number is (212) 801-2080. Our website is www.WisdomTree.com. Information contained on, or that can be accessed through, our website is not part of this registration statement. On July 26, 2011, the Company's common stock began trading on the NASDAQ Global Market under the symbol WETF.

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THE OFFERING

Common stock offered by us	up to 1,000,000 shares
Common stock offered by the selling stockholders	shares
Common stock to be outstanding after this offering	shares
Underwriters' option to purchase additional shares	The underwriters have an option to purchase up to an additional shares of common stock from the selling stockholders to cover overallocments, if any. The underwriters can exercise this option at any time within 30 days from the date of this prospectus.
Use of proceeds	We estimate that we will receive net proceeds of approximately \$ from the sale by us of shares of our common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for working capital and other general corporate purposes. We will not receive any proceeds from the sale of shares by the selling stockholders. See the section entitled Use of Proceeds.
Conflict of interest	Jonathan L. Steinberg, our Chief Executive Officer and one of the selling stockholders, holds a general securities license and, like all members of our sales force, is associated with the distributor of our ETFs, Alps Distributors, Inc., a broker-dealer subject to FINRA regulations. Because more than five percent of the net offering proceeds will be received by Mr. Steinberg upon the sale of his shares, a conflict of interest is deemed to exist under FINRA Rule 5121. This offering is being conducted in compliance with the applicable provisions of Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter (as such term is defined in Rule 5121) is not necessary in connection with this offering, as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest, and meet the requirements of paragraph (f)(12)(E) of Rule 5121.
NASDAQ symbol	WETF
Of the shares to be sold by the selling stockholders in this offering,	shares of common stock are currently issued and outstanding and shares of common stock are issuable upon exercise of options held by certain of the selling stockholders. Of the shares subject to the underwriters' overallocation option,
underwriters' overallocation option,	shares of common stock are currently issued and outstanding and shares are issuable upon the exercise of options held by certain of the selling stockholders.

The number of shares of our common stock to be outstanding after this offering is based on 115,962,511 shares of our common stock outstanding as of September 30, 2011 (including unvested restricted stock) and

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assumes the exercise by the selling stockholders of options to purchase _____ shares of common stock to be sold in the offering, and excludes:

21,553,709 shares of our common stock issuable upon exercise of outstanding options as of September 30, 2011 at a weighted-average exercise price of \$0.76 per share, which includes the _____ shares of our common stock to be issued and sold in this offering by certain selling stockholders upon the exercise of vested stock options at a weighted-average exercise price of \$ _____ per share; and

5,646,418 shares of our common stock reserved as of September 30, 2011 for future issuance under our equity incentive plans that are not issued or subject to outstanding grants.

Except as otherwise indicated, all information in this prospectus is as of September 30, 2011 and reflects or assumes:

no exercise of outstanding options after September 30, 2011; and

no exercise by the underwriters of their option to purchase up to an additional _____ shares of our common stock to cover overallotments in this offering.

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The following tables present our summary consolidated financial data and certain other data for the periods indicated. The summary consolidated statement of operations data for the years ended December 31, 2008, 2009 and 2010 presented below are derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The summary consolidated statement of operations data for the six months ended June 30, 2010 and 2011 and the summary condensed consolidated balance sheet data as of June 30, 2011 are derived from our unaudited consolidated financial statements that are included elsewhere in this prospectus. Historical results are not necessarily indicative of the results for future periods. In addition, the other data presented below, including AUM, net inflows, market appreciation/(depreciation), average ETF advisory fee, ETF industry net inflows and market share data, are based on information from various sources, including industry publications and our internal records and research. You should read this summary consolidated financial and other data in conjunction with the sections entitled Capitalization, Selected Consolidated Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Years Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
	(in thousands, except share and per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
ETF advisory fees	\$ 21,643	\$ 20,812	\$ 40,567	\$ 17,596	\$ 30,787
Other income	1,968	1,283	1,045	473	462
Total revenues	23,611	22,095	41,612	18,069	31,249
Expenses:					
Compensation and benefits	20,338	18,943	19,193	9,855	9,827
Fund management and administration	14,772	13,387	14,286	6,703	9,898
Marketing and advertising	5,875	2,762	3,721	1,586	2,329
Sales and business development	3,642	2,495	2,730	1,206	1,658
Professional and consulting fees	1,871	1,780	3,779	1,731	2,449
Occupancy, communication and equipment	1,564	1,087	1,118	556	558
Depreciation and amortization	337	360	314	155	132
Third party sharing arrangements	(320)	89	2,296	876	2,640
Other	2,577	2,420	1,724	853	914
Total expenses	50,656	43,323	49,161	23,521	30,405
Income/(loss) before provision for income taxes	(27,045)	(21,228)	(7,549)	(5,452)	844
Provision for income taxes					388
Tax benefit					(388)
Net income/(loss)	\$ (27,045)	\$ (21,228)	\$ (7,549)	\$ (5,452)	\$ 844
Net income/(loss) per share basic	\$ (0.27)	\$ (0.21)	\$ (0.07)	\$ (0.05)	\$ 0.01
Net income/(loss) per share diluted	\$ (0.27)	\$ (0.21)	\$ (0.07)	\$ (0.05)	\$ 0.01
Weighted average common shares basic:	100,236	100,397	111,981	111,295	113,708
Weighted average common shares diluted:	100,236	100,397	111,981	111,295	134,694
Pro forma net income/(loss) per share (unaudited):					
Basic					
Diluted					
Pro forma weighted average common shares:					
Basic					
Diluted					

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	As of December 31,			As of June 30, 2011	
	2008	2009	2010 (in thousands)	Actual	As adjusted(1)(2)
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 13,275	\$ 11,476	\$ 14,233	\$ 16,386	\$
Total assets	\$ 34,856	\$ 25,703	\$ 29,142	\$ 32,569	\$
Total liabilities	\$ 12,800	\$ 9,675	\$ 11,907	\$ 12,689	\$
Stockholders' equity	\$ 22,056	\$ 16,028	\$ 17,235	\$ 19,880	\$

	As of and for the Years Ended December 31,			As of and for the Six Months Ended June 30,	
	2008	2009	2010 (in millions, except percentage data and ETF industry net inflows)	2010	2011
Other Data:					
Total ETF assets under management:					
Beginning of period assets	\$ 4,559	\$ 3,180	\$ 5,979	\$ 5,979	\$ 9,891
Net inflows/(outflows)	907	1,773	3,134	703	2,963
Market appreciation/(depreciation)	(2,286)	1,026	778	(442)	80
End of period assets	\$ 3,180	\$ 5,979	\$ 9,891	\$ 6,240	\$ 12,934
Average assets during the period	\$ 4,327	\$ 3,964	\$ 7,308	\$ 6,536	\$ 11,340
Average ETF advisory fee	0.52%	0.52%	0.56%	0.54%	0.56%
ETF industry and market share:					
ETF industry net inflows (in billions)	\$ 177	\$ 116	\$ 118	\$ 40	\$ 57
WisdomTree market share of inflows	0.5%	1.5%	2.7%	1.8%	5.2%

- (1) The as adjusted consolidated balance sheet data gives effect to (i) the sale of _____ shares of our common stock in this offering at the assumed public offering price of \$ _____ per share, the last sale price of our shares as reported by the NASDAQ Global Market on _____, 2011 after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and (ii) the issuance of _____ shares of our common stock upon the exercise of options held by certain selling stockholders in connection with this offering and the receipt by us of the aggregate exercise price for such options.
- (2) A \$0.25 increase (decrease) in the assumed public offering price of \$ _____ per share would increase (decrease) the amount of cash and cash equivalents, total assets and stockholders' equity by approximately \$ _____ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

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RISK FACTORS

*Any investment in our common stock involves a high degree of risk. You should consider carefully the specific risk factors described below in addition to the other information contained in this prospectus before making a decision to invest in our common stock. If any of these risks actually occur, our business, operating results, financial condition and prospects could be harmed. This could cause the trading price of our common stock to decline and a loss of all or part of your investment. Certain statements below are forward-looking statements. See the section entitled *Cautionary Note Regarding Forward-Looking Statements*.*

Risks Related to Our Business and Our Industry

We have only a limited operating history and, as a result, recent historical growth may not provide an accurate representation of the growth we may experience in the future, which may make it difficult to evaluate our future prospects.

We launched our first 20 ETFs in June 2006 and have only a limited operating history in the asset management business upon which an evaluation of our performance can be made. We have incurred significant losses since we launched our first ETFs. We first reported net income in the first quarter of 2011 and we only began to generate positive cash flow on a full quarterly basis in the second fiscal quarter of the year ended December 31, 2010 and, as a result, recent historical growth may not provide an accurate representation of the growth we may experience in the future, which may make it difficult to evaluate our future prospects. We have a history of net losses and have not achieved sustained profitability, and we may not be able to maintain or increase our level of profitability. Prior to generating net income for the three and six months ended June 30, 2011, we incurred net losses of \$27.0 million, \$21.2 million and \$7.5 million in the years ended December 31, 2008, 2009 and 2010, respectively. Even though we may achieve profitability in one quarter or period, because of the various risks outlined in this prospectus, we cannot assure you that we will continue to be profitable.

Challenging global market conditions associated with declining prices of securities can adversely affect our business by reducing the market value of the assets we manage or causing customers to sell their fund shares and trigger redemptions.

We are subject to risks arising from adverse changes in global market conditions and the declining prices of securities, which may result in a decrease in demand for investment products, a higher redemption rate and/or a decline in AUM. The securities markets are highly volatile and securities prices may increase or decrease for many reasons, including general economic conditions, political events, acts of terrorism and other matters beyond our control. Substantially all of our revenue is determined by the amount of our AUM and a substantial part of our AUM is represented by equity securities, in both the international and U.S. markets. As a result, our business can be expected to generate lower revenue in declining equity market environments or general economic downturns, such as after the recent U.S. government debt rating downgrade and in response to concern over potential sovereign debt defaults by other countries. A decline in the prices of securities held by the WisdomTree ETFs may cause our revenue to decline by either causing the value of our AUM to decrease, which would result in lower advisory fees, or causing investors in the WisdomTree ETFs to sell their shares in favor of investments they perceive to offer greater opportunity or lower risk, thus triggering redemptions that would also result in decreased AUM and lower fees.

Fluctuations in the amount and mix of our AUM may negatively impact revenue and operating margin.

The level of our revenue depends on the level and mix of our AUM. Our revenue is derived primarily from advisory fees based on a percentage of the value of our AUM and varies with the nature of the ETFs, which have different fee levels. Fluctuations in the amount and mix of our AUM may be attributable in part to market conditions outside of our control that have had, and in the future could have, a negative impact on our revenue and operating margin.

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We are subject to an increased risk of asset volatility from changes in the foreign markets as discussed below. Individual markets may be adversely affected by economic, political, financial, or other instabilities that are particular to the country or regions in which a market is located, including without limitation local acts of terrorism, economic crises or other business, social or political crises. Declines in these markets and currency fluctuations have caused in the past, and may cause in the future, a decline in our revenue. Changing market conditions and currency fluctuations may cause a shift in our asset mix between foreign and U.S. assets, potentially resulting in a decline in our revenue since we generally derive higher fee revenue from our ETFs investing in foreign markets, particularly in emerging markets.

We have had in the past, and in the future may have, investors who maintain significant positions in one or more of our ETFs. If such an investor were to broadly change or withdraw its investments in our ETFs because of a change to its investment strategy, market conditions or any other reason, it may significantly change the level and mix of our AUM, which may negatively affect our revenue and operating margin.

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

Many of our ETFs invest in securities of companies, governments and other organizations located outside the United States and at September 30, 2011, approximately 65% of our AUM was held by these ETFs. Therefore, the success of our business is closely tied to market conditions in foreign markets. Investments in non-U.S. issuers are affected by political, social and economic uncertainty effecting a country or region in which we are invested. In addition, fluctuations in foreign currency exchange rates could reduce the revenue we earn from these foreign invested ETFs. This occurs because an increase in the value of the U.S. dollar relative to non-U.S. currencies may result in a decrease in the dollar value of the AUM in these ETFs, which, in turn, would result in lower revenue. Furthermore, investors are likely to believe these ETFs, as well as our suite of currency and fixed income ETFs, are a less attractive investment opportunity when the value of the U.S. dollar rises relative to non-U.S. currencies, which could have the effect of reducing investments in these ETFs, thus reducing revenue.

We derive a substantial portion of our revenue from products invested in emerging markets and are exposed to the market-specific political and economic risks as well as general investor sentiment regarding future growth of those markets.

At June 30, 2011, approximately 42% of our ETF AUM was concentrated in five of our WisdomTree ETFs that primarily invest in equity or fixed income securities issued by companies in emerging markets. In the six months ended June 30, 2011, approximately 50% of our revenue was derived from those five ETFs. As a result, our operating results are particularly exposed to the performance of those funds, economic and market conditions in those emerging markets, general investor sentiment regarding future growth in those emerging markets and our ability to maintain the assets under management of those funds. In addition, because these funds have a higher expense ratio than our other funds in general, they generate a disproportionate percentage of our total revenue. If the AUM in these funds were to decline, either because of declining market values or because of net outflows from these funds, our revenue would be adversely affected.

We derive a substantial portion of our revenue from a limited number of products and, as a result, our operating results are particularly exposed to the performance of those funds, investor sentiment toward the strategies pursued by those funds and our ability to maintain the assets under management of those funds.

At September 30, 2011, approximately 66% of our ETF AUM was concentrated in 10 of our WisdomTree ETFs. As a result, our operating results are particularly exposed to the performance of those funds, investor sentiment toward investing in the strategies pursued by those funds and our ability to maintain the assets under management of those funds.

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The WisdomTree ETFs have a limited track record and poor investment performance could cause our revenue to decline.

The WisdomTree ETFs have a limited track record upon which an evaluation of their investment performance can be made. At September 30, 2011, of our total 47 ETFs, only 19 ETFs had a five year track record and 39 had a three year track record. The investment performance of our funds is important to our success. While strong investment performance could stimulate sales of our ETFs, poor investment performance, on an absolute basis or as compared to third-party benchmarks or competitive products, could lead to a decrease in sales or stimulate redemptions, thereby lowering the assets under management and reducing our revenue. Our fundamentally-weighted equity ETFs are designed to provide the potential for better risk-adjusted investment returns over full market cycles and are best suited for investors with a longer-term investment horizon. However, the investment approach of our equity ETFs may not perform well during certain shorter periods of time during different points in the economic cycle.

We currently depend on BNY Mellon to provide us with critical services to operate our business and the WisdomTree ETFs. The failure of BNY Mellon to adequately provide such services could materially affect our operating business and harm our customers.

We currently depend upon BNY Mellon to provide the WisdomTree Trust with portfolio management services. BNY Mellon also provides us with custody services, fund accounting, administration, transfer agency and securities lending services. The failure of BNY Mellon to provide us and the WisdomTree ETFs with these services could result in financial loss to us and our customers. In addition, because BNY Mellon provides a multitude of important services to us, and portfolio management for the WisdomTree ETFs covers several different asset classes, changing this vendor relationship would be challenging. It might require us to devote a significant portion of management's time to negotiate a similar relationship with a new vendor or have these services provided by multiple vendors, which would require us to coordinate the transfer of these functions to this new vendor or vendors.

We depend on other third parties to provide many critical services to operate our business and the WisdomTree ETFs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm our customers.

In addition to BNY Mellon, we depend on other third-party vendors to provide us with many services that are critical to operating our business, including a third-party provider of index calculation services for our indexes, a distributor of the WisdomTree ETFs and a third-party provider of indicative values of the portfolios of the WisdomTree ETFs. The failure of these key vendors to provide us and the WisdomTree ETFs with these services could lead to operational issues and result in financial loss to us and our customers.

The asset management business is intensely competitive. Many of our competitors have greater market share, offer a broader range of products and have greater financial resources than we do. As a result, we may experience pressures on our pricing and market share.

Our business operates in intensely competitive industry segments. We compete directly with other ETF sponsors and mutual fund companies and indirectly against other investment management firms, insurance companies, banks, brokerage firms and other financial institutions that offer products that have similar features and investment objectives to those offered by us. We compete based on a number of factors, including name recognition, service, investment performance, product features and breadth of product choices, and fees. Many of our competitors have greater market share, offer a broader range of products and have greater financial resources than we do. Some financial institutions operate in a more favorable regulatory environment and have proprietary products and distribution channels which may provide certain competitive advantages to them and their investment products. Our competitors may also adopt products, services or strategies similar to ours, including the use of fundamentally-weighted indexes. In addition, over time certain sectors of the financial services

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industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This convergence could result in our competitors gaining greater resources and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices. We believe that competition within the ETF industry will continue to increase as more traditional asset management companies become ETF sponsors.

Competitive fee pressures could reduce revenue and profit margins.

The investment management business is highly competitive and has relatively low barriers to entry. Although the ETF industry currently has a higher barrier to entry as a result of the need for ETF sponsors to obtain exemptive relief from the Securities and Exchange Commission, or SEC, in order to operate ETFs, we expect that additional companies, both new companies and traditional asset managers, many of whom are much larger than us, will enter the ETF space. In addition, in 2008, the SEC proposed a rule that, if adopted, would eliminate the need to obtain this exemptive relief. To the extent that we are forced to compete on the basis of price, we may not be able to maintain our current fee structure. Fee reductions on existing or future new products could cause our revenue and profit margins to decline.

Our revenue could be adversely affected if the WisdomTree Trust determines that the advisory fees we received from the WisdomTree ETFs should be reduced.

Our advisory agreements with the WisdomTree Trust and the fees we collect from the WisdomTree ETFs are subject to review and approval by the independent trustees of the WisdomTree Trust. The advisory agreements are subject to initial review and approval. After the initial two-year term of the agreement for each ETF, the continuation of such agreement must be reviewed and approved at least annually by a majority of the independent trustees. In determining whether to approve the agreements, the independent trustees consider factors such as (i) the nature and quality of the services provided by us, (ii) the fees charged by us and the costs and profits realized by us in connection with such services, as well as any ancillary or fall-out benefits from such services, (iii) the extent to which economies of scale are shared with the WisdomTree ETFs, and (iv) the level of fees paid by other similar funds. If the independent trustees determine that the advisory fees we charge to any particular fund are too high, we will need to reduce our fees, which could adversely affect our revenue.

Our risk management policies and procedures, and those of our third-party vendors upon which we rely, may not be fully effective in identifying or mitigating risk exposure, including employee misconduct. If our policies and procedures do not adequately protect us from exposure to these risks, we may incur losses that would adversely affect our financial condition, reputation and market share.

We have developed risk management policies and procedures and we continue to refine them as we conduct our business. Many of our procedures involve oversight of third-party vendors that provide us with critical services such as portfolio management, custody and fund accounting and administration, and index calculation services. Our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure. Moreover, we are subject to the risks of errors and misconduct by our employees, including fraud and non-compliance with policies. These risks are difficult to detect in advance and deter, and could harm our business, results of operations or financial condition. Although we maintain insurance and use other traditional risk-shifting tools, such as third-party indemnification, in order to manage certain exposures, they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency. If our policies and procedures do not adequately protect us from exposure and our exposure is not adequately covered by insurance or other risk-shifting tools, we may incur losses that would adversely affect our financial condition and could cause a reduction in our revenue as our customers shift their investments to the products of our competitors.

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Compliance with extensive, complex and changing regulation imposes significant financial and strategic costs on our business, and non-compliance could result in fines and penalties.

Our business is subject to extensive regulation of our business and operations. Our subsidiary, WisdomTree Asset Management, Inc., or WTAM, is a registered investment adviser and is subject to oversight by the SEC pursuant to its regulatory authority under the Investment Advisers Act of 1940, as amended. We also must comply with certain requirements under the Investment Company Act of 1940, as amended, with respect to the WisdomTree ETFs for which WTAM acts as investment adviser. In addition, the content and use of our marketing and sales materials and of our sales force is subject to the regulatory authority of FINRA. To a lesser extent, we are also subject to foreign laws and regulatory authorities with respect to operational aspects of our funds that invest in securities of issuers in foreign countries and in the sales of our funds in foreign jurisdictions. Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many aspects of our business, including the authority to grant, and, in specific circumstances to cancel, permissions to carry on particular businesses. Our failure to comply with applicable laws or regulations could result in fines, censure, suspensions of personnel or other sanctions, including revocation of our registration as an investment adviser. Even if a sanction imposed against us or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions against us by regulators could harm our reputation and thus result in redemptions from our ETFs and impede our ability to retain customers and develop new customers, all of which may reduce our revenue.

We face the risk of significant intervention by regulatory authorities, including extended investigation activity, adoption of costly or restrictive new regulations and judicial or administrative proceedings that may result in substantial penalties. Among other things, we could be fined or be prohibited from engaging in some of our business activities. The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us, and are not designed to protect our stockholders. Consequently, these regulations often serve to limit our activities, including through customer protection and market conduct requirements.

In addition, the regulatory environment in which we operate is subject to modifications and further regulation. New laws or regulations, or changes in the enforcement of existing laws or regulations, applicable to us and our clients also may adversely affect our business, and our ability to function in this environment will depend on our ability to constantly monitor and react to these changes. For example, in January 2011, the Commodity Futures Trading Commission proposed regulations that, if adopted, would impose upon us additional registration and licensing requirements for a select number of our ETFs and subject us to an additional and extensive regulatory structure. If adopted, these regulations would likely cause us to incur additional costs to achieve and maintain compliance.

Specific regulatory changes also may have a direct impact on our revenue. In addition to regulatory scrutiny and potential fines and sanctions, regulators continue to examine different aspects of the asset management industry. New regulation or judicial interpretations regarding the annual approval process for investment advisory agreements may result in the reduction of fees under these agreements. These regulatory changes and other proposed or potential changes may result in a reduction of revenue.

Damage to our reputation could adversely affect our business.

We believe we have developed a strong brand and a reputation for innovative, thoughtful products, favorable long-term risk-adjusted investment performance and excellent client services. The WisdomTree name and brand is a valuable asset and any damage to it could hamper our ability to maintain and grow our AUM and attract and retain employees, thereby having a material adverse affect on our revenue. Risks to our reputation may range from regulatory issues to unsubstantiated accusations. Managing such matters may be expensive, time-consuming and difficult.

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Abnormally wide bid/ask spreads and market disruptions that halt or disrupt trading or create extreme volatility could undermine investor confidence in the ETF investment structure and limit investor acceptance of ETFs.

The shares of the WisdomTree ETFs, like the shares of all ETFs, trade on exchanges in market transactions that generally approximate the value of the underlying portfolio of securities held by the particular ETF. Trading involves risks including the potential lack of an active market for fund shares, abnormally wide bid/ask spreads (the difference between the prices at which shares of an ETF can be bought and sold) that can exist for a variety of reasons and losses from trading. These risks can be exacerbated during periods when there is low demand for an ETF, when the markets in the underlying basket of securities are closed, when markets conditions are extremely volatile or when trading is disrupted. For example, during the so-called flash crash that occurred in May 2010, the shares of some ETFs traded with extreme volatility that did not correspond with the underlying value of their portfolio investments. Similar market conditions could undermine investor confidence in the ETF structure as an investment vehicle and limit further investor acceptance of ETFs. This could result in limited growth or a reduction in the overall ETF market and result in our revenue not growing as rapidly as it has in the recent past or even in a reduction of revenue.

We have experienced significant growth in recent years, and if we were unable to manage this growth it could have a material adverse effect on our business.

We have experienced significant growth in recent years, which has placed increased demands on our management and other resources and will continue to do so in the future. We may not be able to maintain or accelerate our current growth rate, manage our expanding operations effectively or achieve planned growth on a timely or profitable basis. Managing our growth effectively will involve, among other things:

continuing to retain, motivate and manage our existing employees and attract and integrate new employees;

developing, implementing and improving our operational, financial, accounting, reporting and other internal systems and controls on a timely basis; and

maintaining and developing our various support functions including human resources, information technology, legal and corporate communications.

If we are unable to manage our growth effectively, there could be a material adverse effect on our ability to maintain or increase revenue and profitability.

Continued growth will require continued investment in personnel, information technology infrastructure and marketing activities, as well as further development and implementation of financial, operational and compliance systems and controls. We may not be successful in implementing all of the processes that are necessary to support our growth. Unless our growth results in an increase in our revenue that is at least proportionate to the increase in our costs associated with this growth, our gross margins and our future profitability will be adversely affected.

Our growth strategy also involves, among other things, diversifying our product line to include more ETFs in non-equity asset classes, including fixed income and alternative investment strategies. This will require us to develop products in areas in which we do not have significant prior experience. We may not be successful in developing new products and if developed and launched, we may not be successful in marketing these new products.

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Our ability to operate our company effectively could be impaired if we fail to retain or recruit key personnel.

The success of our business and the implementation of our growth strategy are highly dependent on our ability to attract, retain and motivate highly skilled, and sometimes highly specialized, employees, including in particular, operations, product development, research and sales personnel. The market for these individuals is extremely competitive and is likely to become more so as additional investment management firms enter the ETF industry. Our compensation methods may not enable us to recruit and retain required personnel. In particular, our use of equity grants as a component of total employee compensation may be ineffective if the market price of our common stock declines. Also, we may need to increase compensation levels, which would decrease our net income or increase our losses. If we are unable to retain and attract key personnel, it could have an adverse effect on our business, results of operations and financial condition.

Changes in U.S. federal income tax law could make some of our products less attractive to customers.

Many of the WisdomTree ETFs seek to obtain the investment return achieved by our proprietary indexes that weigh index components based upon dividends. Corporate dividends currently enjoy favorable tax treatment under current U.S. federal income tax law. If the tax rates imposed on dividends were to be increased, it may make these WisdomTree ETFs less attractive to our customers.

Our expenses are subject to fluctuations that could materially affect our operating results.

Our results of operations are also dependent on the level of expenses, which can vary from quarter to quarter. Our expenses may fluctuate primarily as a result of discretionary spending, including marketing, advertising and sales expenses we incur to support our growth initiatives. Accordingly, our results of operation may vary from quarter to quarter.

Any significant limitation or failure of our technology systems that are critical to our operations could interrupt or damage our operations and result in material financial loss, regulatory violations, reputational harm or legal liability.

We are dependent upon the effectiveness of our information security policies, procedures and capabilities to protect the technology systems that we use to operate our business and to protect the data that reside on or are transmitted through them. Although we take protective measures to secure information, our technology systems may still be vulnerable to unauthorized access, computer viruses or other events that could result in inaccuracies in our information or system disruptions or failures, which could materially interrupt or damage our operations. Any inaccuracies, delays or system failures could subject us to client dissatisfaction and losses or result in material financial loss, regulatory violations, reputational harm or legal liability, which, in turn, could cause a decline in the company's earnings or stock price.

We may in the future be involved in legal proceedings that could require significant management time and attention, possibly resulting in significant expense or in an unfavorable outcome, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

From time to time, we may be subject to litigation. In connection with any litigation in which we are involved, we may be forced to incur costs and expenses in connection with defending ourselves or in connection with the payment of any settlement or judgment in connection therewith if there is an unfavorable outcome. The expense of defending litigation may be significant. The amount of time to resolve lawsuits is unpredictable and defending ourselves may divert management's attention from the day-to-day operations of our business, which could adversely affect our business, results of operations and cash flows. In addition, an unfavorable outcome in any such litigation could have a material adverse effect on our business, results of operations and cash flows.

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Catastrophic and unpredictable events could have a material adverse effect on our business.

A terrorist attack, war, power failure, cyber-attack, natural disaster or other catastrophic or unpredictable event could adversely affect our future revenue, expenses and operating results by: interrupting our normal business operations; sustaining employee casualties, including loss of our key employees; requiring substantial expenditures and expenses to repair, replace and restore normal business operations; and reducing investor confidence. We have a disaster recovery plan to address certain contingencies, but this plan may not be sufficient in responding or ameliorating the effects of all disaster scenarios. Similarly, these types of events could also affect the ability of the third-party vendors that we rely upon to conduct our business e.g., BNY Mellon, which provides us with sub-advisory portfolio management services as well as custodial, fund accounting and administration services, or Standard & Poor's, which provide us with index calculation services to continue to provide these necessary services to us, even though they may also have disaster recovery plans to address these contingencies. If we or our third-party vendors are unable to respond adequately or in a timely manner, this failure may result in a loss of revenue and/or increased expenses, either of which would have a material adverse effect on our operating results.

A change of control of our company would automatically terminate our investment management agreements relating to the WisdomTree ETFs unless the Board of Trustees of the WisdomTree Trust and stockholders of the WisdomTree ETFs voted to continue the agreements.

Under the Investment Company Act, an investment management agreement with a fund must provide for its automatic termination in the event of its assignment. The fund's board and stockholders must vote to continue the agreement following its assignment, the cost of which can be significant and which ordinarily would be borne by us in order to avoid dissatisfaction by the stockholders of the WisdomTree ETFs. Under the Investment Advisers Act, a client's investment management agreement may not be assigned by the investment advisor without the client's consent.

An investment management agreement is considered under both acts to be assigned to another party when a controlling block of the advisor's securities is transferred. Under both acts, there is a presumption that a stockholder beneficially owning 25% or more of an advisor's voting stock controls the advisor and conversely a stockholder beneficially owning less than 25% is presumed not to control the advisor. In our case, an assignment of our investment management agreements may occur if Michael Steinhardt, who currently beneficially owns 30.2% of our common stock (and will beneficially own % of our common stock after this offering) sells shares of common stock such that his beneficial ownership drops below 25%, or if we sell or issue a certain number of additional shares of common stock in the future that dilutes his beneficial ownership or if a third party were to acquire a controlling interest in our company. We cannot be certain that the Trustees and the stockholders of the WisdomTree ETFs would consent to assignments of our investment management agreements or approve new agreements with us if a change of control occurs. This restriction may discourage potential purchasers from acquiring a controlling interest in our company.

We may be subject to claims of infringement of third-party intellectual property rights, which could harm our business.

Third parties may assert against us alleged patent, copyright, trademark or other intellectual property rights to intellectual property that is important to our business. Any claims that our products or processes infringe the intellectual property rights of others, regardless of the merit or resolution of such claims, could cause us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management from our business. As a result of such intellectual property infringement claims, we could be required or otherwise decide that it is appropriate to:

pay third-party infringement claims;

discontinue selling the particular funds subject to infringement claims;

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discontinue using the processes subject to infringement claims;

develop other intellectual property or products not subject to infringement claims, which could be time-consuming and costly or may not be possible; or

license the intellectual property from the third party claiming infringement, which license may not be available on commercially reasonable terms.

The occurrence of any of the foregoing could result in unexpected expenses, reduce our revenue and adversely affect our business and financial results.

We have applied for patents, but they may not be issued and we may not be able to enforce or protect our patents and other intellectual property rights, which may harm our ability to compete and harm our business.

Although we have applied for patents relating to our index methodology and the operation of our equity ETFs, these patents may not be issued to us. In addition, even if issued, our ability to enforce our patents and other intellectual property rights is subject to general litigation risks. While we have been competing without the benefit of these patents being issued, if they are not issued or we cannot successfully enforce them, we may lose the benefit of a future competitive advantage that they would otherwise provide to us. If we seek to enforce our rights, we could be subject to claims that the intellectual property right is invalid or is otherwise not enforceable. Furthermore, our assertion of intellectual property rights could result in the other party seeking to assert alleged intellectual property rights of its own or assert other claims against us, which could harm our business. If we are not ultimately successful in defending ourselves against these claims in litigation, we may be subject to the risks described in the immediately preceding risk factor entitled "We may be subject to claims of infringement of third-party intellectual property rights, which could harm our business."

Fulfilling our public company financial reporting and other regulatory obligations will be expensive and time consuming.

As a company whose common stock was recently registered under the Exchange Act and listed on a national securities exchange, we are required to maintain specific corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules under the Sarbanes-Oxley Act of 2002, or SOX, and the related rules and regulations of the SEC, as well as the rules of the securities exchange. We anticipate that compliance with these requirements will cause us to continue to incur significant legal and accounting compliance costs, and place significant demands on our accounting and legal staff, and on our accounting and information systems. We expect to hire additional staff with appropriate public company experience and technical knowledge, which will increase our compensation expense.

Beginning with the fiscal year ended December 31, 2012, our management will be required to conduct an annual assessment of the effectiveness of our internal controls over financial reporting and include a report on our internal controls in our annual reports on Form 10-K pursuant to Section 404 of SOX. In addition, we are required to have our independent registered public accounting firm attest to and report on the effectiveness of our internal controls over financial reporting. We will incur significant costs in order to implement and maintain our internal controls over financial reporting and comply with Section 404 of SOX, including necessary auditing and legal fees, and costs associated with accounting, internal audit, information technology, compliance and administrative staff.

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We may face risks arising from future acquisitions and our efforts to acquire companies may subject us to significant costs without the realization of the anticipated benefits of those acquisitions.

We may acquire other companies in the future. Any such acquisition may be effected quickly, may occur at any time and may be significant in size relative to our existing operations. These acquisitions may involve numerous risks, including, among others:

failure to achieve financial or operating objectives;

failure to integrate successfully and in a timely manner any operations, products, services or technology;

diversion of the attention of management and other personnel;

failure to obtain necessary regulatory or other approvals;

failure to retain personnel;

failure to obtain any necessary financing on acceptable terms or at all;

unforeseen liabilities of the acquired entity;

failure of counterparties to indemnify us against liabilities arising from the acquired entities; and

unfavorable market conditions that could negatively impact our growth expectations of the acquired entities.

These risks, and the overall failure to successfully manage any potential acquisition, could adversely affect our future profitability and may prevent us from realizing expected benefits from the acquisitions, which could result in the impairment of goodwill and/or intangible assets recognized at the time of acquisition.

Risks Relating to our Common Stock and this Offering

The market price of our shares may fluctuate significantly, and you could lose all or part of your investment.

The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

decreases in our assets under management;

variations in our quarterly operating results;

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differences between our actual financial operating results and those expected by investors and analysts;

publication of research reports about us or the investment management industry;

changes in expectations concerning our future financial performance and the future performance of the ETF industry and the asset management industry in general, including financial estimates and recommendations by securities analysts;

our strategic moves and those of our competitors, such as acquisitions or consolidations;

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changes in the regulatory framework of the ETF industry and the asset management industry in general and regulatory action, including action by the SEC to lessen the regulatory requirements or shortening the process to obtain regulatory relief under the Investment Company Act of 1940 that is necessary to become an ETF sponsor;

changes in general economic or market conditions; and

realization of any other of the risks described elsewhere in this section.

In addition, stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. Furthermore, in the past, market fluctuations and price declines in a company's stock have led to securities class action litigations or other derivative shareholder lawsuits. If such a suit were to arise, it could cause substantial costs to us and divert our resources regardless of the outcome.

Future sales of our common stock in the public market by management or our large stockholders could lower our stock price.

Immediately after this offering, our two largest stockholders (each of whom has a representative on our Board of Directors), together with the other members of our Board of Directors and our executive officers, will beneficially own approximately % of our outstanding common stock. Our officers, directors and certain stockholders have executed lock-up agreements preventing them from selling any stock they hold for a period of 90 days from the date of this prospectus, subject to certain limited exceptions and extensions described under the section entitled

Underwriting. The representatives of the underwriters may, in their sole discretion, permit our officers, directors and current stockholders to sell shares prior to the expiration of these lock-up agreements. If our existing stockholders sell, or indicate an intent to sell, substantial amounts of our common stock in the public market after the 90-day contractual lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our common stock may decline significantly and may decline below the public offering price. We cannot predict the effect, if any, that future public sales of these shares or the availability of these shares for sale will have on the market price of our common stock.

We will have broad discretion in how we use the net proceeds of this offering. We may not use these proceeds effectively, which could affect our results of operations and cause our stock price to decline.

We will have considerable discretion in the application of the net proceeds of this offering. As a result, investors will be relying upon management's judgment with only limited information about our specific intentions for the use of the net proceeds of this offering. We may use the net proceeds for purposes that do not yield a significant return or any return at all for our stockholders. In addition, pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock relies in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price and trading volume of our common stock could decline if one or more equity analysts downgrade our common stock or if analysts issue other unfavorable commentary or cease publishing reports about us or our business.

Future issuance of our common stock could lower our stock price and dilute the interests of existing stockholders.

We may issue additional shares of our common stock in the future, either in connection with an acquisition or for other business reasons. The issuance of a substantial amount of common stock could have the

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effect of substantially diluting the interests of our current stockholders. In addition, the sale of a substantial amount of common stock in the public market, either in the initial issuance or in a subsequent resale by the target company in an acquisition which received such common stock as consideration or by investors who acquired such common stock in a private placement could have an adverse affect on the market price of our common stock.

The members of our Board of Directors, their affiliates and our executive officers, as stockholders, control our company.

Immediately after this offering, our two largest stockholders (each of whom has a representative on our Board of Directors) together with the other members of our Board of Directors and our executive officers, as stockholders, collectively beneficially own % of our outstanding common stock. As a result of this ownership, they have the ability to significantly influence all matters requiring approval by stockholders of our company, including the election of directors. In particular, Michael Steinhardt, chairman of our Board of Directors, beneficially will own % of our outstanding common stock and James D. Robinson, IV, a director of our company, serves as a general partner of three venture capital funds that together will beneficially own % of our outstanding common stock. As a result, Messrs. Steinhardt and Robinson will beneficially own an aggregate of % of our outstanding stock and have the ability to significantly influence all matters requiring approval by stockholders of our company. This concentration of ownership also may have the effect of delaying or preventing a change in control of our company that may be favored by other stockholders. This could prevent transactions in which stockholders might otherwise receive a premium for their shares over current market prices.

Although our directors and officers have a duty of loyalty to us under Delaware law and our amended and restated certificate of incorporation, transactions that we enter into in which a director or officer has a conflict of interest are generally permissible so long as (1) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our Board of Directors and a majority of our disinterested directors, or a committee consisting solely of disinterested directors, approves the transaction, (2) the material facts relating to the director's or officer's relationship or interest as to the transaction are disclosed to our stockholders and a majority of our disinterested stockholders approves the transaction, or (3) the transaction is otherwise fair to us. Under our certificate of incorporation, representatives of our stockholders are not required to offer to us any transaction opportunity of which they become aware and could take any such opportunity for themselves or offer it to other companies in which they have an investment, unless such opportunity is expressly offered to them solely in their capacity as a director of ours.

A provision in our certificate of incorporation and by-laws may prevent or delay an acquisition of our company, which could decrease the market value of our common stock.

Provisions of Delaware law, our amended and restated certificate of incorporation and our amended and restated by-laws may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable. These provisions may also prevent or delay attempts by stockholders to replace or remove our current management or members of our Board of Directors. These provisions include:

a classified Board of Directors;

limitations on the removal of directors;

advance notice requirements for stockholder proposals and nominations;

the inability of stockholders to act by written consent or to call special meetings;

the ability of our Board of Directors to make, alter or repeal our amended and restated by-laws; and

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the authority of our Board of Directors to issue preferred stock with such terms as our Board of Directors may determine. In addition, with the listing of our common stock on the NASDAQ Global Market on July 26, 2011, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which limits business combination transactions with stockholders of 15% or more of our outstanding voting stock that our Board of Directors has not approved. These provisions and other similar provisions make it more difficult for stockholders or potential acquirers to acquire us without negotiation. These provisions may apply even if some stockholders may consider the transaction beneficial to them.

As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our common stock. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a premium over the then current market price for our common stock.

We do not intend to pay dividends in the foreseeable future.

We have never paid dividends on our common stock and we intend to invest our available cash flow into our growth strategy for the foreseeable future. Thus, the shares of common stock may not realize a return in the form of dividends in the foreseeable future. Investors who anticipate the need for immediate dividends from shares of common stock should refrain from purchasing our common stock. In addition, our Board of Directors is authorized, without stockholder approval, to issue preferred stock with such terms as our Board of Directors may, in its discretion, determine. Our Board of Directors could, therefore, issue preferred stock with dividend rights superior to that of the common stock, which could also limit the payment of dividends on the common stock.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on our management's belief 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, anticipate, believes, estimates, predicts, potential, continue or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed in the section entitled Risk Factors and elsewhere in this prospectus. If one or more of these 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 prospectus and the documents that we reference in this prospectus and have filed with the Securities and Exchange Commission as exhibits to the registration statement, of which this prospectus is a part, 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 prospectus include statements about:

anticipated trends, conditions and investor sentiment in the global markets;

anticipated levels of inflows into and outflows out of our exchange traded funds;

our ability to deliver favorable rates of return to investors;

our ability to develop new products and services;

our ability to maintain current vendors or find new vendors to provide services to us at favorable costs;

competition in our business; and

the effect of laws and regulations that apply to our business.

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

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USE OF PROCEEDS

We estimate that our net proceeds from the sale of up to 1,000,000 shares of our common stock in this offering by us will be approximately \$ [redacted] based upon an assumed public offering price of \$ [redacted] per share, the last reported price of our shares as reported by the NASDAQ Global Market on [redacted], 2011 and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will also receive proceeds of up to approximately \$ [redacted] million from the exercise of stock options by certain selling stockholders in connection with this offering and \$ [redacted] million if the underwriters exercise their over-allotment option in full.

We will not receive any proceeds from the sale of shares of common stock offered by the selling stockholders, except for the aggregate exercise price of the selling stockholder options, as noted above.

We currently intend to use the net proceeds of this offering for working capital and other general corporate purposes, including for selling, operating and marketing our ETFs. We may also use net proceeds for possible investments in, or acquisitions of, complementary businesses, services or technologies. We have no current agreements or commitments with respect to any investment or acquisition and we currently are not engaged in negotiations with respect to any investment or acquisition. In addition, the amount of what, and timing of when, we actually spend for these purposes may vary significantly and will depend on a number of factors, including our future revenue and cash generated by operations and the other factors described in the section entitled "Risk Factors" in this prospectus. Accordingly, our management will have broad discretion in applying the net proceeds of this offering. Pending specific application of our net proceeds, we intend to invest the net proceeds in high-quality, investment-grade, short-term fixed income instruments which include corporate, financial institution, federal agency or U.S. government obligations.

A \$0.25 increase (decrease) in the assumed public offering price of \$ [redacted] per share would increase (decrease) the amount of cash and cash equivalents, total assets and stockholders' equity by approximately \$ [redacted] million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

DIVIDEND POLICY

We have never declared or paid dividends on our common stock. We do not anticipate paying any dividends on our common stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. Any future determination to declare dividends will be subject to the discretion of our Board of Directors and will depend on various factors, including applicable laws, our results of operations, financial condition, future prospects and any other factors deemed relevant by our Board of Directors. Investors should not purchase our common stock with the expectation of receiving cash dividends.

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The following table sets forth our cash, cash equivalents and short-term investments, and capitalization as of June 30, 2011:

on an actual basis; and

on a pro forma basis to give effect to (1) our sale in this offering of _____ shares of our common stock at an assumed public offering price of \$ _____ per share, the last reported price of our shares as reported by the NASDAQ Global Market on _____, 2011, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, (2) the issuance of _____ shares of common stock upon the exercise of options held by certain selling stockholders in connection with this offering and the receipt of the aggregate exercise price for such options and (3) the application of the net proceeds we will receive from this offering in the manner described under Use of Proceeds.

You should read this table in conjunction with the sections entitled Selected Consolidated Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes included elsewhere in this prospectus.

	As of June 30, 2011 (Unaudited) (in thousands)	
	Actual	Pro Forma(1)
Cash, cash equivalents and short-term investments	\$ 16,386	\$
Stockholders' equity (deficit):		
Preferred stock, \$0.01 par value, 2,000 authorized:		
Common stock; \$0.01 par value, 250,000 shares authorized, actual; _____ shares authorized, pro forma; 115,629,772 shares issued and outstanding (including unvested restricted stock), actual; _____ shares issued and outstanding, pro forma	\$ 1,156	
Additional paid-in capital	160,033	
Accumulated deficit	(141,309)	
Total stockholders' equity	19,880	
Total capitalization	\$ 32,569	\$

- (1) A \$0.25 increase (decrease) in the assumed public offering price of \$ _____ per share would increase (decrease) the amount of cash and cash equivalents, total assets and stockholders' equity by approximately \$ _____ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA**

You should read the selected consolidated financial data presented below in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus and our consolidated financial statements and the related notes included elsewhere in this prospectus. The selected consolidated statements of operations data presented below under the heading "Consolidated Statements of Operations Data" for the years ended December 31, 2008, 2009 and 2010 and the selected consolidated balance sheet data presented below under the heading "Consolidated Balance Sheet Data" as of December 31, 2008, 2009 and 2010 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated financial data presented below under the headings "Consolidated Statements of Operations Data" for the years ended December 31, 2006 and 2007 and under "Consolidated Balance Sheet Data" as of December 31, 2006 and 2007, have been derived from our consolidated financial statements not included in this prospectus. The selected consolidated statements of operations data presented below under the heading "Consolidated Statements of Operations Data" for the six months ended June 30, 2010 and 2011 and the selected consolidated balance sheet data presented below under the heading "Consolidated Balance Sheet Data" as of June 30, 2011, have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus.

The historical results presented below are not necessarily indicative of the financial results to be expected for future periods, and the results for the six months ended June 30, 2011 are not necessarily indicative of results to be expected for the full year or for any other period.

	2006	Years Ended December 31,				Six Months Ended	
		2007	2008	2009	2010	2010	2011
		(in thousands, except share and per share data)					
Consolidated Statements of Operations Data:							
Revenues:							
ETF advisory fees	\$ 1,740	\$ 18,158	\$ 21,643	\$ 20,812	\$ 40,567	\$ 17,596	\$ 30,787
Other income	435	2,761	1,968	1,283	1,045	473	462
Total revenues	2,175	20,919	23,611	22,095	41,612	18,069	31,249
Expenses:							
Compensation and benefits	11,971	21,465	20,338	18,943	19,193	9,855	9,827
Fund management and administration	3,178	11,082	14,772	13,387	14,286	6,703	9,898
Marketing and advertising	2,788	6,434	5,875	2,762	3,721	1,586	2,329
Sales and business development	717	1,611	3,642	2,495	2,730	1,206	1,658
Professional and consulting fees	1,822	3,249	1,871	1,780	3,779	1,731	2,449
Occupancy, communication and equipment	525	1,010	1,564	1,087	1,118	556	558
Depreciation and amortization	36	78	337	360	314	155	132
Third party sharing arrangements			(320)	89	2,296	876	2,640
Other	481	1,120	2,577	2,420	1,724	853	914
Total expenses	21,518	46,049	50,656	43,323	49,161	23,521	30,405
Income/(loss) before provision for income taxes	(19,343)	(25,130)	(27,045)	(21,228)	(7,549)	(5,452)	844
Provision for income taxes							388
Tax benefit							(388)
Net income/(loss)	\$ (19,343)	\$ (25,130)	\$ (27,045)	\$ (21,228)	\$ (7,549)	\$ (5,452)	\$ 844

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	2006	Years Ended December 31,				Six Months Ended	
		2007	2008	2009	2010	June 30,	2011
(in thousands, except share and per share data)							
Net income/(loss) per share basic	\$ (0.25)	\$ (0.26)	\$ (0.27)	\$ (0.21)	\$ (0.07)	\$ (0.05)	\$ 0.01
Net income/(loss) per share diluted	\$ (0.25)	\$ (0.26)	\$ (0.27)	\$ (0.21)	\$ (0.07)	\$ (0.05)	\$ 0.01
Weighted average common shares basic:	78,482	98,518	100,236	100,397	111,981	111,295	113,708
Weighted average common shares diluted:	78,482	98,518	100,236	100,397	111,981	111,295	134,694

	2006	As of December 31,			2010	As of June 30,
		2007	2008	2009		
(in thousands)						
Consolidated Balance Sheet Data:						
Cash and cash equivalents	\$ 57,734	\$ 15,138	\$ 13,275	\$ 11,476	\$ 14,233	\$ 16,386
Total assets	\$ 59,032	\$ 52,303	\$ 34,856	\$ 25,703	\$ 29,142	\$ 32,569
Total liabilities	\$ 5,626	\$ 12,998	\$ 12,800	\$ 9,675	\$ 11,907	\$ 12,689
Stockholders equity	\$ 53,406	\$ 39,304	\$ 22,056	\$ 16,028	\$ 17,235	\$ 19,880

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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 prospectus. 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 the section titled "Risk Factors" above. 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

We are the eighth largest sponsor of ETFs in the United States based on AUM, with an AUM of approximately \$11.2 billion as of September 30, 2011. An ETF is an investment fund that holds securities such as stocks or bonds and trades at approximately the same price as the net asset value of its underlying assets. ETFs offer exposure to a wide variety of investment themes, including domestic, international and global equities, fixed income securities, currencies or commodities, as well as securities in specific industries and countries. We currently offer a comprehensive family of 47 ETFs, which includes 34 international and domestic equity ETFs, nine currency ETFs, two recently launched international fixed income ETFs and two recently launched alternative strategy ETFs.

Through our operating subsidiary, we provide investment advisory and other management services to the WisdomTree ETFs. In exchange for providing these services, we receive advisory fee revenues based on a percentage of the ET