



Rating  
**Hold**

North America  
United States

Financial  
Brokers, Asset Managers  
& Exchanges

Company  
**WisdomTree  
Investments**

Reuters WETF.OQ    Bloomberg WETF US    Exchange NMS    Ticker WETF

Date  
26 October 2018

Forecast Change

Price at 25 Oct 2018 (USD)	6.91
Price Target	8.00
52-week range	13.23 - 6.64

## Solid 3Q Results & A Bit More Positive on Core Flow Outlook

### Key takeaway: optimistic on early signs of core flow improvement

WETF's adjusted diluted 3Q18 EPS of \$0.09 was in line with Consensus but beat our \$0.08 est. We view core EPS at ~\$0.09 as well. We view 3Q results as solid given good cost control & favorable near-term guidance. Additionally, we are becoming more positive on the core flow outlook (ex-PHAU, DXJ, & HEDJ) as 4QTD core net flows have improved to ~\$500mn so far from relatively flat in 3Q, which we think reflects traction in a wide range of advisor solutions programs (though especially NTF marketplaces such as Ameritrade) over the past year. With that said, we think mgmt. will need to maintain high investment levels in technology & sales to maintain the improving core flow momentum into 2019 and beyond, which may restrain EPS growth to low-single digits next year, while risk of outflows from currency-hedged/gold ETFs remains outsized given their size.

### Several modest changes to estimates

We made several modest changes to our estimates, mostly higher, including 1) raising our core net flow estimates through 2020, 2) lowering our US business segment compensation ratio per mgmt. guidance, 3) reducing our effective tax rate to 26.5% from 29.5% previously, & 4) increasing our expense forecasts in the international segment. Our EPS estimates change as follows: 4Q18E to \$0.09 from \$0.08, 2018E to \$0.35 from \$0.33, 2019E to \$0.35 from \$0.34, & 2020E to \$0.38 from \$0.35. Our 4Q18 EPS estimate ~10% above current Consensus, while our 2019 estimate is ~10% below Consensus.

### Key positives in 3Q results

Key positives were: 1) ~\$500mn of core net inflows 4QTD (excluding PHAU, DXJ, HEDJ), including ~\$50mn over the past 4 days, despite heightened market volatility this month, 2) improvement in quarterly number of funds with net inflows since advisor solutions product launch in 4Q17 (average of 43 over LTM vs. 32 Y/Y), 3) adjusted pre-tax margin of 30.5% up from 30.0% Q/Q & better than our 28.3% est., 4) US business segment pre-tax margin of 33.5% up from 32.4% Q/Q & 32.9% Y/Y, 5) mgmt. expects FY18 US segment compensation ratio in the lower half of 27-29% prior guidance, & 6) mgmt. expects near-term effective tax rate of 26-27%.

### Key negatives to monitor

Key negatives were: 1) \$1.2bn of total outflows in 3Q, driven primarily by \$1.3bn of international developed market equity outflows & \$0.4bn of commodity & currency outflows, partially offset by modest fixed income & US equity inflows, 2) average advisory fee of 48bps in line Q/Q but down from 51bps Y/Y &

### Valuation & Risks

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### Key changes

TP	7.00 to 8.00	↑	14.3%
EPS (USD)	0.33 to 0.35	↑	5.7%

Source: Deutsche Bank

### Price/price relative



Performance (%)	1m	3m	12m
Absolute	-18.0	-25.0	-38.2
S&P 500 INDEX	-7.2	-4.9	5.8

Source: Deutsche Bank

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4QTD average advisory fee trending at 47bps, & 3) likely near-term pressure on international business segment pre-tax margin from ETF Securities rebranding.

#### Reiterate Hold Rating but raising PT to \$8 from \$7 on higher EPS estimate

Our PT is driven by our view for WETF to trade at an overall 30% P/E premium to the S&P 500, given its differentiated business model in the fast growing ETF industry. Downside risks are: 1) weakening US dollar that could spur HEDJ and DXJ outflows; 2) sharp market downturn that materially reduces AuM; 3) increased pricing competition in smart beta ETF products; & 4) investor perception that WETF will remain independent in perpetuity. Upside risks are: 1) a pickup in smart beta industry flows relative to pure beta products, 2) a strengthening US dollar that could spur HEDJ and DXJ inflows, 3) increased flows from expanded international distribution channel through ETF Securities acquisition, & 4) any indication from other management teams of interest in acquiring an ETF provider

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# Key Metrics & Valuation

Figure 1: DB Asset Manager Valuation Derivation

Historical Avg P/Es	Absolute Net Cash P/E on NTM			Rel Net Cash P/E vs. S&P 500			Net Cash Rel P/E L 3Yrs	Target Prem/Disc	Target Rel P/E	Ex Net Cash Per Share	
	LTM	Last 2 Yrs	Last 3 Yrs	LTM	Last 2 Yrs	Last 3 Yrs				Relative PE on 2017	Relative PE on 2018E
AMG	10.1x	10.5x	10.6x	58%	63%	64%	64%	-4%	60%	0.39x	0.47x
BLK	18.2x	17.6x	17.3x	105%	105%	104%	104%	-4%	100%	0.84x	0.83x
BEN	9.0x	11.4x	10.5x	52%	68%	63%	63%	-13%	50%	0.36x	0.43x
EV	15.8x	16.5x	16.1x	91%	98%	97%	97%	3%	100%	0.78x	0.79x
FII	12.0x	13.1x	13.5x	69%	78%	81%	81%	-21%	60%	0.57x	0.70x
IVZ	10.3x	12.2x	12.1x	59%	73%	73%	73%	-23%	50%	0.39x	0.48x
JHG	9.8x	NA	NA	56%	NA	NA	56%	-2%	55%	0.45x	0.48x
LM	10.6x	12.0x	12.5x	61%	71%	76%	76%	-16%	60%	0.37x	0.66x
TROW	15.1x	14.3x	14.5x	87%	85%	87%	87%	-2%	85%	0.82x	0.74x
WETF	25.5x	31.5x	29.1x	146%	187%	175%	175%	-45%	130%	1.80x	1.32x
Median Asset Mgrs	11.3x	13.1x	13.5x	65%	78%	81%	81%	-9%	60%	0.51x	0.68x
S&P 500 P/E	17.4x	16.8x	16.6x								

Asset Mgrs	Forecast EPS			AM's		Net Cash Per Share 2Q18	12-Month Fair Value Estimate	Current Price	Fair Value vs. Current	Dividend Yield	Potential ROI to PT
	2017	2018E	2019E	Target Relative PE on 2018E	Target PE in 12 Mths on 2018E						
AMG	\$14.64	\$15.11	\$16.67	60%	9.9x	\$0.00	\$165.56	\$115.56	43.3%	1.0%	44.3%
BLK	\$22.53	\$28.03	\$27.08	100%	16.7x	\$6.66	\$458.23	\$385.98	18.7%	3.1%	21.8%
BEN	\$3.13	\$3.26	\$2.85	50%	8.4x	\$6.49	\$30.42	\$29.16	4.3%	3.2%	7.6%
EV	\$2.72	\$3.27	\$3.65	100%	16.6x	\$0.00	\$60.69	\$42.52	42.7%	3.8%	46.5%
FII	\$2.18	\$2.19	\$2.36	60%	10.1x	\$0.00	\$23.70	\$24.87	-4.7%	4.3%	-0.4%
IVZ	\$2.70	\$2.70	\$3.19	50%	8.4x	\$0.00	\$26.81	\$21.00	27.6%	5.7%	33.3%
JHG	\$2.47	\$2.87	\$2.75	55%	9.1x	\$1.13	\$26.30	\$23.63	11.3%	6.1%	17.4%
LM	\$3.64	\$2.50	\$3.25	60%	10.0x	\$0.00	\$32.57	\$27.06	20.4%	5.0%	25.4%
TROW	\$5.44	\$7.42	\$7.40	85%	14.2x	\$4.07	\$108.99	\$93.79	16.2%	2.8%	19.1%
WETF	\$0.21	\$0.35	\$0.35	130%	21.7x	\$0.00	\$7.58	\$7.47	1.5%	1.6%	3.1%
Median	\$2.92	\$3.06	\$3.22	60%	10.0x				17.5%	3.5%	20.4%

S&P 500 EPS est \$132 \$162 \$180  
P/E (current SPX) 20.0x 16.3x 14.7x

Target S&P 500 PE	Current	In 12 Mths	SPX PE
(on 2019E in 12mths)	2,646	3,000	16.7

Source: Deutsche Bank estimates, Company Reports, FactSet

AMG: Affiliated Managers Group; BLK: BlackRock; BEN: Franklin Templeton; EV: Eaton Vance; FII: Federated Investors; IVZ: Invesco; JHG: Janus Henderson Group; LM: Legg Mason; TROW: T. Rowe Price



Figure 2: WETF Income Statement Variance (\$mn)

CONSOLIDATED INCOME STATEMENT	VARIANCE						
	3Q17	2Q18	3Q18A	3Q18E	3Q18A vs.		
					3Q18E	2Q18	3Q17
<b>Operating Revenues:</b>							
Advisory fees	57,574	73,778	71,679	71,158	0.7%	-2.8%	24.5%
Other income	140	997	891	1,039	-14.2%	-10.6%	536.4%
<b>Total operating revenues</b>	<b>57,714</b>	<b>74,775</b>	<b>72,570</b>	<b>72,197</b>	<b>0.5%</b>	<b>-2.9%</b>	<b>25.7%</b>
<b>Operating Expenses:</b>							
Compensation & benefits	19,492	19,301	17,544	18,644	-5.9%	-9.1%	-10.0%
Fund management & administration	10,862	14,621	15,292	14,556	5.1%	4.6%	40.8%
Contractual gold payments	0	2,715	2,880	2,940	-2.0%	6.1%	NA
Marketing & advertising	3,314	3,778	3,239	4,144	-21.8%	-14.3%	-2.3%
Sales & business development	3,617	4,503	3,801	4,548	-16.4%	-15.6%	5.1%
Professional & consulting fees	1,035	1,560	1,934	1,463	32.2%	24.0%	86.9%
Occupancy, communications & equipment	1,378	1,574	1,722	1,600	7.6%	9.4%	25.0%
Depreciation & amortization	353	337	306	337	-9.3%	-9.2%	-13.3%
Third-party distribution fees	710	1,666	1,407	1,696	-17.0%	-15.5%	98.2%
Acquisition payment & restructuring charges	0	7,928	456	974	-53.2%	-94.2%	NA
Other	1,729	2,261	2,281	1,850	23.3%	0.9%	31.9%
<b>Total operating expenses</b>	<b>42,490</b>	<b>60,244</b>	<b>50,862</b>	<b>52,754</b>	<b>-3.6%</b>	<b>-15.6%</b>	<b>19.7%</b>
<i>memo: third party costs to advisory fees</i>							
<b>Operating income</b>	<b>15,224</b>	<b>14,531</b>	<b>21,708</b>	<b>19,443</b>	<b>11.6%</b>	<b>49.4%</b>	<b>42.6%</b>
Interest expense	0	-2,356	-2,747	-2,356	16.6%	16.6%	NA
Interest income	773	612	719	618	16.3%	17.5%	-7.0%
Other gains/(losses)	-501	9,397	7,850	0	NA	-16.5%	-1666.9%
	0	0	0	0	NA	NA	NA
<b>Income before income taxes</b>	<b>15,496</b>	<b>22,184</b>	<b>27,530</b>	<b>17,705</b>	<b>55.5%</b>	<b>24.1%</b>	<b>77.7%</b>
Income tax expense	7,520	5,460	5,481	5,223	4.9%	0.4%	-27.1%
Extraordinary items aftertax	0	2,409	7,376	-687	-1174.3%	206.2%	NA
<b>Net income</b>	<b>7,976</b>	<b>16,724</b>	<b>22,049</b>	<b>12,482</b>	<b>76.6%</b>	<b>31.8%</b>	<b>176.4%</b>
<b>Basic EPS</b>	<b>\$0.06</b>	<b>\$0.11</b>	<b>\$0.15</b>	<b>\$0.08</b>	<b>78.1%</b>	<b>30.2%</b>	<b>146.8%</b>
<b>Diluted EPS</b>	<b>\$0.06</b>	<b>\$0.10</b>	<b>\$0.13</b>	<b>\$0.08</b>	<b>62.4%</b>	<b>29.2%</b>	<b>125.5%</b>
<b>Operating continuing ops diluted EPS</b>	<b>\$0.06</b>	<b>\$0.09</b>	<b>\$0.09</b>	<b>\$0.09</b>	<b>2.4%</b>	<b>0.5%</b>	<b>50.1%</b>

Source: Deutsche Bank estimates, Company Reports

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Figure 3: WETF Key Metrics Variance (\$mn)

CONSOLIDATED INCOME STATEMENT	VARIANCE						
	3Q17	2Q18	3Q18A vs.				
			3Q18A	3Q18E	3Q18E	2Q18	3Q17
<b>KEY OPERATING METRICS</b>							
<b>Basic:</b>							
Effective tax rate (GAAP)	48.5%	24.6%	19.9%	29.5%	-32.5%	-19.1%	-59.0%
Effective tax rate (non-GAAP)	48.5%	29.2%	27.6%	29.5%	-6.6%	-5.6%	-43.2%
Dividends per share	\$0.08	\$0.03	\$0.03	\$0.03	0.0%	0.0%	-62.5%
Dividend payout ratio	136.3%	29.3%	22.7%	36.8%	-38.4%	-22.6%	-83.4%
Preferred dividends							
<b>Earnings Measures:</b>							
GAAP EPS	\$0.06	\$0.10	\$0.13	\$0.08	62.4%	29.2%	125.5%
Non-GAAP EPS	\$0.06	\$0.09	\$0.09	\$0.09	2.4%	0.5%	50.1%
EBITDA	15,849	23,067	30,583	20,399	49.9%	32.6%	93.0%
EBITDA p.s.	\$0.12	\$0.14	\$0.18	\$0.13	37.8%	30.0%	57.4%
Operating Cash Flow p.s.	\$0.02	\$0.12	\$0.13	\$0.06	108.0%	7.4%	426.6%
<b>Profitability:</b>							
Pretax operating margin	26.4%	30.0%	30.5%	28.3%	8.0%	1.7%	15.8%
Pretax operating margin on net revenue	26.4%	30.0%	30.5%	28.3%	8.0%	1.7%	15.8%
EBITDA margin on net revenue	27.5%	30.8%	42.1%	28.3%	49.2%	36.6%	53.5%
Operating expenses/mgmt fees	73.8%	81.7%	71.0%	74.1%	-4.3%	-13.1%	-3.9%
Total comp/net revenue ratio	33.8%	25.8%	24.2%	25.8%	-6.4%	-6.3%	-28.4%
Asset mgmt revenue yield	0.5%	0.5%	0.5%	0.5%	0.7%	-0.8%	-5.3%
Operating income/avg AuM (annlzd)	0.1%	0.1%	0.1%	0.1%	11.6%	52.5%	8.4%
Net income/AuM (annlzd)	0.1%	0.1%	0.1%	0.1%	76.6%	34.6%	110.2%
Return on equity (ROE)	15.6%	19.5%	17.7%	10.2%	73.7%	-9.5%	13.0%
Return on tangible equity	16.6%	-527.8%	-43.0%	-23.6%	82.6%	-91.8%	-359.7%
<b>Balance Sheet:</b>							
EOP Assets	247,648	902,098	909,764	903,892	0.6%	0.8%	267.4%
EOP Equity	202,976	485,892	505,652	488,883	3.4%	4.1%	149.1%
Tangible Equity (EOP)	191,224	-213,191	-193,478	-207,134	-6.6%	-9.2%	-201.2%
EOP Long-term Debt	0	193,407	193,999	193,407	0.3%	0.3%	NA
Book value per share	\$1.48	\$3.17	\$3.30	\$3.19	3.4%	4.1%	122.7%
Tangible book value per share	\$1.40	-\$1.39	-\$1.26	-\$1.35	-6.6%	-9.2%	-190.5%
Net cash per share (net of debt)	\$0.51	-\$0.80	-\$0.76	-\$0.78	-1.9%	-4.7%	-248.8%
Debt/EBITDA	0.0x	2.1x	1.6x	2.4x	-33.1%	-23.6%	NA
Equity/Assets	82.0%	53.9%	55.6%	54.1%	2.8%	3.2%	-32.2%
Total capital return ratio (div + repo)	143.4%	31.7%	24.8%	47.2%	-47.6%	-22.0%	-82.7%
<b>Key Fundamental Drivers:</b>							
Assets under mgmt (AuM)	46,369	59,971	59,179	59,179	0.0%	-1.3%	27.6%
sequential growth rate (%)	3.7%	33.4%	-1.3%	-1.3%	0.0%	-104.0%	-136.1%
Avg assets under mgmt	45,215	61,301	59,466	59,466	0.0%	-3.0%	31.5%
sequential growth rate (%)	1.8%	28.4%	-3.0%	-3.0%	0.0%	-110.5%	-264.5%
Net flows to AuM	-293	-1,256	-1,227	-1,227	0.0%	-2.3%	318.1%
Organic growth rate	-0.7%	-2.8%	-2.0%	-2.0%	0.0%	-26.8%	211.9%
Market/FX contribution	1,932	-1,375	435	435	0.0%	-131.6%	-77.5%
% sequential change	4.3%	-3.1%	0.7%	0.7%	0.0%	-123.7%	-83.2%
Acquired AuM	0	17,641	0	0	NA	-100.0%	NA
% sequential contribution	0.0%	39.2%	0.0%	0.0%	NA	-100.0%	NA

Source: Deutsche Bank estimates, Company Reports

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Figure 4: WETF Income Statement Forecast (\$mn)

CONSOLIDATED INCOME STATEMENT	2017	1Q18	2Q18	3Q18	4Q18E	2018E	2019E	2020E
<b>Operating Revenues:</b>								
Advisory fees	227,775	58,756	73,778	71,679	72,372	276,585	300,563	318,707
Other income	7,440	148	997	891	913	2,949	3,636	3,711
<b>Total operating revenues</b>	<b>235,215</b>	<b>58,904</b>	<b>74,775</b>	<b>72,570</b>	<b>73,285</b>	<b>279,534</b>	<b>304,199</b>	<b>322,417</b>
<b>Operating Expenses:</b>								
Compensation & benefits	81,493	18,832	19,301	17,544	17,945	73,622	77,372	81,139
Fund management & administration	42,144	10,912	14,621	15,292	15,195	56,020	61,588	62,142
Contractual gold payments			2,715	2,880	2,940	8,535	11,761	11,761
Marketing & advertising	14,402	3,195	3,778	3,239	3,840	14,052	16,452	18,461
Sales & business development	13,811	3,813	4,503	3,801	3,905	16,022	18,320	21,295
Professional & consulting fees	5,254	1,636	1,560	1,934	1,663	6,793	7,050	7,479
Occupancy, communications & equipment	5,415	1,363	1,574	1,722	1,751	6,410	6,832	7,349
Depreciation & amortization	1,395	355	337	306	306	1,304	1,378	1,447
Third-party distribution fees	3,393	1,725	1,666	1,407	1,519	6,317	7,250	8,679
Acquisition payment & restructuring charges	4,832	2,062	7,928	456	331	10,777	-	-
Other	7,068	1,790	2,261	2,281	2,298	8,630	9,249	9,712
<b>Total operating expenses</b>	<b>179,207</b>	<b>45,683</b>	<b>60,244</b>	<b>50,862</b>	<b>51,692</b>	<b>208,481</b>	<b>217,253</b>	<b>229,462</b>
<i>memo: third party costs to advisory fees</i>		2.94%	2.26%	1.96%	2.10%	2.28%	2.41%	2.72%
<b>Operating income</b>	<b>56,008</b>	<b>13,221</b>	<b>14,531</b>	<b>21,708</b>	<b>21,593</b>	<b>71,053</b>	<b>86,947</b>	<b>92,955</b>
Interest expense		1	(2,356)	(2,747)	(2,747)	(7,849)	(10,949)	(10,949)
Interest income	2,860	962	612	719	726	3,019	3,049	3,080
Other gains/(losses)	(676)	(262)	9,397	7,850	-	16,985	-	-
<b>Income before income taxes</b>	<b>58,192</b>	<b>13,922</b>	<b>22,184</b>	<b>27,530</b>	<b>19,572</b>	<b>83,208</b>	<b>79,047</b>	<b>85,086</b>
Income tax expense	30,993	4,498	5,460	5,481	5,187	20,626	20,947	22,548
Extraordinary items aftertax	(944)	(1,851)	2,409	7,376	(243)	7,691		
<b>Net income</b>	<b>27,199</b>	<b>9,424</b>	<b>16,724</b>	<b>22,049</b>	<b>14,385</b>	<b>62,582</b>	<b>58,100</b>	<b>62,538</b>
<b>Basic EPS</b>	<b>\$0.20</b>	<b>\$0.07</b>	<b>\$0.11</b>	<b>\$0.15</b>	<b>\$0.10</b>	<b>\$0.42</b>	<b>\$0.39</b>	<b>\$0.42</b>
<b>Diluted EPS</b>	<b>\$0.20</b>	<b>\$0.07</b>	<b>\$0.10</b>	<b>\$0.13</b>	<b>\$0.09</b>	<b>\$0.39</b>	<b>\$0.35</b>	<b>\$0.38</b>
<b>Operating continuing ops diluted EPS</b>	<b>\$0.21</b>	<b>\$0.08</b>	<b>\$0.09</b>	<b>\$0.09</b>	<b>\$0.09</b>	<b>\$0.35</b>	<b>\$0.35</b>	<b>\$0.38</b>
Wtd-avg basic shares outstanding (in mn)	134.6	135.3	149.1	150.9	150.1	146.4	150.1	150.1
Wtd-avg diluted shares outstanding	135.9	136.5	163.3	166.6	166.3	158.2	166.3	166.3
EOP shares outstanding	137.0	137.8	153.1	153.1	153.1	153.1	153.1	153.1

Source: Deutsche Bank estimates, Company Reports

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Figure 5: WETF Key Metrics Forecast (\$mn)

CONSOLIDATED INCOME STATEMENT	2017	1Q18	2Q18	3Q18	4Q18E	2018E	2019E	2020E
<b>KEY OPERATING METRICS</b>								
<b>Basic:</b>								
Effective tax rate (GAAP)	53.3%	32.3%	24.6%	19.9%	26.5%	24.8%	26.5%	26.5%
Effective tax rate (non-GAAP)	53.3%	32.3%	29.2%	27.6%	26.5%	28.6%	26.5%	26.5%
Dividends per share	\$0.32	\$0.03	\$0.03	\$0.03	\$0.03	\$0.12	\$0.12	\$0.16
Dividend payout ratio	159.6%	43.4%	29.3%	22.7%	34.7%	30.7%	34.4%	42.6%
Preferred dividends	-	-	-	-	-	-	-	-
<b>Earnings Measures:</b>								
GAAP EPS	\$0.20	\$0.07	\$0.10	\$0.13	\$0.09	\$0.39	\$0.35	\$0.38
Non-GAAP EPS	\$0.21	\$0.08	\$0.09	\$0.09	\$0.09	\$0.35	\$0.35	\$0.38
EBITDA	59,587	14,277	23,067	30,583	22,624	90,551	91,374	97,482
EBITDA p.s.	\$0.44	\$0.10	\$0.14	\$0.18	\$0.14	\$0.57	\$0.55	\$0.59
Operating Cash Flow p.s.	\$0.00	\$0.10	\$0.12	\$0.13	\$0.07	\$0.43	\$0.31	\$0.35
<b>Profitability:</b>								
Pretax operating margin	23.8%	25.9%	30.0%	30.5%	29.9%	29.3%	28.6%	28.8%
Pretax operating margin on net revenue	23.8%	25.9%	30.0%	30.5%	29.9%	29.3%	28.6%	28.8%
EBITDA margin on net revenue	25.3%	24.2%	30.8%	42.1%	30.9%	32.4%	30.0%	30.2%
Operating expenses/mgmt fees	78.7%	77.8%	81.7%	71.0%	71.4%	75.4%	72.3%	72.0%
Total comp/net revenue ratio	34.6%	32.0%	25.8%	24.2%	24.5%	26.3%	25.4%	25.2%
Asset mgmt revenue yield	0.505%	0.500%	0.483%	0.479%	0.473%	0.489%	0.465%	0.454%
Operating income/avg AuM (annlzd)	0.124%	0.112%	0.095%	0.145%	0.141%	0.126%	0.134%	0.132%
Net income/AuM (annlzd)	0.060%	0.080%	0.109%	0.147%	0.094%	0.111%	0.090%	0.089%
Return on equity (ROE)	13.6%	19.5%	19.5%	17.7%	11.3%	16.5%	11.4%	12.3%
Return on tangible equity	14.5%	21.0%	-527.8%	-43.0%	-29.8%	-136.6%	-93.1%	-33.6%
<b>Balance Sheet:</b>								
EOP Assets	254,985	239,990	902,098	909,764	913,224	913,224	917,638	922,258
EOP Equity	192,951	201,605	485,892	505,652	506,864	506,864	510,642	509,530
Tangible Equity (EOP)	179,067	187,777	(213,191)	(193,478)	(189,200)	(189,200)	(185,421)	(186,534)
EOP Long-term Debt	-	-	193,407	193,999	193,999	193,999	193,999	193,999
Book value per share	\$1.41	\$1.46	\$3.17	\$3.30	\$3.31	\$3.31	\$3.33	\$3.33
Tangible book value per share	\$1.31	\$1.36	-\$1.39	-\$1.26	-\$1.24	-\$1.24	-\$1.21	-\$1.22
Net cash per share (net of debt)	\$0.40	\$0.77	-\$0.80	-\$0.76	-\$0.74	-\$0.74	-\$0.71	-\$0.68
Debt/EBITDA	0.0x	0.0x	2.1x	1.6x	2.2x	2.1x	2.1x	2.0x
Equity/Assets	75.7%	84.0%	53.9%	55.6%	55.5%	55.5%	55.6%	55.2%
Total capital return ratio (div + repo)	190.0%	51.6%	31.7%	24.8%	41.2%	34.5%	87.4%	96.2%
<b>Key Fundamental Drivers:</b>								
Assets under mgmt (AuM)	48,937	44,961	59,971	59,179	62,216	62,216	67,149	73,312
sequential growth rate (%)	18.6%	-8.1%	33.4%	-1.3%	5.1%	27.1%	7.9%	9.2%
Avg assets under mgmt	45,065	47,724	61,301	59,466	60,697	56,582	64,682	70,230
sequential growth rate (%)	7.4%	-0.7%	28.4%	-3.0%	2.1%	25.6%	14.3%	8.6%
Net flows to AuM	991	(2,214)	(1,256)	(1,227)	1,349	(3,349)	4,933	6,163
Organic growth rate	2.4%	-4.5%	-2.8%	-2.0%	2.3%	-6.8%	7.9%	9.2%
Market/FX contribution	6,688	(1,761)	(1,375)	435	1,688	(1,013)	-	-
% sequential change	16.2%	-3.6%	-3.1%	0.7%	2.9%	-2.1%	0.0%	0.0%
Acquired AuM	-	-	17,641	-	-	17,641	-	-
% sequential contribution	-	-	39.2%	-	-	36.0%	-	-

Source: Deutsche Bank estimates, Company Reports



# Appendix 1

## Important Disclosures

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Disclosure checklist			
Company	Ticker	Recent price*	Disclosure
WisdomTree Investments	WETF.OQ	6.91 (USD) 25 Oct 2018	NA

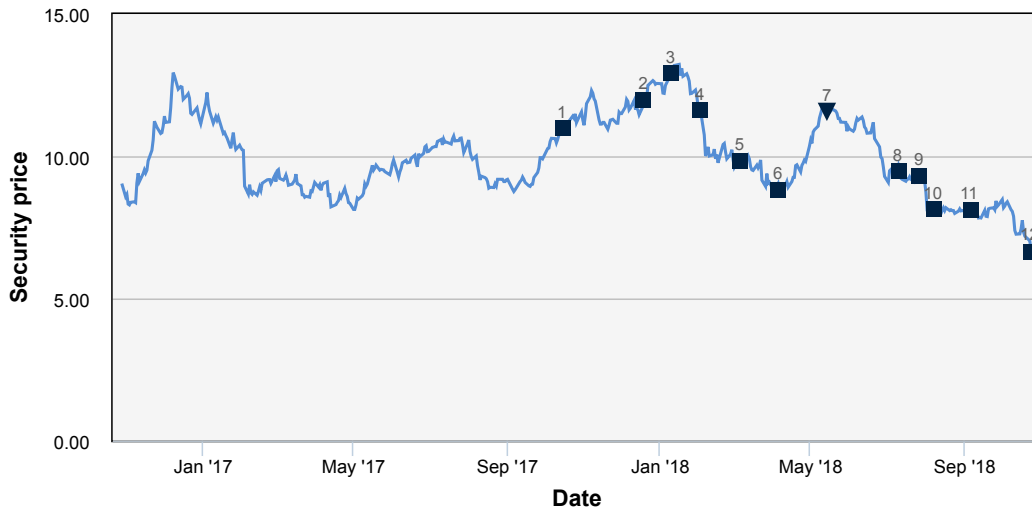
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## Historical recommendations and target price. WisdomTree Investments (WETF.OQ)

(as of 10/25/2018)



### Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

\*\* Analyst is no longer at Deutsche Bank

1.	10/16/2017	Buy, Target Price Change USD 13.00 David Unger, CFA**	7.	05/15/2018	Downgraded to Hold, Target Price Change USD 12.00 Brian Bedell
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3.	01/10/2018	Buy, Target Price Change USD 15.00 Brian Bedell	9.	07/27/2018	Hold, Target Price Change USD 10.00 Brian Bedell
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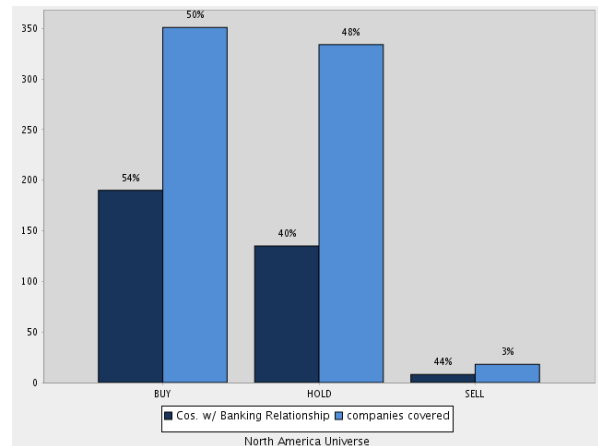
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