As filed with the Securities and Exchange Commission on May 26, 2011

File No. 001-10932

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Amendment No. 1

to

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES

PURSUANT TO SECTION 12(b) OR 12(g) OF

THE SECURITIES EXCHANGE ACT OF 1934

WisdomTree Investments, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-3487784**

(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
380 Madison Avenue, 21st Floor New York, New York	**10017**
(Address of Principal Executive Office)	**(Zip Code)**

Registrant s telephone number, including area code:

(212) 801-2080

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

Title of each class to be registered	Name of each exchange on which each class is to be registered
Common Stock, $0.01 par value per share	**The Nasdaq Stock Market, LLC**

Securities to be registered pursuant to Section 12(g) of the Act: None

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. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this registration statement, including documents incorporated by reference herein, constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward- looking terminology such as outlook, objective, may, will, exp intend, estimate, anticipate, believe, should, plans, or continue, or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect our current expectations regarding future events and operating performance and speak only as of the date of this registration statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the assumption that the projects will operate and perform in accordance with our expectations. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under Risk Factors. Our business is both competitive and subject to various risks.

These risks include, without limitation:

- 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 will make it difficult to evaluate our future prospects.

- Difficult market conditions and 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 triggering redemptions.

- Volatility and disruption of the capital and credit markets, and adverse changes in the global economy, may significantly affect our results of operations and may put pressure on our financial results.

- The amount and mix of our assets under management, which impact revenue, are subject to significant fluctuations.

- Most of our assets under management are held in ETFs that invest in foreign securities and we have substantial exposure to foreign market conditions and we 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 investing in the strategies pursued by those funds and our ability to maintain the assets under management of those funds.

Other factors, such as general economic conditions, including currency exchange rate fluctuations, also may have an effect on the results of our operations. Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf. For a description of risks that could cause our actual results to materially differ from our current expectations, please see Item 1A. Risk Factors in this registration statement.

These forward-looking statements are made as of the date of this registration statement and, except as expressly required by applicable law, we assume no obligation to update or revise them to reflect new events or circumstances.

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ITEM 1. BUSINESS

Unless otherwise stated, or the context otherwise requires, references in this registration statement to we, us, our and WisdomTree refer to WisdomTree Investments, Inc. and those entities owned or controlled by WisdomTree Investments, Inc. WisdomTree ETFs refer to the exchange traded funds issued by the WisdomTree Trust for which we serve as investment advisor. WisdomTree® is our U.S. registered service mark. Diversified Trends Indicator and DTI® are trademarks of Alpha Financial Technologies, LLC.

Summary

We are the eighth largest sponsor of exchange traded funds, or ETFs, in the United States based on assets under management, or AUM, as of April 29, 2011, with an AUM of more than $12 billion. An ETF is an investment fund that holds assets such as equities, bonds, currencies or commodities 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 the broad U.S. and global markets, as well as specific sectors, regions, countries and asset classes, such as commodities, real estate or currencies. We currently offer a comprehensive family of 46 ETFs, which includes 34 international and domestic equity ETFs, 9 currency ETFs, two recently launched international fixed income ETFs and one recently launched managed futures strategy ETF.

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. The ETF industry is among the fastest growing sectors of the broader asset management industry, experiencing a compound annual growth rate of 31.2% over the past ten years, from $66 billion in AUM in 2000 to nearly $1 trillion in AUM at the end of 2010. Despite this rapid growth, we believe there is considerable potential for further growth in the ETF industry as investors become more familiar with the benefits of ETFs compared to mutual funds and other investment products. Over the last several years, as a percent of total ETF and long-term mutual fund inflows and AUM, ETFs share has been growing. In fact, in 2008, the mutual fund industry experienced net outflows while the ETF industry experienced net inflows. We believe the trend towards ETFs will continue and accelerate as the ETF industry benefits from investor education initiatives, the shift by financial advisors to fee-based models, the launch of innovative new products, the introduction of new distribution channels and changing investor demographics.

We are not a traditional asset manager. We are an ETF sponsor focused on creating the most innovative and thoughtful ETFs for the marketplace. We believe there is a considerable growth opportunity for ETFs and are positioning WisdomTree to capitalize on this growth. Our goal is to become one of the top five ETF sponsors in the United States by focusing on our core competitive strengths:

- the strong performance of our ETFs;
- a track record of innovative product development;
- our strong, seasoned and innovative management team;
- our marketing, research and sales expertise;
- strong brand recognition;
- our ability to develop our own proprietary indexes; and
- our highly scalable business model.

We intend to use these core competitive strengths to:

- leverage our asset levels, trading volumes and performance track record;
- continue to launch innovative new products that diversify our product offerings and revenue stream; and
- selectively pursuing acquisitions and partnerships.

We provide investment advisory and other management services to the WisdomTree Trust and WisdomTree ETFs. In exchange for providing these services, we receive advisory fee revenues based on a percentage of the ETFs average daily net assets. Our expenses are predominantly related to selling, operating and marketing our ETFs. Our revenues have

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increased substantially since we launched in June 2006. Our revenues increased to $41.6 million in 2010 compared to $22.1 million in 2009 and $23.6 million in 2008. For the first quarter of 2011, our revenues were $14.5 million, compared to $8.7 million in the first quarter of 2010. We have improved our net loss to $7.5 million in 2010, from a loss of $21.2 million in 2009 and a loss of $27.0 million in 2008. We recorded our first net income of approximately $0.2 million during the first quarter of 2011, compared to a net loss of $3.6 million in the first quarter of 2010.

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.

We have applied to have our common stock listed on The NASDAQ Global Market under the symbol WETF.

Our Industry

ETFs have been in existence for nearly two decades. The first ETF, the Standard & Poor s Depositary Receipts commonly known as the SPDR, or the Spider, was launched in the United States in 1993 and tracked the Standard & Poor s 500 index. The success of this first ETF led to the creation of additional ETFs. In 1996, Barclays Global Investors launched iShares ETFs (then known as World Equity Benchmark Shares, or WEBS) based on MSCI country indexes. The Diamond ETF, which is based on the Dow Jones Industrial Average Index, was introduced in 1998 and the QQQ , which tracks the Nasdaq 100 index, was launched in 1999. Due to the success of these and other early ETFs, the scale and scope of ETFs has grown rapidly. As of April 29, 2011, there were approximately 1,200 ETFs in the United States with an aggregate AUM reaching over $1 trillion.

ETFs were initially marketed mostly to institutional investors for use primarily in sophisticated trading strategies like hedging, but today, industry experts believe that institutional investors account for only about half of the assets held in ETFs. ETFs have gained in popularity among a broad range of investors and have impacted the way they invest and where they invest. ETFs have provided investors with access to various investment themes and asset classes such as international and emerging market equities, commodities, real estate, currencies and sophisticated trading strategies, which were once reserved for the exclusive use of hedge funds and other institutional investors, and all at significantly lower fees.

Exchange Traded Funds

An ETF is an investment fund that holds assets such as equities, bonds, currencies or commodities and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. ETFs offer exposure to a wide variety of asset classes and investment themes, including the broad U.S. and global markets and specific sectors, regions and countries, as well as the standard asset classes and investment styles. There are also ETFs that track certain specific investments, such as commodities, real estate or currencies. Like mutual funds, equity ETFs are baskets of investments that represent a diversified group of companies. However, ETFs have the following characteristics that distinguish them from mutual funds:

Transparency. ETFs disclose the composition of their underlying portfolios on a daily basis, unlike mutual funds which typically disclose their holdings every 90 days. As a result, investors know what they own and can make more informed investment decisions and respond to market activity.

Intraday Trading. 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. In contrast, mutual funds cannot be bought or sold using intraday prices but rather are bought or sold using end-of-day net asset values. 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.

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 have an additional mechanism not utilized by mutual funds that helps them reduce or eliminate taxable gains. 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. As a practical matter, mutual funds can not use this process. These in-kind redemption transactions are not taxable events for the ETF. 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. It is not uncommon for equity ETFs to distribute no capital gains to shareholders at the end of the year. In fact, all of our 34 WisdomTree equity ETFs had zero capital gain distributions in 2010. Tax-efficiency is also improved by the relatively low turnover in the indexes the ETFs are designed to track, which contrasts with active mutual fund managers who typically trade their holdings much more frequently.

Lower Fees. ETFs typically offer lower expense ratios because the vast majority of ETFs are not actively managed. While there are typically brokerage commissions charged for the purchase and sale of an ETF similar to what you would pay when you purchase or sell individual securities, the administrative fees that ETFs charge tend to be significantly lower as compared to their mutual fund counterparts. Also, ETFs are generally shielded from the costs associated with buying and selling shares to accommodate purchases and redemptions. On average, the fee for U.S. equity funds charged by ETFs is 0.53% while mutual funds are 1.42%.

Since ETFs trade like an equity security, they also offer significant accessibility and flexibility for investors. ETFs do not carry a minimum holding period or trade size. They can be easily accessed through online brokers or through a financial advisor. No paperwork is required between the fund sponsor and the end customer. Although investors typically pay brokerage commissions to buy or sell an ETF, ETFs do not carry sales loads or pay trailer fees to brokers like mutual funds. We believe these features make ETFs an attractive alternative to mutual funds or high-fee financial products or structures such as hedge funds.

Reasons for Using ETFs

ETFs are used in various ways by a range of investors, from conservative to speculative. ETF strategies include:

Low Cost Index Investing. Because of their low cost, ETFs are used by investors seeking to track a variety of indexes encompassing equities, commodities or fixed income over the short and long term.

Improved Access to Specific Asset Classes. Investors often use ETFs to gain access to specific market sectors or regions around the world using an ETF that holds a portfolio of securities in that region or segment instead of buying individual securities.

Protective Hedging. Investors seeking to protect their portfolios may use ETFs as a hedge against unexpected declines in prices.

Income Generation. Investors seeking to obtain income from their portfolios may buy dividend-paying ETFs, which encompass a basket of dividend-paying stocks rather than buying individual stocks or a fixed income ETF that typically distributes monthly income.

Speculative Investing. Investors with a specific directional opinion about a market sector may choose to buy or sell (long or short) an ETF covering or leveraging that market sector.

Arbitrage. Sophisticated investors may use ETFs in order to exploit perceived value differences between the ETF and the value of the ETF s underlying portfolio of securities.

Asset Allocation. Investors seeking to invest in various asset classes to develop an asset allocation model in a cost-effective manner can do so easily with ETFs, which offer broad exposure to various asset classes in a single security.

Diversification. By definition, ETFs represent a basket of securities and each fund may contain hundreds or even thousands of different individual securities. The instant diversification of ETFs provides investors with broad exposure to an asset class, market sector or geography.

Unconflicted Advice. Currently, ETFs are not sold with a sales loads or 12b-1 fees, which are fees paid for marketing and selling mutual fund shares, such as compensating brokers and others who sell fund shares. Therefore, we believe a financial advisor recommending an ETF for their client is generally giving objective advice when recommending an ETF over a mutual fund. We do not pay commissions nor do we offer 12b-1 fees to financial advisors to use or recommend our ETFs.

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The ETF Industry

Over the last decade, ETFs have experienced 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, yet, at the end of 2010, there were approximately 900 ETFs compared to more than 8,000 mutual funds. The chart below reflects the AUM of the ETF industry in the United States since 1995:

Source: Investment Company Institute, Bloomberg, WisdomTree

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As of April 29, 2011, we were the eighth largest ETF sponsor in the United States by AUM:

		Total (in millions)
1	iShares	$ 498,075
2	StateStreet	$ 269,478
3	Vanguard	$ 172,880
4	PowerShares	$ 49,182
5	ProShares	$ 26,731
6	Van Eck	$ 23,217
7	Deutsche Bank	$ 14,972
8	**WisdomTree**	**$ 12,151**
9	Rydex	$ 8,790
10	First Trust	$ 8,005
11	Direxion	$ 6,501
12	Merrill (HOLDRs)	$ 5,428
13	U.S. Commodity Funds	$ 4,884
14	ETF Securities	$ 4,530
15	Schwab	$ 4,249
16	Claymore	$ 4,015
17	PIMCO	$ 2,704
18	GlobalX	$ 1,795
19	ALPS	$ 1,403
20	GreenHaven	$ 868
21	RevenueShares	$ 635
22	Emerging Global Shares	$ 557
23	IndexIQ	$ 515
24	AdvisorShares	$ 287
25	Fidelity	$ 192
26	X-Shares	$ 138
27	Teucrium	$ 113
28	Focus Shares	$ 79
29	Grail	$ 30
30	FactorShares	$ 24
31	Javelin	$ 15
32	OneFund	$ 14
33	FaithShares	$ 11
34	ESG Shares	$ 3
	Total	$ 1,122,471

Source: Bloomberg, WisdomTree

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ETF Industry Growth Opportunity

We believe there is considerable growth potential in the ETF industry and that we are well-positioned to capitalize on this growth. We believe our growth, and the growth of the ETF industry in general, will be accelerated by the following factors:

Education and Greater Investor Awareness. Over the last several years, ETFs have been taking a greater share of inflows and AUM from mutual funds. For example:

As a percent of total ETF and long-term mutual fund inflows, ETF inflows have increased from 23% in 2005 to 34% in 2010, according to the Investment Company Institute, and we expect this trend to continue or accelerate.

The same data reflects that during the recent market downturn in 2008, while traditional long-term mutual funds were experiencing outflows of $225 billion, ETFs were experiencing inflows of $177 billion.

As a percent of total ETF and long-term mutual fund AUM, ETF AUM has increased from 4.2 % in 2005 to 10% in 2010. We believe as a result of the recent market downturn, investors have become more aware of some of the deficiencies of their mutual fund and other financial products. In particular, we believe investors are beginning to focus on important characteristics of their traditional investments namely transparency, liquidity and fees. Their attention and education focused on these important investment characteristics may be one of the drivers of the shift in inflows from traditional mutual funds to ETFs. We believe as investors become more aware and educated about ETFs and their benefits, ETFs will continue to take market share from traditional mutual funds and other financial products or structures such as hedge funds, separate accounts and single stocks.

Move to Fee-Based Models. Over the last several years, many financial advisors have changed the fees they charge clients from one that is transaction-based , that is based on commission for trades or receiving sales loads, to a fee-based approach, where an overall fee is charged based on the value of AUM. This fee-based approach lends itself to the advisor selecting no-load, lower-fee financial products, and in our opinion, better aligns the advisor with the interests of their client. Since ETFs generally charge lower fees than mutual funds, we believe this model shift will benefit the ETF industry. As major brokerage firms and asset managers encourage their advisors to move towards fee-based models, we believe overall usage of ETFs will likely increase.

Innovative Product Offerings. Historically, ETFs tracked traditional equity indexes, but the volume of ETF growth has lead to significant innovation and product development. As demand increased, ETF sponsors continued to innovate and today, ETFs are in virtually every asset class including commodities, fixed income, alternative strategies, leveraged/inverse, real estate and currencies. We believe there are substantial areas for ETFs to continue to innovate, including alternative-based strategies, hard and soft commodities, and actively-managed strategies. We believe the expansion of ETFs into these new asset classes will fuel further growth and investments from investors who typically access these products through hedge funds, separate accounts, stock investments or the futures and commodity markets.

New Distribution Channels. Discount brokers, including TD Ameritrade, E*Trade and Fidelity, now offer free trading and promotion of select ETFs. We believe the promotion of ETF trading by discount brokers and their marketing of ETFs to a wider retail channel will contribute to the future growth of ETFs.

Changing Demographics. As the baby boomer generation continues to mature and begins to retire, we expect that there will be a greater demand for a broad range of investment solutions, with a particular emphasis on income generation and principal protection, and that more of these retiring investors will seek advice from professional financial advisors. We believe these financial advisors will migrate more of their clients portfolios to ETFs due to their lower fees, better fit within fee-based models, and their ability to (i) provide access to more diverse market sectors, (ii) improve multi-asset class allocation and (iii) be used for different investment strategies, including income generation. Overall, we believe ETFs are well-suited to meet the needs of this large and important group of investors.

Expansion Into 401(k) Retirement Plans. Historically, 401(k) plans were almost exclusively comprised of mutual funds. However, we believe ETFs are particularly well-suited to 401(k) retirement plans and that these plans present a large and growing opportunity for our industry. ETFs are easy-to-implement, fully transparent investment vehicles covering the full range of asset allocation categories, and are available at significantly lower costs than most traditional mutual funds. In addition, regulatory reform laws are anticipated to go into effect in the second half of 2011 that will require 401(k) retirement plan sponsors to disclose all fees associated with their plans. We believe that as investors become aware of fees associated with using mutual funds in traditional 401(k) retirement plans, they will replace their mutual funds with ETFs because of their lower fees.

Regulatory Framework of the ETF Industry

Not all exchange traded products, or ETPs, are ETFs. ETFs are a distinct type of security that have benefits very different than other ETPs. ETFs are open-end investment companies or unit investment trusts regulated by the Investment Company Act of 1940, as amended. This regulatory structure provides for the highest level of investor protection within a pooled investment product. For example, each ETF is required to have an independent board of Trustees not affiliated with the fund s investment manager. In addition, ETFs operate under regulations that prohibit affiliated transactions, have standard pricing and valuation rules and mandated compliance programs. ETPs that are not ETFs are not registered under the Investment Company Act and are not required to operate under these higher standards. ETPs can take a number of forms, including exchange traded notes, grantor trusts or limited partnerships. A key differentiating factor between exchange traded funds, grantor trust and limited partnerships from exchange traded notes is that the former holds assets underlying the ETP. Exchange traded notes on the other hand are backed by debt instruments issued by the exchange traded note sponsor. Because of this differentiation, exchange traded funds, grantor trust and limited partnerships are generally referred together as exchange traded funds even though there are technical differences. Also, each of these structures has implications for taxes, liquidity, tracking error and credit risk. Though creating an ETF may require additional regulatory and operational hurdles, we believe that ETFs are the best investment structure for investors and we expect to continue creating products using the ETF structure.

Because ETFs do not fit into the regulatory provisions governing mutual funds, ETF sponsors need to apply to the Securities and Exchange Commission, or SEC, for exemptive relief from certain provisions of the Investment Company Act in order to operate ETFs. This exemptive relief allows the ETF sponsor to bring products to market for the specific products or structures they have applied for. Applying for exemptive relief can be costly and take several months to several years depending on the type of exemptive relief sought.

Corporate Structure

The WisdomTree ETFs are issued by the WisdomTree Trust. The WisdomTree Trust is a Delaware statutory trust registered with the SEC as an open-end management investment company. The Board of the WisdomTree Trust, or the Trustees, is separate from the Board of Directors of our company, WisdomTree Investments, Inc. The Trustees are primarily responsible for overseeing the management and affairs of the WisdomTree

ETFs and the Trust for the benefit of the WisdomTree ETF stockholders. We have licensed the use of our own fundamentally-weighted indexes for ETFs on an exclusive basis to the WisdomTree Trust for the WisdomTree ETFs.

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Like most ETFs, the day-to-day business of the Trust is generally performed by third-party service providers, such as the adviser, sub-adviser, distributor and administrator, although the Trustees are responsible for overseeing the Trust s service providers. The Trustees have approved us to serve as the investment adviser to the WisdomTree Trust as well as provide general management and administration of WisdomTree Trust and each of its ETFs. In turn, we have contracted with other third party service providers for some of these services. In addition, Jonathan Steinberg, our Chief Executive Officer, serves as a Trustee and President of the WisdomTree Trust and Amit Muni, our Chief Financial Officer, serves as Treasurer of the Trust.

Our investment management agreement with the WisdomTree Trust and WisdomTree ETFs must be renewed and specifically approved at least annually by a vote of the Trustees.

The following diagram depicts the corporate structure:

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Corporate History

WisdomTree Investments, Inc. was incorporated by our Chief Executive Officer and founder, Jonathan Steinberg, in Delaware as Financial Data Systems, Inc., on September 19, 1985, but was inactive until October 1988 when it acquired the assets relating to what would become *Individual Investor* magazine, a monthly personal finance magazine. In December 1991, it completed an initial public offering and commenced trading on the Nasdaq Stock Market. In 1993, the company s name was changed to Individual Investor Group, Inc. and throughout the 1990 s it was a financial media company that published several magazines, including *Individual Investor* and *Ticker*, newsletters, as well as maintained several online financial related websites. In addition, the company also began developing stock indexes. Due to the economic downturn in the financial media industry in 2000 and 2001, the company sold its media properties in order to preserve its capital while it pursued a new business plan focusing on developing and licensing its stock indexes. The company s common stock was de-listed from Nasdaq and began quotation on the over-the-counter market known as the Pink Sheets. In 2002, the company s name was changed to Index Development Partners, Inc., and Jonathan Steinberg, along with Luciano Siracusano, our Chief Investment Strategist, continued development of the concepts for our fundamentally weighted index methodology. While this concept was being developed, the company sought to obtain financing to recapitalize and become an ETF sponsor. Between 2004 and 2005, the company obtained financing from a core group of investors including former hedge fund manager Michael Steinhardt, Professor Jeremy Siegel of The Wharton School of the University of Pennsylvania and the venture capital firm of RRE Ventures, LLC. Michael Steinhardt became our Chairman and Professor Jeremy Siegel became the senior investment strategy advisor for our company and Board. James Robinson, IV of RRE Ventures also joined our Board. In 2005, the company s name was changed to WisdomTree Investments, Inc. WisdomTree Investments, Inc. launched its first 20 ETFs in June 2006. Our common stock continues to be quoted on the Pink Sheets, now known as OTC Markets, and we intend to seek listing of our common stock on in connection with the filing of this Form 10 with the U.S. Securities and Exchange Commission.

Our Business

Overview

We are the eighth largest sponsor of ETFs in the United States based on AUM. In June 2006, we launched 20 ETFs and, as of April 29, 2011, we had 46 ETFs with AUM of approximately $12.2 billion.

Through our operating subsidiary, we provide investment advisory and other management services to the WisdomTree Trust and WisdomTree ETFs. In exchange for providing these services, we receive advisory fee revenues based on a percentage of the ETFs average daily net assets. Our expenses are predominantly related to selling, operating and marketing our ETFs.

We have contracted with third parties to provide some of the investment advisory and other management services to the WisdomTree ETFs. We have contracted with Mellon Capital Management Corporation to act as sub-advisor and provide portfolio management services for the WisdomTree ETFs. We have also contracted with Bank of New York to provide fund administration, custody, accounting and other related services for the WisdomTree ETFs. Both of these parties are part of The Bank of New York Mellon Corporation, collectively BNY Mellon.

Our primary business is an ETF sponsor. However, in conjunction with the development of our indexes for our ETFs, we also license our indexes to third parties for use in financial products or for separate accounts. This is not currently a material part of our business and we do not believe this will become a material part of our business in the future.

We also have a small team dedicated to promoting the use of WisdomTree ETFs in 401(k) retirement plans through our wholly-owned subsidiary, WisdomTree Retirement Services, Inc. We believe the benefits of ETFs, along with pending regulatory disclosure of fees paid by 401(k) plan participants and sponsors, will foster more use of low cost ETFs in 401(k) plans. This initiative is still in its early stages and is expected to be a long-term investment.

Our revenues have increased substantially since we launched in June 2006. Our revenues increased to $41.6 million in 2010 compared to $22.1 million in 2009 and $23.6 million in 2008. For the first quarter of 2011, our revenues were $14.5 million, compared to $8.7 million in the first quarter of 2010. With only approximately five years of operations, we have improved our net loss to $7.5 million in 2010, from a loss of $21.2 million in 2009 and a loss of $27.0 million in 2008. We recorded our first net income of approximately $0.2 million during the first quarter of 2011, compared to a net loss of $3.6 million in the first quarter of 2010.

Our Products

Today, we offer a comprehensive family of 46 ETFs, which includes 34 international and domestic equity ETFs, 9 currency income ETFs, two recently launched international fixed income ETFs and one recently launched managed futures strategy ETF. 45 of our ETFs are listed on NYSE

Arca, a listing venue of NYSE Euronext, and one of our ETFs is listed on the Nasdaq Stock Market. In April 2010, ten of our ETFs also were 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.

Equity ETFs

We offer equity ETFs covering the U.S. and international developed and emerging markets. These ETFs offer access to the securities of large, mid and small-cap companies, companies located in the United States, developed markets and emerging markets, as well as companies in particular market sectors, including basic materials, energy, utilities and real estate. As described in more detail below, our equity ETFs track our proprietary fundamentally weighted indexes, as opposed to market capitalization weighted indexes, which assign more weight to stocks with the highest market capitalizations. These fundamentally weighted indexes focus on securities of companies that pay regular cash dividends or on securities of companies that have generated positive cumulative earnings over a certain period. We believe these factors, rather than market capitalization alone, provide investors with better risk adjusted returns.

Currency ETFs

We offer currency ETFs that provide investors with exposure to developed and emerging market currencies, including the Chinese Yuan, the Brazilian Real, the Euro and the Japanese Yen. Currency ETFs invest in U.S. money market securities, forward currency contracts and swaps and seek to achieve the total returns reflective of both money market rates in selected countries available to foreign investors and changes to the value of these currencies relative to the U.S. dollar. We launched the industry s first currency ETFs in May 2008 using an actively managed strategy.

International Fixed Income ETF

In August 2010, we launched an ETF that predominantly invests in a broad range of local debt denominated in the currencies of emerging market countries and on March 17, 2011, we launched an ETF that invests in local debt denominated in the currencies of Asia Pacific ex-Japan countries. We intend to launch additional fixed income bond funds and broaden our product offerings in this category.

Alternative Strategy ETF

In January 2011, we launched the industry s first managed futures strategy ETF. This fund seeks to achieve positive returns in rising or falling markets that are not directly correlated to broad market equity or fixed income returns. This fund is managed using a quantitative, rules-based strategy designed to provide returns that correspond to the Diversified Trends Indicator , or DTI®. The DTI is a long/short rules-based managed futures indicator developed by Victor Sperandeo of Alpha Financial Technologies, LLC and is a widely used indicator designed to capture the economic benefit derived from rising or declining price trends in the markets for commodity, currency and U.S. Treasury futures. We have an exclusive license to manage an ETF against this indicator. We also intend to explore additional alternative strategy products in the future.

The type and AUM for each of our ETFs are listed below as of April 29, 2011:

	Number of Funds	Type	AUM (in millions)
Equity ETFs:			
U.S. Equity ETFs	12	Index based	$ 2,342
Emerging Markets Equity ETFs	4	Index based	$ 3,914
International Developed Equity ETFs	14	Index based	$ 2,737
International Sector Equity ETFs	4	Index based	$ 273
Currency ETFs	9	Actively Managed	$ 1,596
International Fixed Income ETFs	2	Actively Managed	$ 1,193
Alternative Strategy ETF	1	Actively Managed	$ 96
Total	46		$ 12,151

Index Based ETFs

Our equity ETFs seek to track our own fundamentally weighted indexes. Most of today s ETFs track market capitalization weighted indexes. Market capitalization weighted ETFs assign more weight to stocks with the highest market capitalizations, which is a function of stock price. This means that if a stock is overvalued, market capitalization weighted funds will give the overvalued stock greater weight as its price and market capitalization increases and the opposite is true if a stock is undervalued, where market capitalization weighted funds will give it less weight. Without a way to rebalance away from these stocks, market capitalization weighted funds essentially hold more of a company s stock as its price is going up and less

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as the price of the company s stock is going down. In other words, these funds buy high and sell low. Market history contains many examples of overvalued stocks, for example, the technology and dot-com bubble of the late 1990s. We believe this structural flaw can expose investors to potentially higher risks and lower returns.

To address the structural flaw of market cap-weighting, we developed fundamentally weighted indexes that weight companies in our ETFs by a measure of fundamental value instead of market capitalization using a rules-based methodology. After researching fundamental indicators of value, we believe the most effective metrics are cash dividends or earnings. Our research indicated that weighting by cash dividends or earnings provided investors with better risk adjusted returns than market capitalization weighted indexes. The rules-based methodology that we created weights companies in our index based on either dividends or earnings in order to magnify the effect that dividends or earnings play on the total return of the index. Under our rules-based methodology, we weight each company based on their projected cash dividends to be paid over the coming year over the sum of the projected cash dividends to be paid by all companies or we weight each company based on their previous annual earnings over the sum of the earnings by all companies in the index. Our funds are rebalanced annually and designed to reset back to an indicator of fundamental value either cash dividends paid or earnings generated. All of our index based equity ETFs are based on this approach. We believe this fundamentally weighted approach offers better returns than comparable ETFs or mutual funds tracking market capitalization weighted indexes over the long-term.

We benchmark each of our fundamentally weighted indexes against traditional market capitalization-weighted indexes designed to track similar companies, sectors, regions or exposure. As of April 29, 2011, approximately 80% of the approximately $9.3 billion invested in our 34 equity ETFs on April 29, 2011 were in funds that, since their respective inceptions, outperformed their competitive market capitalization-weighted benchmarks through that date. 21 of our 34 equity ETFs outperformed their competitive capitalization-weighted benchmarks since their respective inception through April 29, 2011. We believe this outperformance has been achieved primarily due to the weighting and selection of companies in our fundamentally weighted indexes using our rules-based methodology, rather than market capitalization-weighted indexes.

Actively Managed ETFs

In 2008, we obtained regulatory approval to launch actively managed ETFs, which are ETFs that are not based on an index but rather are actively managed with complete transparency of the ETF s portfolio on a daily basis. We are one of only a limited number of ETF sponsors who have obtained permission from the SEC to launch actively managed ETFs. This has enabled us to develop products not yet offered by other ETF sponsors. Our actively managed ETFs include our currency ETFs, international fixed income ETFs and managed futures strategy ETF.

The securities purchased and sold by our ETFs include U.S. and foreign equities, forward currency contracts and U.S. and foreign debt instruments. In addition, we enter into derivative transactions, in particular U.S. listed futures contracts, non-deliverable currency forward contracts, and total return swap agreements in order to gain exposure to commodities, foreign currencies, and interest rates. The exchanges these securities trade on include all the major exchanges worldwide including:

Amman Stock Exchange	Johannesburg Stock Exchange
Athens Exchange	Korea Exchange
Australian Securities Exchange	London Stock Exchange
BM&FBOVESPA S.A.	NASDAQ OMX
BME Spanish Exchanges	National Stock Exchange of India Limited
Bolsa de Comercio de Santiago	NYSE Euronext
Bolsa Mexicana de Valores	Philippine Stock Exchange
Bombay Stock Exchange Ltd.	Singapore Exchange
Borsa Italiana SpA (London Stock Exchange Group)	SIX Swiss Exchange
Budapest Stock Exchange Ltd. (Wiener Börse AG)	Stock Exchange of Thailand
Bursa Malaysia	Taiwan Stock Exchange
Deutsche Börse AG	Tel-Aviv Stock Exchange
Hong Kong Exchanges and Clearing	The Egyptian Exchange

Indonesia Stock Exchange

Irish Stock Exchange

Istanbul Stock Exchange

Tokyo Stock Exchange Group, Inc.

Warsaw Stock Exchange

Historical Net ETF Inflows and AUM

The following charts reflect our historical net ETF inflows, market share of industry inflows and ETF AUM since we launched our funds in June 2006:

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We have experienced positive net inflows each year since we launched our first ETFs in June 2006. While we have experienced significant fluctuations in our net inflows quarter to quarter, we have only experienced one quarter of net outflows approximately $15.5 million of net outflows in the third quarter of 2008 when the overall market sentiment was extremely negative. Our ETF AUM declined from $4.6 billion in 2007 to $3.2 billion at the end of 2008 as a result of $2.3 billion decline in the market value of the securities our ETFs hold resulting from the global economic crisis despite $907 million of net inflows. Our market share also declined during that period as investors began to sell off equity investments and invest in government fixed income and commodity ETFs. At that time, we did not have fixed income or commodity presence. Part of our growth strategy is to diversify our product offering.

Over the last several quarters, our market share of net ETF inflows has also been increasing. We believe this trend is a result of our strong product offering in emerging market equities, new products we launched such as currency and international fixed income, as well as a longer track record for our equity funds launched in 2006 and 2007. Our growth strategy seeks to increase our market share of ETF industry inflows.

Distribution and Sales

We distribute our funds primarily through financial advisors in the major channels in the asset management industry using our own sales professionals. These channels include brokerage firms, registered investment advisors, institutional investors, private wealth managers and discount brokers. We typically do not target our ETFs directly to the retail segment but rather to financial advisors who act as the intermediary between the end client and us. We do not pay commissions nor do we offer 12b-1 fees to financial advisors to use or recommend the use of our ETFs.

We have developed an extensive network and relationships with financial advisors and we believe our ETFs and related research are structured to meet their needs and those of their clients. Our sales professionals act in a consultative role to provide the financial advisor with value-added services. We consistently grow our network of financial advisors and we opportunistically seek to introduce new products that best deliver our investment strategies to investors through these distribution channels. We have our own team of 25 sales professionals located in the United States as of April 29, 2011.

In 2010, we entered into agreements with Advisors Asset Management, Inc. and Compass Group Holdings S.A. to serve as the external marketing agents for the WisdomTree ETFs in the U.S. independent broker-dealer channel and in Latin America, respectively. These arrangements expand our distribution capabilities to channels that we believe we would have difficulty accessing in a cost-effective manner. Under these agreements, we pay these marketing agents a percentage of our advisory fee revenue based on incremental growth in assets under management in the respective sales channel. Since inception, we have incurred in total approximately $0.2 million in expenses as of March 31, 2011 related to these marketing arrangements. We do not expect this expense to be material in any fiscal period.

Marketing and Advertising

Our marketing effort is focused on three objectives: (1) generating new clients and inflows to our ETFs; (2) retaining existing clients, with a focus on cross-selling additional WisdomTree ETFs; and (3) building brand awareness. We pursue these objectives through a multi-faceted marketing strategy targeted at financial advisors within the asset management industry. We utilize the following strategies:

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Targeted Advertising. In an effort to maximize the goal of reaching financial advisors, we create highly targeted multi-media advertising campaigns limited to established core financial media. For example, our television advertising runs exclusively on the cable networks, CNBC, and Bloomberg Television; online advertising runs on ETF-specific web sites, such as www.seekingalpha.com and www.etfdatabase.com; and print advertising runs in core financial publications, including Barron s and Institutional Investor.

Media Relations. We have a full time public relations manager who has established relationships with the major financial media outlets including: the Wall Street Journal, Barron s, the Financial Times, Bloomberg, Reuters and USA Today. We utilize these relationships to help create awareness of the WisdomTree ETFs and the ETF industry in general. Key members of management including our Chief Investment Strategist, Luciano Siracusano, our President and Chief Operating Officer, Bruce Lavine, and our Director of Research, Jeremy Schwartz, are frequent market commentators and conference panelists regarding the ETF industry.

Direct Marketing. We have a database of approximately 100,000 financial advisors to which we regularly market through targeted and segmented communications such as on-demand research presentations, ETF-specific or educational events and presentations, quarterly newsletters and market commentary from our senior investment strategy advisor, Professor Jeremy Siegel.

Sales Support. We create comprehensive marketing materials to support our sales process including whitepapers, research reports, investment ideas and performance data for all WisdomTree ETFs.

We will continue to evolve our marketing and communication efforts in response to changes in the ETF industry, market conditions and marketing trends.

Research

Our research team has three core functions: index development and oversight, investment research and sales support. In its index development role, the research group is responsible for creating the investment methodologies and overseeing the maintenance of our indexes that WisdomTree s equity ETFs are designed to track. The team also provides a variety of investment research around these indexes and market segments. Our research is typically academic-type research to support our products, including white papers on the strategies underlying our indexes and ETFs, investment insight on current market trends, and types of investment strategies that drive long-term performance. We distribute our research through our sales professionals, online through our website, targeted emails to financial advisors, or through financial media outlets, including interviews on CNBC. On some occasions our research has been included in op-ed letters appearing in the Wall Street Journal. Finally, the research team supports our sales professionals in meetings as market experts and through custom reports. In addition, we often consult with our senior investment strategy advisor, Professor Jeremy Siegel, on product development ideas.

Business Transactions

Joint Venture with Mellon Capital Management Corporation and The Dreyfus Corporation

In 2008, we entered into a mutual participation agreement with Mellon Capital Management Corporation and The Dreyfus Corporation in which we agreed to collaborate in developing currency and fixed income ETFs under the WisdomTree Trust. Under the agreement, we contribute our expertise in operating the ETFs, sales, marketing and research, and Mellon Capital and Dreyfus contributed sub-advisory, fund administration and accounting services for these collaborated ETFs. All third-party costs and profits and losses are shared equally. This agreement expires in March 2013. As of February 28, 2011, approximately $2.0 billion of our AUM is related to this agreement. If this agreement were to expire, we would be required to contract separately with Mellon Capital and Dreyfus, or pay another third party to provide for these services. Although we would then have to pay for these services, we would not have to share any profits or losses related to these ETFs. At this time, we are not aware if this agreement will expire or be renewed.

Treasury Equity, LLC

In 2007, we acquired the rights to an application pending with the SEC for exemptive relief to operate currency funds from Treasury Equity, LLC, a private company. Following this purchase we continued to pursue the application for the exemptive relief and ultimately it formed the basis for our regulatory ability to operate currency ETFs. In exchange, we issued approximately 1.2 million shares of common stock valued at approximately $2.3 million during 2008 and 2009. In

addition, until March 2017, we will pay Treasury Equity, LLC a quarterly fee which is calculated as the lesser of 0.03% of the average daily assets under management for our currency ETFs or 10% of revenues we earn from our currency ETFs. We have paid in total $0.1 million in trailer fees as of March 31, 2011.

Our Competitive Strengths

Our business strategy is designed to support our efforts to be among the top 5 ETF sponsors in the United States. Key to executing this strategy is a focus on our core competitive strengths:

Strong ETF Performance. We created indexes that weight companies in our equity ETFs by a measure of fundamental value instead of market capitalization. We believe this approach will yield better risk adjusted returns over the long-term than our competitors market capitalization weighted products. Approximately 80% of the approximately $9.3 billion invested in our 34 equity ETFs on April 29, 2011 were in funds that, since their respective inceptions, outperformed their competitive market capitalization-weighted benchmarks through that date. 21 of our 34 equity ETFs outperformed their competitive market capitalization-weighted benchmarks since their respective inception through April 29, 2011. Our strategy is to maintain our performance by consistently applying our investment philosophy and process.

Track Record of Innovative Product Development. We believe we have created a track record of innovation that places us at the forefront of ETF providers. This innovation began with our equity ETFs which follow our own fundamentally weighted methodology. Our recent innovations include:

- We launched the industry s first emerging markets small cap equity ETF.
- We launched the industry s first actively managed currency ETFs.
- We launched the industry s first equity ETF that invests in local shares in India using an innovative ETF structure that complies with regulations related to foreign ownership limits of Indian companies.
- We launched the industry s first ETF designed to offer investors broad exposure to the international developed equity markets while at the same time hedging the currency fluctuations between foreign currencies.
- We launched the industry s first managed futures strategy ETF. This ETF allows investors access to a sophisticated strategy at a much lower cost point than most competing products. We launched this fund under our actively managed ETF approval and used derivatives to maximize the ETFs performance in a cost-effective and risk-appropriate manner.

We believe our expertise in using the breadth and depth of our regulatory exemptive relief, which allows us to launch index-based and actively managed ETFs, including ETFs that use alternative strategies and derivatives, creates a strategic advantage by enabling us to launch innovative ETFs that others may not be able to launch in the short-term.

Strong, Seasoned and Innovative Management Team. We have built a strong and dedicated senior leadership team. Most of our leadership team have 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.

Marketing, Research and Sales Expertise. The majority of our personnel are professionals dedicated to marketing, research and sales. While our sales professionals are the primary point of contact with financial advisors who use our ETFs, their efforts are enhanced through value-added services provided by our research and marketing efforts. We believe the recent growth we have experienced by strategically aligning marketing campaigns with targeted research and sales initiatives differentiates us from our competitors.

Strong Brand Recognition. With our launch in 2006, we made a tactical decision to establish the WisdomTree brand through targeted television, print and online advertising, as well as public relations efforts using our investors, Michael Steinhardt and Professor Jeremy Siegel. We believe we have been successful in these efforts and WisdomTree has created a strong and recognized brand associated with product innovation, customer service and integrity.

Development of Indexes. Our equity ETFs use our own indexes, which we believe gives us several advantages. Most importantly, we are able to considerably increase our speed to market. Our product development and index teams work closely to identify potential new ETFs for the marketplace. Because we can create indexes ourselves, we have the ability to create innovative indexes and related ETFs much more rapidly than our competitors who have to work with third party index providers. Also, we are able to maintain a consistent investment philosophy for our products which creates a unified investing experience for investors. The second advantage of being able to create our own proprietary indexes is cost. Our competitors license indexes from third parties and in exchange, they pay licensing fees, which in some cases may be significant. Since we create our own indexes, we do not incur any of these licensing costs and can therefore be more competitive on the fees we charge for our ETFs.

Highly Scalable Business Model. We have built a lean and efficient organization focused on our core competencies of product development, marketing, research and sales of ETFs. We have chosen to outsource to third parties those services which do not fit our core competency or are either cost, risk or people intensive. For example, we have outsourced the portfolio management responsibilities and fund accounting operations of our ETFs to BNY Mellon; therefore, we do not bear the risks or costs associated with trading securities nor need to maintain complex fund accounting systems or staff required to perform those functions. We believe outsourcing these commoditized functions is more cost efficient than building these capabilities internally. In turn, we believe we have built a very highly scalable business model.

Our Growth Strategy

Our goal is to be among the top five ETF sponsors in the United States. To achieve this goal, our strategy is to position us to capitalize on the growth of the ETF industry as well as increase our market share of industry inflows at a higher rate than we have historically experienced. Our average market share of industry inflows since inception was 1.6% as of March 31, 2011. Our market share in recent quarters has been increasing and is higher than our average since inception. We believe this is a result of a variety of factors including increased investor demand for equities; greater acceptance of WisdomTree ETFs, and in particular, our strong product offering in emerging market equities; introduction of new WisdomTree ETFs; and a longer track record for our existing ETFs. We will seek to increase our market share by continuing to implement the following growth strategies:

Leverage our Asset Levels, Trading Volumes and Performance Track Record. We have built a professional sales force, established a strong brand, introduced innovative ETFs and established a performance track record. As we grow our assets under management, we believe several factors will continue to foster additional growth:

First, we believe higher asset levels in some of our ETFs make those ETFs more attractive to investors and financial advisors. For example, at December 31, 2009, our top 5 largest ETFs had assets under management of approximately $2.4 billion, yet one year later, they collectively had approximately $4.4 billion under management.

Second, higher trading volumes for ETFs make those ETFs more attractive for financial advisors and traders. As our assets under management have grown, so have our trading volumes. The average daily trading volume for our ETFs in 2009 was 1.8 million shares a day. In 2010, the average daily trading volume increased to approximately 3.6 million shares a day.

Third, a longer performance track record makes ETFs more attractive to all investors and in particular large institutional investors such as endowments or pension plans. Of particular significance are 3 year, 5 year and 10 year track records. At June 30, 2011, 31 of our ETFs will have at least 3 year track records, 19 of which will also have 5 year records. The existence of these track records now makes our ETFs eligible for evaluations by large investment research firms like Morningstar.

Continue to Launch Innovative New Products that Diversify our Product Offerings and Revenue Stream. Another key to increasing our AUM will be our ability to introduce new ETFs to the market place that meet investor needs. We believe our track record has shown we have the ability to create and sell innovative ETFs that meet market demand. It will also be important to diversify our product offering into different asset classes. As of April 29, 2011, 34 of our 46 ETFs are in equities. In 2008, we expanded into currency ETFs. In 2010, we launched our first international fixed income ETF and in early 2011, we launched our first alternative strategy ETF and another international fixed income ETF. Beginning in late 2008 and continuing into 2009 and early 2010, many investors sold their equity positions and invested in fixed income and commodity ETFs. At that time, we did not have fixed income or commodity presence and, although we did not experience net outflows, our AUM and revenues declined as we experienced negative market movement. We believe continued diversification will strengthen our business by allowing us to obtain inflows, maintain AUM and generate revenues during different market cycles.

Selectively Pursue Acquisitions or Partnerships. We may pursue acquisitions or enter into partnership or other commercial arrangements that will enable us to strengthen our current business, expand and diversify our product offering, increase our assets under management or enter into new markets. We believe entering into partnerships or acquisitions is a cost-effective means of growing our business and AUM. In 2007, we purchased certain assets and intellectual property from Treasury Equity, LLC which formed the basis for our currency ETFs. 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. We believe our management team is well equipped to identify and execute strategic opportunities for us.

Competition

The asset management industry is highly competitive and we face substantial competition in virtually all aspects of our business. Factors affecting our business include fees for our products, investment performance, brand recognition, business reputation, quality of service, and the continuity of our financial advisor relationships. We compete primarily with other ETF sponsors and mutual fund companies and secondarily 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. The vast majority of the firms we compete with are subsidiaries of large diversified financial companies and many others are much larger in terms of AUM, years in operations, and revenues and, accordingly, have much larger sales organizations and budgets. In addition, these larger competitors may attract business through means that are not available to us, including retail bank offices, investment banking and underwriting contacts, insurance agencies and broker-dealers.

Recently, our competitors, Vanguard, Charles Schwab, iShares and FocusShares (through Scottrade Inc.), became engaged in significant price competition by lowering fees charged for ETFs offering similar investment strategies and waiving trading commission. These ETFs are broad based market capitalization weighted equity ETFs or with respect to iShares, related to gold. We do compete against these firms for similar related equity strategies; however, as described above, our indexes are fundamentally weighted, not market capitalization weighted. However, an index developer has created a series of fundamentally weighted indexes similar to ours which may be licensed by a competitor of ours. Some of our competitors have launched or will be launching fundamentally weighted ETFs of their own. Both the indexer and our competitors are using indexes with different fundamental weighting than our approach. If price competition intensifies or we begin to compete with other ETF sponsors using a fundamentally weighted approach at a lower price than ours, we may be required to reduce the advisory fees we charge in order to compete.

In 2008, the SEC announced a proposal to allow ETFs to form and operate without the need to obtain exemptive relief. This proposed rule has not yet been adopted and we do not know if or when it may be adopted. Removing the time barrier and expense needed to obtain exemptive relief may bring additional competitors into the marketplace.

We believe our ability to successfully compete will be based on our competitive fee structure and our ability to achieve consistently strong investment performance, develop distribution relationships, create new investment products, offer a diverse platform of investment choices and attract and retain talented sales professionals and other employees.

Regulation

The investment management industry is subject to extensive regulation and virtually all aspects of our business are subject to various federal and state laws and regulations. These laws and regulations are primarily intended to protect investment advisory clients and stockholders of registered investment companies. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of our business and to impose sanctions for failure to comply with these laws and regulations. Further, such laws and regulations may provide the basis for litigation that may also result in significant costs to us. The costs of complying with such laws and regulations have increased and will continue to contribute to the costs of doing business:

The Investment Advisers Act of 1940 The SEC is the federal agency generally responsible for administering the U.S. federal securities laws. Our subsidiary, WisdomTree Asset Management, Inc., or WTAM, is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the Investment Advisers Act) and, as such, is regulated by the SEC. The Investment Advisers Act requires

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registered investment advisers to comply with numerous and pervasive obligations, including, among others, recordkeeping requirements, operational procedures, registration and reporting and disclosure obligations.

The Investment Company Act of 1940 The WisdomTree ETFs are registered with the SEC pursuant to the Investment Company Act of 1940, as amended (the 1940 Act). WTAM, as an adviser to a registered investment company, must comply with the requirements of the 1940 Act and related regulations including, among others, requirements relating to operations, fees charged, sales, accounting, recordkeeping, disclosure and governance. In addition, the WisdomTree Trust generally has obligations with respect to the qualification of the registered investment company under the Internal Revenue Code.

Broker-Dealer Regulations Although we are not registered with the SEC as a broker-dealer under the Securities Exchange Act of 1934, as amended, nor are we a member firm of the Financial Industry Regulatory Authority, or FINRA, many of our employees, including all of our salespersons, are licensed with FINRA and are registered as associated persons of the distributor of the WisdomTree ETFs and, as such, are subject to the regulations of FINRA that relate to licensing, continuing education requirements and sales practices. FINRA also regulates the content of our marketing and sales material.

In addition, in connection with this Form 10 filing, we intend to list our common stock on The Nasdaq Global Market and will therefore be also subject to their rules including corporate governance listing standards.

Intellectual Property

We regard our name, WisdomTree, as material to our business and have registered WisdomTree® as a service mark with the U.S. Patent and Trademark Office and in various foreign jurisdictions.

Our index-based equity ETFs are based on our own indexes and we do not license them from, nor do we pay licensing fees to, third parties for these indexes.

We have three patent applications pending with the U.S. Patent and Trademark office that relate to the operation of our ETFs and our index methodology. There is no assurance that patents will be issued from these applications and we do not rely upon future patents for a competitive advantage.

Employees

As of April 29, 2011, we had 61 full-time employees. Of these employees, 25 are engaged in our sales function with the remainder in providing managerial, finance, marketing, legal, regulatory compliance, operations and research functions. None of our employees are covered by a collective bargaining agreement and we consider our relations with employees to be good.

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ITEM 1A. 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.

Risks Relating to our Industry and Business

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 will 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. Since we launched our first ETFs, we have incurred significant losses and we first reported net income in the first quarter of 2011. 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 will 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. 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 achieve profitability in one quarter, because of the various risks outlined in this registration statement, we cannot be assured that we will continue to be profitable. As a result, recent historical growth may not provide an accurate representation of the growth we may experience in the future, which will make it difficult to evaluate our future prospects.

Difficult market conditions and 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 triggering redemptions.

We are subject to risks arising from adverse changes in market conditions and the declining price of securities, which may result in a decrease in demand for investment products, a higher redemption rate or a decline in AUM. Our revenue is directly impacted by the value of the securities held by our funds. As a result, our business can be expected to generate lower revenue in declining markets or general economic downturns. Substantially all of our revenue is determined by the amount of our AUM and much our AUM is represented by equity securities. Under our advisory fee arrangements, the advisory fees we receive are based on the market value of our AUM. 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. 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.

Volatility and disruption of the capital and credit markets, and adverse changes in the global economy, may significantly affect our results of operations and may put pressure on our financial results.

Since our family of ETFs invests in both U.S. and international markets, its investment performance is subject to changing conditions in the global financial markets, and may also be affected by political, social and economic conditions in general. Beginning in the second half of 2007, and particularly during the second half of 2008 through early 2009, the financial markets were characterized by unprecedented levels of volatility and limited liquidity. This materially and adversely affected the capital and credit markets and led to a widespread loss of investor confidence. Although we did not experience significant net outflows of AUM, the effects of the financial crisis on the economy caused a significant decline in the value of equity securities, the market value of our AUM declined substantially and we faced a severe reduction of revenue. A similar disruption in the future, even if of a lesser magnitude, could cause us to experience net outflows of AUM or a decline in the value of equity and debt securities, thus reducing our AUM and revenue.

Fluctuations in the amount and mix of our assets under management may negatively impact revenue and operating margin.

The level of our revenue depends on the level and mix of assets under management. 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 ETF, which

have different fee levels. Any decrease in the value or amount of our assets under management because of market volatility or other factors negatively impacts our revenue. A decline in the prices of the securities held by our ETFs or in the sales of our investment products would reduce our revenue. Fluctuations in the amount and mix of our assets under management 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.

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.

Most of our assets under management are held in ETFs that invest in foreign securities and we have substantial exposure to foreign market conditions and we 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 April 29, 2011, approximately 67% 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 effected 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. In addition, investors are likely to believe these ETFs, as well as our suite of currency 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 April 29, 2011, approximately 40% of our ETF AUM were concentrated in four of our WisdomTree ETFs that invest in equity or fixed income securities issued by companies in emerging markets. In the year ended December 31, 2010, 42% of our revenue was derived from these four ETFs. As a result, our operating results are particularly exposed to the performance of those funds, economic and market conditions in this region, general investor sentiment regarding future growth in this region, and our ability to maintain the assets under management of those funds. In addition, because these funds have a higher expense ratio than our fund family 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 investing in the strategies pursued by those funds and our ability to maintain the assets under management of those funds.

At April 29, 2011, approximately 51% of our ETF assets under management were concentrated in six of our 46 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.

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. 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. The investment approach of our equity ETFs may not perform well during certain shorter periods of time during different points in the economic cycle. While 21 of our 34 equity ETFs at April 29, 2011 outperformed their respective market capitalization-weighted competitive benchmarks since their respective inceptions through April 29, 2011, the investment performance of our funds over shorter periods with different market conditions has not been as strong. Only seven of our 34

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ETFs have outperformed their respective market equalization-weighted benchmarks for the one year period ended December 31, 2010. Past or present performance is not indicative of future performance.

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

We 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 to us and the WisdomTree ETFs with these services could lead to operational issues and could result in financial loss to us and our customers. In addition, because our relationship with BNY Mellon involves a multitude of important services to us and portfolio management for the WisdomTree ETFs covers several different asset classes, changing this vendor relationship would require us to devote a significant portion of management s time to negotiate a similar relationship with a new vendor or to have these services divided and provided by more than one vendor and subsequently 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 and 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 to us and the WisdomTree ETFs with these services could lead to operational issues and could result in financial loss to us and our customers.

The asset management business is intensely competitive and 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. Our competitors include other ETF sponsors as well as mutual fund companies, commercial banks and thrift institutions, insurance companies, hedge funds, asset managers, brokerage and investment banking firms and other financial institutions, including multinational firms and subsidiaries of diversified conglomerates. 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. In addition, over time certain sectors of the financial services 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 SEC in order to operate ETFs, we expect that additional companies, both new companies and traditional asset managers, many 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

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agreement must be reviewed and approved by a majority of the independent trustees at least annually. 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. Nonetheless, 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.

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.

We are subject to extensive regulation of our business and operations. As a registered investment adviser, the SEC oversees our activities pursuant to its regulatory authority under the Investment Advisers Act. We also must comply with certain requirements under the Investment Company Act with respect to the WisdomTree ETFs for which we act as investment adviser. In addition, the content and use of our marketing and sales materials and our sales force is subject to the regulatory authority of FINRA. To a lesser extent, we are also subject to foreign laws and regulatory authority 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 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

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regulation 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.

We may in the future be involved in legal proceedings that could require significant management time and attention and result in significant expense and may result 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 and 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.

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 are valuable assets and any damage to either could hamper our ability to maintain and grow our assets under management 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 and managing such matters may be expensive, time-consuming and difficult.

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. Market trading involves risks such as the potential lack of an active market for fund shares and losses from trading. This can be exacerbated 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 was not correspondent with the underlying value of their portfolio investments. Repeated circumstances of this type of market condition 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 a period of 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 a period of 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.

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. We cannot be assured that our compensation methods will 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 also need to increase compensation, 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 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 weight 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 out operating results.

Our results of operations are also dependent on the level of expenses, which can vary significantly 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 significantly from quarter to quarter.

Any significant limitation or failure of our technology systems that are critical to our operations could materially 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.

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 we cannot be assured that this plan will 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 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.

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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. In our case, an assignment of our investment management agreements may occur if we sell or issue a certain number of additional shares of common stock in the future 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;
- 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 there is no assurance that they will 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 relating to the operation of our equity ETFs, there is no assurance that patents will be issued. 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.

Following the effectiveness of this registration statement on Form 10 and listing of our common stock on a national securities exchange, we will be required to implement specific corporate governance practices and adhere to a variety of

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reporting requirements and complex accounting rules under the Sarbanes-Oxley Act of 2002 (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 is planned to 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 control 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.

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;
- 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.

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

Risks Relating to our Common Stock

The market price of our shares may fluctuate.

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;
- 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;

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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 lesson 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; and

- changes in general economic or market conditions.

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.

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

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, beneficially own approximately 60.4% of our outstanding common stock. Sales of a substantial portion of this common stock in the open market, or the perception that such sales could occur, could have an adverse affect on the market price of our common stock and cause it to decline.

Furthermore, these stockholders and management are parties to a registration rights agreement with us. Under that agreement, the holders of a majority of the shares subject to the agreement have the right to cause us to file one or more registration statements for the resale of their respective shares of common stock and cooperate in certain underwritten offerings. These registrations will require the company to incur costs and the subsequent sales could have an adverse affect on the market price of our common stock.

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

As part of our growth strategy, we will explore various acquisition opportunities that may be presented to us. In connection with any such acquisition, we may issue our common stock as all or part of the consideration or we may sell our common stock in a public offering or private placement to obtain cash proceeds to finance the acquisition. The issuance of a substantial amount of common stock could have the 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 or investors in a private placement could have an adverse affect on the market price of our common stock.

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

As of March 21, 2011, the members of our Board of Directors and our executive officers, as stockholders, collectively beneficially own 60.4% of our outstanding common stock. As a result of this ownership, they are able to control all matters requiring approval by stockholders of our company, including the election of directors. Furthermore, Michael Steinhardt, chairman of our Board of Directors, beneficially owns 32.8% of our outstanding common stock and James D. Robinson, IV, a director of our company, serves as a general partner of the general partner of three venture capital funds that together beneficially own 17.5% of our outstanding common stock. As a result, Messrs. Steinhardt and Robinson beneficially own an aggregate of 50.3% of our outstanding stock and have the ability to control all matters requiring approval by stockholders of our company.

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.

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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 and our amended and restated certificate of incorporation and 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
- the authority of our Board of Directors to issue preferred stock with such terms as our Board of Directors may determine.

In addition, upon the listing on our common stock on a national securities exchange, we will be 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, as discussed elsewhere in this registration statement, 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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ITEM 2. FINANCIAL INFORMATION

Selected Financial Data

You should read the following selected consolidated financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes included elsewhere in this registration statement. The financial information as of and for the years ended December 31, 2008, 2009 and 2010 set forth below was derived from our audited consolidated financial statements and related notes included elsewhere in this registration statement. The financial information as of and for the years ended December 31, 2006 and 2007 set forth below was derived from our audited financial statements and notes that are not included in this registration statement. The financial information for the three months ended March 31, 2010 and 2011 set forth below was derived from our unaudited financial statements and related notes included elsewhere in this registration statement. The consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010 have been audited by Ernst & Young LLP, an independent registered public accounting firm. The historical financial information may not be indicative of our future performance.

	Year Ended December 31,				
	2006(1)	2007	2008	2009	2010
	(in thousands, except per share amounts)				
Statement of Operations Data:					
Revenues					
ETF advisory fees	$ 1,740	$ 18,158	$ 21,643	$ 20,812	$ 40,567
Other income	435	2,761	1,968	1,283	1,045
Total revenues	2,175	20,919	23,611	22,095	41,612
Expenses					
Compensation and benefits	11,971	21,465	20,338	18,943	19,193
Fund management and administration	3,178	11,082	14,772	13,387	14,286
Marketing and advertising	2,788	6,434	5,875	2,762	3,721
Sales and business development	717	1,611	3,642	2,495	2,730
Professional and consulting fees	1,822	3,249	1,871	1,780	3,779
Occupancy, communication and equipment	525	1,010	1,564	1,087	1,118
Depreciation and amortization	36	78	337	360	314
Third party sharing arrangements			(320)	89	2,296
Other	481	1,120	2,577	2,420	1,724
Total expenses	21,518	46,049	50,656	43,323	49,161
Loss before provision for income taxes	(19,343)	(25,130)	(27,045)	(21,228)	(7,549)
Provision for income taxes					
Net loss	($19,343)	($25,130)	($27,045)	($21,228)	($7,549)
Net loss per share basic and diluted	($0.25)	($0.26)	($0.27)	($0.21)	($0.07)
Weighted-average common shares basic and diluted	78,482	98,518	100,236	103,397	111,981
Statement of Financial Condition Data:					
Cash and cash equivalents	$ 57,734	$ 15,138	$ 13,275	$ 11,476	$ 14,233
Total assets	$ 59,032	$ 52,303	$ 34,856	$ 25,703	$ 29,142
Total liabilities	$ 5,626	$ 12,998	$ 12,800	$ 9,675	$ 11,907
Stockholders equity	$ 53,406	$ 39,304	$ 22,056	$ 16,028	$ 17,235
Statistical Data (in millions):					
Beginning of period AUM	$ 0	$ 1,523	$ 4,559	$ 3,180	$ 5,979
Net inflows	1,408	2,962	907	1,773	3,134
Market appreciation/(depreciation)	115	74	(2,286)	1,026	778

End of period AUM	$ 1,523	$ 4,559	$ 3,180	$ 5,979	$ 9,891

(1) In June 2006, we received exemptive relief from the SEC and launched our first 20 ETFs.

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	Three Months Ended March 31, 2010	2011
Statement of Operations Data:		
Revenues		
Advisory fees	$ 8,467	$ 14,273
Other income	247	260
Total revenues	8,714	14,533
Expenses		
Compensation and benefits	5,255	5,217
Fund management and administration	3,397	4,162
Marketing and advertising	1,160	972
Sales and business development	460	745
Professional and consulting fees	1,024	1,359
Occupancy, communication and equipment	267	273
Depreciation and amortization	77	65
Third party sharing arrangements	240	1,128
Other	426	457
Total expenses	12,306	14,378
Income/(loss) before income taxes	(3,592)	155
Provision for income taxes		
Net Income/(loss)	(3,592)	$ 155
Net Income/(loss) per share basic and diluted	($ 0.03)	$ 0.00
Weighted-average common shares basic	110,820	113,463
Weighted-average common shares diluted	110,820	134,470
Statement of Financial Condition Data:		
Cash and cash equivalents	$ 11,153	$ 12,804
Total assets	$ 24,586	$ 28,512
Total liabilities	$ 9,601	$ 10,602
Stockholders equity	$ 14,985	$ 17,910
Statistical Data:		
ETF AUM (in thousands)		
Beginning of period assets	$ 5,979	$ 9,891
Inflows/(Outflows)	582	1,264
Market appreciation/(depreciation)	152	129
End of period assets	$ 6,713	$ 11,284

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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 in conjunction with the Selected Financial Data above and our consolidated financial statements and related notes that appear elsewhere in this registration statement. 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 and elsewhere in this prospectus, particularly in Item 1A. Risk Factors. We assume no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Summary

We are the eighth largest sponsor of ETFs in the United States based on AUM. In June 2006, we launched 20 ETFs and, as of April 29, 2011, we had 46 funds with AUM of approximately $12.2 billion.

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 ETFs average daily net assets under management.

Our expenses are predominantly related to selling, operating and marketing our ETFs. We have contracted with third parties to provide certain operational services for the ETFs. We have contracted with BNY Mellon to act as sub-advisor and provide portfolio management services, fund administration, custody, accounting and other related services for the WisdomTree ETFs.

We distribute our ETFs through financial advisors in the major channels in the asset management industry. These channels include brokerage firms, registered investment advisors, institutional investors, private wealth managers and discount brokers. We do not target our ETFs for sale directly to the retail segment but rather to the financial advisor who acts as the intermediary between the end client and us.

Our revenues have increased since we launched in June 2006 and reached a record of $41.6 million for 2010 compared to $22.1 million in 2009 and $23.6 million in 2008. For the first quarter of 2011, our revenues were $14.5 million, compared to $8.7 million in the first quarter of 2010. Our expenses have increased to $49.2 million in 2010, from $43.3 million in 2009, which is down from $50.7 million in 2008. Our net loss has improved each year to a loss of $7.5 million in 2010, from a loss of $21.2 million in 2009 and a loss of $27.0 million in 2008. We recorded our first net income of approximately $0.2 million during the first quarter of 2011, compared to a net loss of $3.6 million in the first quarter of 2010.

Our revenues are highly correlated to the level and relative mix of our assets under management, as well as fees associated with our ETFs. In addition, a significant portion of our assets under management are invested in securities issued outside of the U.S. Therefore, our AUM and our revenues are affected by movements in global capital market levels and the strengthening or weakening of the U.S. dollar against other currencies. These market movements and currency exchange levels, as well as inflows or outflows and changes in the mix of investment products between asset classes can materially affect our operating results from period to period. It is our belief that our ability to gather inflows into our ETFs, coupled with general stock market trends, will have the greatest impact on our business.

The Market Environment in which we Operate

We operate in an extremely challenging and competitive business environment. We currently compete against several large ETF sponsors, many smaller sponsors, as well as new entrants to the marketplace, and will compete against large asset management companies who have recently launched or announced intentions to launch ETF products.

Since we launched our ETFs, the global equity markets have experienced significant volatility. The following chart reflects our ETF assets under management and major market equity indices since we launched our ETFs in June 2006:

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The U.S. equity markets started to significantly decline in the second half of 2008 for many reasons including concerns over home values, the soundness of mortgage related financial products, safety of major financial institutions and the resulting freeze in the credit markets. The decline then spread worldwide. Investors sold their investments in equities and corporate debt and invested in U.S. government securities and commodities, particularly gold. The response from governments and central banks around the world to the financial crisis in 2008 was an unprecedented amount of monetary and fiscal stimulus. Central banks lowered interest rates to near zero, issued a number of debt guarantees for banks and other non-bank financial institutions, and began to increase the supply of money through open market asset purchases. Additionally, governments around the globe passed legislation that poured billions of dollars into the global economy.

After reaching a market bottom in March 2009, global financial markets staged a dramatic recovery with major global market indices rebounding in record fashion off of record declines. These actions alleviated the risk aversion that dominated the latter half of 2008 into the first quarter of 2009 and as a result financial markets rallied, investor sentiment improved and share prices rose.

Consequences of the Market Environment

The severe downturn in global financial markets, especially during the second half of 2008 and early 2009, caused significant changes in our assets under management, our financial results and operating cash flows. This was not as a result of net outflows from our ETFs. In fact, during the economic downturn, we experienced only one quarter of net outflows   the third quarter of 2008 when we had net outflows of approximately $15.5 million. The substantial decline in our AUM was primarily a result of a reduction in the market value of the securities our ETFs hold. Also affecting our AUM was our product offering. During the downturn, investors sold equities and invested in U.S. government securities and commodity ETFs, products we did not offer at that time.

Beginning in the second half of 2008, we took steps to lower our cost structure to respond to the deteriorating market conditions. We began a series of cost reduction initiatives including decreasing marketing, advertising and business development related spending, renegotiating fees or changing third party service providers, initiating headcount reductions and deferring non-business critical initiatives and hiring, and lastly, closing 10 of our ETFs in March 2010. In addition, in October 2009, we raised $5 million from predominantly our existing investors through the issuance of common stock in order to increase our liquidity.

As important as reducing our cost structure, we also took initiatives to address the decline in our revenues as a result of the deteriorating markets. We took actions to diversify our product offering, which were predominantly equity based, and revenue stream. In 2008 and 2009, we launched the industry s first currency ETFs and as of April 29, 2011, we have nine currency ETFs. In August 2010, we launched our first fixed income ETF and in January 2011, we launched the industry s

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first managed futures strategy ETF. We believe expanding our product offering into different asset classes will better serve to diversify our revenue stream.

Current State

As the markets have recovered, our assets under management have reached record levels which have had a corresponding positive affect on our revenues. Also, the cost reduction actions we initiated have contributed to an improvement in our financial results.

We believe challenging and volatile market conditions will continue in the foreseeable future. We will also continue to aggressively compete against the other ETF sponsors and new entrants to the marketplace. As we confront these challenges, we expect to continue to focus on executing our growth strategy and leveraging our core strengths as we discussed in the Business section of this Registration Statement. We are focused on controlling our cost base, while at the same time investing in our growth.

Historical Net ETF Inflows and AUM

The following charts reflect our historical net ETF inflows, market share of industry inflows and ETF AUM since we launched our funds in June 2006:

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We have experienced positive net inflows each year since we launched our first ETFs in June 2006. While we have experienced significant fluctuations in our net inflows quarter to quarter, we have only experienced one quarter of net outflows approximately $15.5 million of net outflows in the third quarter of 2008 when the overall market sentiment was extremely negative. Our ETF AUM declined from $4.6 billion in 2007 to $3.2 billion at the end of 2008, primarily as a result of $2.3 billion of declines in the market value of the securities our ETFs hold resulting from the global economic crisis, despite $907 million of inflows. Our market share also declined during that period as investors began to sell off equity investments and invest in U.S. government fixed income and commodity ETFs. At that time, we did not have fixed income or commodity presence. Part of our growth strategy is to diversify our product offering.

Over the last several quarters, our market share of net ETF inflows has also been increasing. We believe this trend is a result of our strong product offering in emerging market equities, new product launches to diversify our product offering, as well as a longer track record for the funds we launched in 2006 and 2007. Our growth strategy seeks to increase our market share of ETF industry inflows.

Components of Revenue

ETF advisory fees

Approximately 98% of our revenues are comprised of advisory fees we earn from the WisdomTree ETFs. We earn this revenue based on a percentage of the average daily value of assets under management, or AUM. Our average daily value of AUM is the average of the daily aggregate AUM of the WisdomTree ETFs as determined by the then current net asset value (as defined under Investment Company Act Rule 2a-4) of such ETFs as of the close of business each day. Our fee percentages range from 0.28% to 0.95% based on the ETF. A summary of the average advisory fee we earn and AUM as of April 29, 2011 by asset class is as follows:

	Average Advisory Fee	AUM (in millions)
Emerging Markets Equity ETFs	0.73%	$ 3,914
International Developed Equity ETFs	0.54%	$ 2,737
U.S. Equity ETFs	0.34%	$ 2,342
Currency ETFs	0.49%	$ 1,596
International Sector Equity ETFs	0.58%	$ 273
International Fixed Income ETFs	0.55%	$ 1,193
Alternative Strategy ETF	0.95%	$ 96
Total Average Advisory Fee/Total AUM	0.56%	$ 12,151

Our ETFs have a fixed advisory fee. In order to increase the advisory fee, we would need to obtain the approval from a majority of the ETF stockholders which may be difficult or not possible to obtain. There may also be a significant cost in obtaining this stockholder approval. We do not need stockholder approval to lower our advisory fee.

We determine the appropriate advisory fee to charge for our ETFs based on the cost of operating each particular ETF taking into account the types of securities the ETFs will hold, fees third party service providers will charge us for operating the ETFs and our competitors fees for similar ETFs. Generally, our actively managed ETFs, such as our Alternative Strategy and Currency ETFs, along with our Emerging Market ETFs, will be higher priced than our other index based ETFs as the former are more costly to operate.

Our ETF advisory fee revenue may fluctuate based on general stock market trends which include market value appreciation or depreciation, currency fluctuations against the U.S. dollar and level of inflows or outflows from our ETFs. In addition, these revenues may fluctuate due to increased competition or a determination by the independent trustees of the WisdomTree ETFs to terminate or significantly alter the funds investment management agreements with us.

Other income

Other income includes fees from licensing our indexes to third parties, separate accounts for pension plans, fees from our 401(k) initiative and interest income from investing our corporate cash. The pension plan, for which we serve as investment advisor, withdrew its funds in the first quarter of 2011. These revenues are immaterial to our financial results and we do not expect them to be material in the near term.

Components of Expenses

We have been investing in our business to build a multi-asset class ETF platform and we intend to continue to invest toward that goal. Our operating expenses consist primarily of costs related to selling, operating and marketing our ETFs as well as the infrastructure needed to run our company.

Compensation and benefits

Employee compensation and benefits expense is expensed when incurred and includes salaries, incentive compensation, and related benefit costs. Virtually all our employees receive incentive compensation which is based on our operating results as well as their individual performance. Therefore, a portion of this expense will fluctuate with our business results. In order to attract and retain qualified personnel, we must maintain competitive employee compensation and benefit plans. In normal circumstances, as we grow, we expect to experience a general rise in employee compensation and benefit expenses over the long term; however the rate of increase should be less than the rate of increase in our revenues.

Also included in compensation and benefits are costs related to equity awards granted to our employees. We generally grant restricted stock and/or options when employees are hired and in intervals thereafter. In addition, we grant restricted stock and options to our employees as part of year end incentive compensation. Our executive management and Board of Directors believes very strongly that equity awards are an important part of our employees overall compensation package and that incentivizing our employees with equity in the company aligns the interest of our employees with that of our stockholders. We use the fair value method in recording compensation expense for restricted stock and options grants. Under the fair value method, compensation expense is measured at the grant date based on the estimated fair value of the award and is recognized as an expense over the vesting period. Fair value is determined on the date granted using the Black-Scholes option pricing model for the stock options and is determined by the market value of our common stock for restricted stock awards.

We expect our stock-based compensation in future periods to decline from previous expense levels. We granted a significant number of equity awards to attract and retain employees during our development stage in 2004 through 2006. These initial awards also carried higher fair values based on our prevailing stock price at that time. As these awards vest, they are being replaced by a lower number of awards.

Fund management and administration

Fund management and administration expenses are expensed when incurred and are comprised of costs we pay third-party service providers to operate our ETFs. Under our advisory agreement with the WisdomTree Trust, the Trustees have approved us and other third parties to provide essential management and administrative services to the Trust and each ETF in exchange for an advisory fee. The costs include:

- portfolio management of our ETFs (sub-advisory);
- fund accounting and administration;
- custodial services;

accounting and tax services;

printing and mailing of stockholder materials;

index calculation;

distribution fees;

- legal and compliance services;
- exchange listing fees;
- trustee fees and expenses;
- preparation of regulatory reports and filings;
- insurance; and
- other administrative services.

Of significance, we have contracted with BNY Mellon to act as sub-advisor and provide portfolio management, fund administration, custody and accounting related services for the WisdomTree ETFs. The fees we pay BNY Mellon have minimums per fund which range from $25,000 to $60,000 depending on the nature of the ETF. In addition, we pay additional fees ranging between 0.015% and 0.075% of average daily AUM at various breakpoint levels. The fees we pay for accounting, tax, index calculation and exchange listing are based on the number ETFs we have. The remaining fees are based on a combination of both assets under management and number of funds, or as incurred.

Marketing and advertising

Marketing and advertising expenses are recorded when incurred and include the following costs:

- advertising, public relations and product promotion campaigns that are initiated to promote our existing and new ETFs as well as brand awareness;
- development and maintenance of our website; and
- creation and preparation of marketing materials.

Our discretionary advertising comprises the largest portion of this expense and we expect these costs to increase in the future as we continue to execute our growth strategy and compete against other ETF sponsors. In the past, we have advertised primarily in the first and fourth quarters of the year but we may change that strategy going forward based on our financial results, competitive pressures and market conditions. Therefore, we may incur expenditures in certain periods to attract inflows, the benefit of which may or may not be recognized from increases to our assets under management in future periods. However, due to the discretionary nature of some of these costs, they can generally be reduced if there were a decline in the markets.

Sales and business development

Sales and business development expenses are recorded when incurred and includes the following costs:

- travel and entertainment or conference related expenses for our sales force;

- market data services for our research team;
- sales related software tools; and
- legal and other advisory fees associated with the development of new funds.

Professional and consulting fees

Professional fees are expensed when incurred and consist of fees we pay to corporate advisors including accountants, tax advisors, legal counsel, investment bankers or other consultants. These expenses fluctuate based on our needs or requirements at the time. Certain of these costs are at our discretion and can fluctuate year to year.

Also included in professional fees is stock based compensation related to restricted stock or option awards we granted to senior advisers to our Board of Directors. Under generally accepted accounting principles, these awards are considered variable expenses and are re-measured each reporting period with a corresponding impact to stockholders equity. As such, this expense may fluctuate based upon the market price of our common stock.

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Occupancy, communications and equipment

Occupancy, communications and equipment expense includes costs for our corporate headquarters in New York City. Our office space lease expires in January 2014. We have sub-leased a portion of our office space to an unrelated third party until January 2012.

Depreciation and amortization

Depreciation and amortization expense results primarily from amortization of leasehold improvements to our office space as well as depreciation on fixed assets we purchase which is depreciated over three or seven years.

Third-party sharing arrangements

Included in third-party sharing arrangements expense are payments from and reimbursements to us with respect to (i) a collaborative arrangement with Mellon Capital Management Corporation and The Dreyfus Corporation and (ii) marketing agreements with Advisors Asset Management, Inc. and Compass Group Holdings S.A. The material terms of these arrangements are:

Collaborative Arrangement - In 2008, we entered into a mutual participation agreement with Mellon Capital Management Corporation and Dreyfus Corporation in which the parties agreed to collaborate in developing currency and fixed income ETFs under the WisdomTree Trust. Under this agreement, we are responsible for operating the ETFs and providing sales, marketing and research support at our own cost. Each of Mellon Capital and Dreyfus are responsible for providing sub-advisory, fund administration and accounting services for these collaborated ETFs at its own cost. Any revenues, less third party costs such as marketing, legal, accounting or fund management, related to these collaborative products are shared equally, including any losses (net profit/loss). We are responsible for arranging any third party costs related to this collaborative arrangement. This agreement expires in March 2013. We have determined we are the principal participant for transactions under this collaborative arrangement and as such we record these transactions on a gross basis reflecting all of the revenues and third party expenses on our financial statements in accordance with the nature of the revenue or expense. Any net profit/loss payments are reflected in the Third Party Sharing Arrangement expense line.

Marketing agreements - In 2010, we entered into marketing agreements with Advisors Asset Management, Inc. and Compass Group Holdings, S.A. to serve as the external marketing agents for the WisdomTree ETFs in the U.S. independent broker-dealer channel and in Latin America, respectively. Under these agreements, we pay a percentage of our advisory fee revenue to the marketing agents based on incremental growth in assets under management in the respective sales channel. Since inception we have incurred in total approximately $0.2 million in expenses as of March 31, 2011 related to these marketing arrangements.

Other

Other expenses consists primarily of insurance premiums, general office related expenses, securities license fees for our sales force, public company related expenses, corporate related travel and entertainment and board of director fees, including stock-based compensation related to equity awards we granted to our directors. In 2008 and 2009, other expenses also included stock-based compensation related to common stock we issued to Treasury Equity, LLC see Our Business in this Form 10.

2011 Expense Outlook

We believe the ETF industry is still in its infancy and we have significant growth opportunities; therefore, it is important for us to strategically invest in our business when the right growth opportunities present themselves. Our investment in strategic growth initiatives includes anticipated higher spending on marketing, advertising and sales efforts, as well as increases in our headcount, particularly our sales force. We also intend to launch additional ETFs in 2011. Lastly, we may establish an international fund company to capitalize on growth opportunities outside of the U.S. We are still in the early stages of developing our plan but this would be the first step for possible international expansion. The investment in strategic growth initiatives is an estimate of planned expenses and some of these costs may or may not be realized depending on the nature of the growth initiatives or market conditions.

Seasonality

We believe seasonal fluctuations in the asset management industry are common with increased activity in the first and fourth quarters of the year primarily due to the seasonal trends of overall trading activity in the markets, timing of rebalancing of portfolios and retirement account funding activities. However, since we began our operations, we believe these seasonal trends may have been masked by the unprecedented volatility and negative market conditions in the global equity markets. Therefore, period to period comparisons of ours or the industry s net inflows may not be meaningful and not indicative of results in future periods.

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Key Statistical Information

The following table presents key statistical information as well as other select data to better understand the revenue and expense drivers for our business:

	Year Ended December 31,			Three Months Ended	
	2010	2009	2008	March 31, 2011	March 31, 2010
Total ETF Assets Under Management (in millions):					
Beginning of period assets	$ 5,979	$ 3,180	$ 4,559	9,891	5,979
Inflows/(outflows)	3,134	1,773	907	1,264	582
Market appreciation/(depreciation)	778	1,026	(2,286)	129	152
End of period assets	$ 9,891	$ 5,979	$ 3,180	11,284	6,713
Average assets during the period	$ 7,308	$ 3,964	$ 4,327	10,294	6,311
International Developed Equity ETFs (in millions):					
Beginning of period assets	$ 1,953	$ 1,339	$ 2,813	2,062	1,953
Inflows/(outflows)	29	281	(235)	481	26
Market appreciation/(depreciation)	81	333	(1,239)	70	16
End of period assets	$ 2,063	$ 1,953	$ 1,339	2,613	1,995
Average assets during the period	$ 1,902	$ 1,471	$ 2,113	2,217	2,169
Emerging Markets Equity ETFs (in millions):					
Beginning of period assets	$ 1,431	$ 384	$ 172	3,780	1,431
Inflows/(outflows)	1,911	650	520	60	230
Market appreciation/(depreciation)	438	397	(308)	(81)	77
End of period assets	$ 3,780	$ 1,431	$ 384	3,759	1,738
Average assets during the period	$ 2,202	$ 793	$ 439	3,617	1,308
International Sector Equity ETFs (in millions):					
Beginning of period assets	$ 358	$ 247	$ 547	249	358
Inflows/(outflows)	(117)	58	(47)	(7)	(124)
Market appreciation/(depreciation)	8	53	(253)	10	(6)
End of period assets	$ 249	$ 358	$ 247	252	228
Average assets during the period	$ 259	$ 257	$ 453	246	345
U.S. Equity ETFs (in millions):					
Beginning of period assets	$ 1,330	$ 987	$ 1,027	2,057	1,330
Inflows/(outflows)	486	137	409	53	72
Market appreciation/(depreciation)	241	206	(449)	108	66
End of period assets	$ 2,057	$ 1,330	$ 987	2,218	1,468
Average assets during the period	$ 1,592	$ 1,084	$ 984	2,165	1,406
Currency ETFs (in millions):					
Beginning of period assets	$ 906	$ 224		1,179	907
Inflows/(outflows)	253	646	$ 260	271	378
Market appreciation/(depreciation)	20	36	(36)	17	(1)
End of period assets	$ 1,179	$ 906	$ 224	1,467	1,284

Average assets during the period	$ 1,217	$ 359	$ 337	1,335	1,083

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International Fixed Income ETF (in millions):					
Beginning of period assets				$ 564	
Inflows/(outflows)	$ 571			335	
Market appreciation/(depreciation)	(7)			3	
End of period assets	$ 564			$ 902	
Average assets during the period	$ 136			$ 679	
Alternative Strategy ETFs (in millions):					
Beginning of period assets					
Inflows/(outflows)				71	
Market appreciation/(depreciation)				2	
End of period assets				73	
Average assets during the period				35	
Average ETF Asset Mix (during the period):					
International Developed Equity ETFs	26%	37%	49%	22%	34%
Emerging Markets Equity ETFs	30%	20%	10%	35%	21%
International Sector Equity ETFs	4%	7%	10%	2%	5%
U.S. Equity ETFs	22%	27%	23%	21%	22%
Currency ETFs	16%	9%	8%	13%	18%
International Fixed Income ETF	2%			7%	0%
Alternative Strategy ETFs				0%	
Total	100%	100%	100%	100%	100%
Average ETF Advisory Fee (during the period)	**0.56%**	**0.52%**	**0.52%**	**0.56%**	**0.54%**
Number of ETFs (end of the period):					
International Developed Equity ETFs	14	15	14	14	14
Emerging Markets Equity ETFs	4	4	4	4	4
International Sector Equity ETFs	4	11	11	4	4
U.S. Equity ETFs	12	13	13	12	12
Currency ETFs	9	9	8	9	8
International Fixed Income ETF	1			2	
Alternative Strategy ETFs				1	
Total	44	52	50	46	42
Headcount	**60**	**54**	**57**	**61**	**55**

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Results of Operations

Three Months Ended March 31, 2011 compared to March 31, 2010

Overview

	For the Three Months Ended			
	2011	**2010**	**Change**	**Percent Change**
Assets Under Management (in millions)				
Beginning of period assets	$ 9,891	$ 5,979		
Net inflows	1,264	582	$ 682	117.2%
Market appreciation/(depreciation)	129	152		
End of period assets	$ 11,284	$ 6,713	$ 4,571	68.1%
Financial Results (in thousands)				
Total revenues	$ 14,533	$ 8,714	$ 5,819	66.8%
Total expenses	14,378	12,306	2,072	16.8%
Net income/(loss)	$ 155	($ 3,592)	$ 3,747	

Our assets under management increased 68.1% from $6.7 billion at March 31, 2010 to $11.3 billion at March 31, 2011 primarily due to strong net inflows. We reported our first quarter of net income of $0.2 million in the first three months of 2011 compared to a loss of $3.6 million in the comparable period in 2010.

Revenues

	Three Months Ended March 31,			
	2011	**2010**	**Change**	**Percent Change**
Average assets under management (in millions)	$ 10,294	$ 6,311	$ 3,983	63.1%
Average ETF advisory fee	0.56%	0.54%	0.02%	3.7%
ETF advisory fees (in thousands)	$ 14,273	$ 8,467	$ 5,806	68.6%
Other income (in thousands)	260	247	13	5.3%
Total revenues (in thousands)	$ 14,533	$ 8,714	$ 5,819	66.8%

ETF advisory fees

ETF advisory fee revenues increased 68.6% from $8.5 million in the first three month of 2010 to a record $14.3 million in the comparable period in 2011. This increase was primarily due to higher average asset balances, which increased 63.1% due to strong net inflows, market appreciation and higher average ETF advisory fees, which increased from 0.54% to 0.56% as we had stronger ETF inflows into our higher-priced emerging market equity ETFs, which contributed to the higher average ETF advisory fee we earned.

Other income

Other income increased 5.3% from $0.2 million in the first three months of 2010 to $0.3 million in the comparable period in 2011 primarily due to higher interest and investment income on our cash balances, partly offset by lower income from our separate account business as two pension plans closed two mandates with us.

Expenses

(in thousands)	Three Months Ended March 31, 2011	2010	Change	Percent Change
Compensation and benefits	$ 5,217	$ 5,255	($ 38)	(0.7%)
Fund management and administration	4,162	3,397	765	22.5%
Marketing and advertising	972	1,160	(188)	(16.2%)
Sales and business development	745	460	285	62.0%
Professional and consulting fees	1,359	1,024	335	32.7%
Occupancy, communications and equipment	273	267	6	2.2%
Depreciation and amortization	65	77	(12)	(15.6%)
Third-party sharing arrangements	1,128	240	888	370.0%
Other	457	426	31	7.3%
Total expenses	$ 14,378	$ 12,306	$ 2,072	16.8%

As a Percent of Revenues:	Three Months Ended March 31, 2011	2010
Compensation and benefits	35.9%	60.3%
Fund management and administration	28.6%	38.9%
Marketing and advertising	6.7%	13.3%
Sales and business development	5.1%	5.3%
Professional and consulting fees	9.4%	11.7%
Occupancy, communications and equipment	1.9%	3.1%
Depreciation and amortization	0.4%	0.9%
Third-party sharing arrangements	7.8%	2.8%
Other	3.1%	4.9%
Total expenses	98.9%	141.2%

Compensation and benefits

Compensation and benefits expense decreased 0.7% from $5.3 million in the first three months of 2010 to $5.2 million in the comparable period in 2011 primarily due to a $0.5 million decrease in stock based compensation as equity awards granted to employees in prior years become fully vested and replaced with a lower number of awards. Partly offsetting this decrease was an increase of $0.2 million related to higher salary and headcount related expenses and $0.2 million related to payroll taxes due on vesting of restricted stock. Our headcount increased from 55 at the end of March 2010 to 61 at the end of March 2011.

Fund management and administration

Fund management and administration expense increased 22.5% from $3.4 million in the first three months of 2010 to $4.2 million in the comparable period in 2011. Higher average assets under management, particularly in our emerging market ETFs, led to an increase of $0.6 million in portfolio management and fund accounting, administration and custody related fees. We also incurred $0.2 million in higher audit, tax and accounting related fees for our ETFs due to additional funds. We had 42 ETFs at the end of March 2010 compared to 46 at the end of March 2011.

Marketing and advertising

Marketing and advertising expense decreased 16.2% from $1.2 million in the first three months of 2010 to $1.0 million in the comparable period in 2011 primarily due to lower levels of discretionary television advertising related expenses to promote our ETFs. We expect to have higher annual spending on marketing and advertising for the full year of 2011 as compared to the full year 2010.

Sales and business development

Sales and business development expense increased 62.0% from $0.5 million in the first three months of 2010 to $0.7 million in the comparable period in 2011 primarily due to higher sales related spending to support our growth.

Professional and consulting fees

Professional fees increased 32.7% from $1.0 million in the first three months of 2010 to $1.4 million in the comparable period in 2011 primarily due to $0.4 million of legal and accounting fees associated with the preparation of our registration statement on Form 10 to transfer the listing of our common stock onto a national stock exchange.

Occupancy, communications and equipment

Occupancy, communications and equipment expense remained relatively unchanged in the first three months of 2010 and the comparable period in 2011.

Depreciation and amortization

Depreciation and amortization expense remained relatively unchanged in the first three months of 2010 and the comparable period in 2011.

Third-party sharing arrangements

Third-party sharing arrangements increased $0.9 million from $0.2 million in the first three months of 2010 to $1.1 million in the comparable period in 2011. This increase was primarily due to $0.7 million increase in net profits in our currency and fixed income ETFs which are subject to profit sharing agreement with Mellon Capital and Dreyfus. Under the agreement, we share revenues and third party costs equally. This expense increased due to the higher average asset balances in these ETFs. In addition, we paid $0.2 million in fees to third parties for marketing our ETFs in the independent broker-dealer channel and Latin America.

Other

Other expense remained relatively unchanged in the first three months of 2010 and the comparable period in 2011.

Year Ended December 31, 2010 compared to December 31, 2009

Overview

	Year Ended December 31,			**Percent**
	2010	**2009**	**Change**	**Change**
Assets Under Management (in millions)				
Beginning of period assets	$ 5,979	$ 3,180		
Net inflows	3,134	1,773	$ 1,361	76.8%
Market appreciation/(depreciation)	778	1,026		
End of period assets	$ 9,891	$ 5,979	$ 3,912	65.4%
Financial Results (in thousands)				
Total revenues	$			