Risk Factors Comparison 2024-02-23 to 2023-02-28 Form: 10-K

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Any investment in our common stock involves a high degree of risk. You should carefully consider the specific risk factors described below in addition to the other information contained in this Report before making a decision to invest in our common stock. If any of these risks actually occur, our business, operating results, financial condition and prospects could be harmed. This could cause the trading price of our common stock to decline and a loss of all or part of your investment. Certain statements below are forward- looking statements. See the section entitled " Cautionary Note Regarding Forward- Looking Statements. " Market Risks Declining prices of securities, gold and other precious metals and other commodities and changes in interest rates and general market conditions can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETP investors to sell their fund shares and trigger redemptions. We are subject to risks arising from declining prices of securities, gold and other precious metals and other commodities, which may result in a decrease in demand for investment products, a higher redemption rate and / or a decline in AUM. The financial markets are highly volatile and prices for financial assets may increase or decrease for many reasons, including general economic conditions, trade uncertainties, rising or falling interest rates, the strengthening or weakening of the U. S. dollar, events such as **a** ~~the COVID- 19~~ pandemic **or** ~~and the~~ war ~~in Ukraine~~ **, geopolitical conflicts** , political events, acts of terrorism and other matters beyond our control. Substantially all our revenues are derived from advisory fees earned on our AUM, in both the international and U. S. markets. As a result, our business can be expected to generate lower revenues in declining market environments or general economic downturns. Such adverse conditions would likely cause the value of our AUM to decrease, which would result in lower advisory fees, or cause investors in the WisdomTree ETPs to sell their shares in favor of investments they perceive to offer greater opportunity or lower risk, thus triggering redemptions that would also result in decreased AUM and lower fees. Fluctuations in the amount and mix of our AUM may negatively impact revenues and operating margins. The level of our revenues depends on the amount and mix of our AUM. Our revenues are derived primarily from advisory fees based on a percentage of the value of our AUM and vary with the nature of the ETPs, which have different fee levels. Fluctuations in the amount and mix of our AUM may be attributable in part to market conditions outside of our control that have had, and in the future could have, a negative impact on our revenues and operating margins. Abnormally wide bid / ask spreads and market disruptions that halt or disrupt trading or create extreme volatility could undermine investor confidence in the ETP investment structure and limit investor acceptance of ETPs. ETPs trade on exchanges in market transactions that generally approximate the value of the referenced assets or underlying portfolio of securities held by the particular ETP. Trading involves risks including the potential lack of an active market for fund shares, abnormally wide bid / ask spreads (the difference between the prices at which shares of an ETP can be bought and sold) that can exist for a variety of reasons and losses from trading. These risks can be exacerbated during periods when there is low demand for an ETP, when the markets in the underlying investments are closed, when ~~markets~~ - **market** conditions are extremely volatile or when trading is disrupted. This could result in limited growth or a reduction in the overall ETP market and result in our revenues not growing as rapidly as it has in the recent past or even in a reduction of revenues. Concentration Risks We derive a substantial portion of our revenues from a limited number of products and, as a result, our operating results are particularly exposed to investor sentiment toward investing in the products' strategies and our ability to maintain the AUM of these products, as well as the performance of these products. At December 31, ~~2022~~ **2023** , ~~55~~ **54** % of our AUM was concentrated in ten of our WisdomTree ETPs with approximately ~~20~~ **18** % in ~~four~~ **three** of our domestic equity ETFs, ~~16~~ **17** % in the WisdomTree Floating Rate Treasury Fund, or USFR, ~~13~~ **10** % in three of our precious metal products ~~and~~ **,** 6 % in two of our emerging markets ETFs **, and 3 % in one of our international developed market equity ETPs** . As a result, our operating results are particularly exposed to the performance of these funds and our ability to maintain the AUM of these funds, as well as investor sentiment toward investing in the funds' strategies. If the AUM in these funds were to decline, either because of declining market values or net outflows from these funds, our revenues would be adversely affected. Declining commodity prices, and gold prices in particular, including as a result of changes in demand for commodities and gold as an investment, could materially and adversely affect our business. At December 31, ~~2022~~ **2023** , approximately ~~16~~ **12** % of our AUM were in ETPs backed by gold and approximately ~~11~~ **10** % were in ETPs backed by other commodities. Precious metals such as gold are often viewed as " safe haven " assets as they tend to attract demand during periods of economic and geopolitical uncertainty. Accommodative monetary policies are also favorable as the opportunity cost of forgoing investment in interest- bearing assets is low. Market conditions that are not conducive to investment in precious metals, such as a rising interest rate environment, may lead to declining prices that are linked to our ETPs and thereby adversely affect our AUM and revenues. We cannot provide any assurance that our products backed by precious metals will benefit from favorable market conditions. In addition, changes in long- term demand cycles for commodities generally and cyclicality in demand for commodities as an investment asset, could reduce demand for certain of our products, limit our ability to successfully launch new products and also may lead to redemptions by existing investors. Also, a portion of the advisory fee revenues we receive on our ETPs backed by gold are paid in gold ounces. ~~In addition, we pay gold ounces to satisfy our deferred consideration obligation (See Note 10 to our Consolidated Financial Statements).~~ While we may readily sell the gold that we earn under these advisory contracts, we still may maintain a position. We currently do not enter into arrangements to hedge against fluctuations in the price of gold and any hedging we may undertake in the future may not be cost- effective or sufficient to hedge against this gold exposure. A significant portion of our AUM is held in products with exposure to U. S. and international developed markets, and we therefore have exposure to domestic and foreign market conditions and are subject to currency exchange rate risks. At December 31, ~~2022~~ **2023** , approximately 29 % and ~~12~~ **15** % of our AUM was held in products with exposure to the U. S. and international developed markets, respectively. Therefore, the success of our business is closely tied to various conditions in these markets which may be affected by domestic and foreign political, social and economic uncertainties, monetary policies conducted in these regions and other factors. In addition, fluctuations in foreign currency exchange rates could reduce the revenues we earn from certain foreign invested products. 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 products, which, in turn, would result in lower revenues. Furthermore, investors may perceive certain foreign invested products, as well as certain of our currency and fixed income products to be 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 products, thus reducing revenues. Our products exposed to the U. S. market may benefit from a rising U. S. dollar, but we can provide no assurance that this will be the case. Also, a weakening U. S. dollar relative to the euro or yen may make less attractive our international hedged equity products, as unhedged alternatives would benefit from the appreciation of the foreign currency or currencies while our products would not, which could result in redemptions in our funds. Withdrawals or broad changes in investments in our ETPs by investors with significant positions may negatively impact revenues and operating margins. We have had in the past, and may have in the future, investors who maintain significant positions in one or more of our ETPs. If such an investor were to broadly change or withdraw its investments in our ETPs because of a change to its investment strategy, market conditions or any other reason, it may significantly change the amount and mix of our AUM, which may negatively affect our revenues and operating margins. ~~25~~ Third- Party Provider Risks We ~~currently~~ primarily depend on Mellon Investments Corporation, Newton Investment Management North America, LLC and Voya Investment Management Co., LLC to provide portfolio management services, State Street Bank and Trust Company to provide us with critical administrative services to operate our business and our U. S. listed ETFs, and other third parties to provide many other critical services to operate our business and our U. S. listed ETFs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm investors in our products. We depend on third- party vendors to provide us with many services that are critical to operating our business, including Mellon Investments Corporation, Newton Investment Management North America, LLC and Voya Investment Management Co., LLC as sub- advisers providing portfolio management services, and State Street Bank and Trust Company, or State Street, to provide custody services, fund accounting, administration, transfer agency and securities lending services. We also rely on third- party providers to **license indexes to certain of our U. S. listed ETFs,** perform index calculation services for our indexes and a third- party distributor for our products. The failure of any of these key vendors to provide us and our products with these services could lead to operational issues and result in financial loss to us and investors in our products. We ~~currently~~ depend on HSBC and JP Morgan to provide us with critical physical custody services for precious metals that back our ETCs. The failure of HSBC and JP Morgan to adequately safeguard the physical assets could materially adversely affect our business and harm investors in our products. ~~Certain~~ **We depend on HSBC and JP Morgan to provide us with critical physical custody services for precious metals that back our ETCs. Such** products **that** are backed by physical metal ~~and~~ are subject to risks associated with the custody of physical assets, including the risk that access to the metal held in the secure facilities managed by HSBC and JP Morgan could be restricted by a pandemic (such as the COVID- 19 pandemic), natural events (such as an earthquake) or human actions (such as a terrorist attack). In addition, there is a risk that the physical metal could be lost, stolen, damaged or restricted. The failure of HSBC and JP Morgan to successfully provide us with these services could result in financial loss to us and investors in our products and our recovery of any losses from a custodian, sub- custodian or insurer may be inadequate. We ~~currently~~ depend on Swissquote Bank Ltd and Coinbase Custody Trust LLC to provide us with critical custody services for digital currencies that back WisdomTree digital assets. The failure of Swissquote and / or Coinbase to adequately safeguard these digital assets could materially adversely affect our business and harm investors in this product **. We depend on Swissquote Bank Ltd and Coinbase Custody Trust LLC to provide us with critical custody services for digital currencies that back WisdomTree digital assets** . Products that are backed by digital currencies are subject to the risks associated with the custody of digital assets, including the risk that the digital currencies or the blockchain infrastructure could be impacted by hacks or other malicious actions. WisdomTree Issuer X Limited is reliant on the security procedures and infrastructure of the custodian to safeguard the underlying digital currency cryptographic keys. There is no guarantee that the arrangements of the custodian will fully protect from loss of assets. Damage to the infrastructure or loss of these assets may render the digital currency inaccessible and adversely impact the value of an investment in digital assets. The digital currencies may also be exposed to the Internet briefly before reaching the secure accounts of the custodian. There are additional risks involved with an investment backed by digital currencies such as changes to the protocol (such as forks) which could damage the reputation of digital assets or result in losses for investors. The risks associated with digital currencies and the failure of the custodian to safeguard the underlying assets could result in financial loss to us and investors in our products and our recovery of any losses from a custodian may be inadequate. The custodians perform additional services to crypto ETPs that may derive additional revenue by delegating a part of our assets to validate transactions on the relevant blockchain (“ staking ”). There are certain operational and technological risks associated with staking such as penalties due to bad validator behavior. Operational and technical errors in the context of staking could damage the reputation of digital assets or result in losses for investors. We ~~currently~~ depend on R & H Fund Services (Jersey) Limited in respect of the products issued by our Jersey- domiciled issuers, or ManJer Issuers, of ETCs (except WisdomTree Issuer X Limited), JTC Trust Company Jersey in respect of products issued by WisdomTree Issuer X Limited, APEX IFS Limited in respect of the products issued by WMAI and State Street Fund Services (Ireland) Limited in respect of the WisdomTree UCITS ETFs to provide us with critical administrative services to those products. The failure of any of those providers to adequately provide such services could materially affect our operating business and harm investors in those products. We ~~currently~~ depend ~~upon~~ **on** R & H Fund Services (Jersey) Limited in respect of the products issued by the ManJer Issuers (except WisdomTree Issuer X Limited), JTC

Trust Company Jersey in respect of products issued by WisdomTree Issuer X Limited, APEX IFS Limited in respect of the products issued by WMAI and State Street Fund Services (Ireland) Limited in respect of the WisdomTree UCITS ETFs, to provide fund accounting, administration and, transfer agency services, as well as custody services in the case of the WisdomTree UCITS ETFs. The failure of any service provider to successfully provide these services could result in financial loss to the products, us and investors in those products. In addition, because each of the service providers provides a multitude of important services, changing these vendor relationships would be challenging. It might require us to devote a significant portion of management' s time to negotiate a similar relationship with other vendors or have these services provided by multiple vendors, which would require us to coordinate the transfer of these functions to another vendor or vendors. ~~26~~ The WisdomTree UCITS ETFs primarily depend on either of Assenagon Asset Management S. A. or Irish Life Investment Managers Limited to provide portfolio management services and other third parties to provide many critical services to operate the WisdomTree UCITS ETFs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm investors in the WisdomTree UCITS ETFs. The WisdomTree UCITS ETFs depend on third- party vendors to provide many services that are critical to operating our business, including Assenagon Asset Management S. A. and Irish Life Investment Managers Limited as investment managers that provide us with portfolio management services and third- party providers of index calculation services. The failure of any of these key vendors to provide the WisdomTree UCITS ETFs with these services could lead to operational issues and result in financial loss to us and investors in the WisdomTree UCITS ETFs. **Failure of third- party vendors to maintain sufficient internal controls could adversely affect us. If a third- party vendor fails to develop and maintain sufficient internal control processes or adequate data privacy controls and security systems, such failure could adversely affect us. For example, we have been notified of a deficiency in the internal controls of a third- party vendor of software we utilize in our accounting processes. We have identified sufficient mitigating controls to alleviate the deficiency and do not believe the third- party' s deficiency has a material impact on our operations or financial reporting. Any internal control failures that may arise in the future could adversely affect us if not sufficiently mitigated.** The products issued by our European business are subject to counterparty risks. ~~Any actual or perceived weakness of those counterparties could negatively impact the European business' AUM and therefore the Company' s AUM, the relevant product and secondary pricing of the products on exchange, which could materially adversely affect our business.~~ The products issued by our European business depend on the services of counterparties, custodians and other agents and are ~~thus~~ **therefore** subject to a variety of counterparty risks, **which** ~~including the following: • Products issued by the ManJer Issuers (except WisdomTree Issuer X Limited)~~ are **detailed above** ~~backed by physical metal and are subject to risks associated with the custody of metal, including the risk that access to the physically backed metal held in the vaults or secure warehouses of a custodian or sub- custodian could be restricted by natural events, such as an earthquake, or human actions, such as a terrorist attack, the risk that such physically backed metal in its custody could be lost, stolen or damaged, and the risk that our recovery of any losses from a custodian, sub- custodian or insurer may be inadequate~~ . ~~• Products issued by WisdomTree Issuer X Limited are backed by digital currencies and are subject to risks associated with the custody of digital assets, including the risk that the digital currency itself or the relevant blockchain infrastructure could be threatened by hacks, other malicious actions, breakdown or disturbance of the infrastructure and loss of the digital keys. •~~ Products issued by WMAI, certain WisdomTree UCITS ETFs and certain products issued by the ManJer Issuers are backed by swap, derivative or similar arrangements **, which** are subject to risks associated with the creditworthiness of their counterparties, including the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the relevant arrangement (whether or not bona fide) or because of a credit, liquidity, regulatory, tax or operational problem. Any deterioration of the credit or downgrade in the credit rating of a counterparty, or the custodian holding the collateral, could cause the associated products to trade at a discount to the value of the underlying assets. The terms of contracts with counterparties are generally complex, often customized and often not subject to regulatory oversight. A voluntary or involuntary default by a counterparty may occur at any time without notice. In the event of any default by, or the insolvency of, any counterparty, the relevant products may be exposed to the under- segregation of assets, fraud or other factors that may result in the recovery of less than all of the property of our issuers that was held in custody or safekeeping in the case of physically backed products or the recovery of property that is insufficient in value to cover all amounts payable to holders of the applicable products upon their redemption. The impact of market stress or counterparty financial condition may not be accurately foreseen or evaluated and, as a result, we may not take sufficient action to reduce counterparty risks effectively. Any losses due to a counterparty' s failure to perform its contractual obligations will be borne by the relevant product issuer and there could be a substantial delay in recovering assets due from counterparties or it may not be possible to do so at all. Defaults by, or even rumors or questions about, the solvency of counterparties may increase operational risks or transaction costs, which may negatively affect the investment performance of the relevant products and have a material adverse effect on our business and operations. 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, fund accounting and administration, and index calculation **as further described in " Third- Party Provider Risks " above** . However, our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure **. Deficiencies in the risk management policies and procedures, internal systems and controls of our third- party vendors may adversely affect our systems and controls** . 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, to manage certain exposures, they are subject to ~~27~~ 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 revenues as investors in our products shift their investments to the products of our competitors. Competition and Distribution Risks The asset management business is intensely competitive, and we may experience pressures on our pricing and market share, which could reduce revenues and profit margins. Our business operates in a highly competitive industry. We compete directly with other ETP sponsors and mutual fund companies and indirectly against other investment management firms, insurance companies, banks, brokerage firms and other financial institutions that offer products that have similar features and investment objectives to those offered by us. This includes fundamentally weighted or factor- based indexes or currency hedged products with fees that are generally equivalent to, and in some instances lower than, our products. We compete based on a number of factors, including name recognition, service, investment performance, product features, breadth of product choices and fees. In addition, the adoption of Rule 6c- 11, or the ETF Rule, removed the need to file for exemptive relief in order to issue ETFs, thereby creating fewer barriers to entry for competitors. We continue to expect that additional companies, both new and traditional asset managers, will enter and expand in the ETP space. Also, non- transparent active ETFs have been launched. These products are not required to disclose their holdings daily, as most ETFs currently are required to do. Such products may allow traditional actively managed mutual fund sponsors to compete more effectively against ETFs. Several ETP sponsors with whom we directly compete continue to migrate toward offering low and no fee products targeting gains in market share. Price competition exists in not only commoditized product categories such as traditional, market capitalization weighted index exposures and commodities, but also in non- market capitalization weighted or factor- based exposures and commodities. Fee reductions by certain of our competitors has been a trend over the last few years and continues to persist and many of our competitors are well positioned to benefit from this trend. Certain larger competitors are able to offer products at lower price points or otherwise as loss leaders due to other revenue sources available within such competitor that are unavailable to us. Newer players have also been entering the ETP industry and frequently seek to differentiate by offering ETPs at a lower price point. Funds are being offered with fees of 20 basis points or less, which have attracted approximately ~~78~~ **80** % of the net flows globally during the last three years. Fee reduction by certain of our competitors has been a trend over the last few years and continues to persist and many of our competitors are well positioned to benefit from this trend. Our competition may have greater market share, offer a broader range of products and platforms and have greater financial resources than we do. Some financial institutions operate in a more favorable regulatory environment and / or have proprietary products, sources of revenue and distribution channels, which may provide them and their investment products with certain competitive advantages, including in pricing ETPs as loss leaders. Further consolidation within the industry may also put us at a competitive disadvantage. We believe that due to the continuing evolution of the competitive landscape described above, we **have experienced, and** may **in the future** experience **,** pressures on our pricing and market share **,** which could reduce our revenues and profit margins. We rely on third- party distribution channels to sell our products **,** and increased competition, a failure to maintain business relationships and other factors could adversely impact our business. We rely on various third- party distribution channels, including registered investment advisers, wirehouse and institutional channels to sell our products. Increasing competition, a failure to maintain business relationships and other factors could impair our distribution capabilities and increase the cost of conducting business. In addition, several of the largest custodial platforms and online brokerage firms eliminated trading commissions for ETFs. ~~Our arrangements with these platforms had offered us preferred or exclusive access for our products, enabling investors to purchase our products without paying commissions. Exclusivity is no longer available, and we can provide no assurance that access to new opportunities will arise.~~ Any inability to access and successfully sell our products through our distribution channels could have a negative effect on our AUM levels and adversely impact our business. ~~28~~ Performance and Investment Risks Many of our ETPs have a limited track record and poor investment performance could cause our revenues to decline. Many of our ETPs have a limited track record upon which an evaluation of their investment performance can be made. Certain investors limit their investments to ETPs with track records of ten years or more. Furthermore, as part of our strategy, we continuously evaluate our product offerings to ensure that all our funds are useful, compelling and differentiated investment offerings, to align our overall product line more competitively in the current ETP landscape and to reallocate our resources to areas of greater client interest. As a result, we may further adjust our product offerings, which may result in the closing of some of our ETPs, changing their investment objective or offering of new funds. The investment performance of our products is important to our success. While strong investment performance could stimulate sales of our ETPs, 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 AUM and reducing our revenues. Our fundamentally- weighted equity products are designed to provide the potential for better risk- adjusted investment returns over full market cycles and are best suited for investors with a longer- term investment horizon. However, the investment approach of our equity products may not perform well during certain shorter periods of time during different points in the economic cycle. ~~We could lose our entire investments in companies including Securrency and Fnality if they are unable to raise capital, execute their respective business plans and successfully grow their businesses, which would have a material impact on our financial condition and results of operations. We currently have various financial interests in companies including Securrency and Fnality valued at $ 35. 7 million in the aggregate. If these entities are unable to raise capital, execute their respective business plans and successfully grow their businesses, we may be required to reduce the value of our financial interests in these companies on our financial statements, which would adversely impact our financial results. Furthermore, we could lose our entire financial interests in these entities if they are unable to satisfy their obligations as they become due and cease their operations. Writing off the entire value of our financial interests would have a material impact on our financial condition and results of operations and may cause a decline in the price of our common stock. See Note 8 to our~~

~~Consolidated Financial Statements for additional information.~~ Operational Risks Our European business subjects us to increased operational, regulatory, financial and other risks. We face increased operational, regulatory, financial, compliance, reputational and foreign exchange rate risks as a result of conducting our business internationally. The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our infrastructure to support our European business, could result in operational failures and regulatory fines or sanctions. If our European products and operations experience any negative consequences or are perceived negatively in non- U. S. markets, it may also harm our reputation in other markets, including the U. S. market. We have and may continue to pursue acquisitions or other strategic transactions. Any strategic transactions that we are a party to will result in increased demands on our management and other resources, may be significant in size relative to our assets and operations, result in significant changes in our business and materially and adversely affect our stock price. If we were unable to manage our strategic initiatives, it could have a material adverse effect on our business. We have and may continue to pursue acquisitions or strategic transactions. These initiatives have placed increased demands on our management and other resources and may continue to do so in the future. We may not be able to manage our operations effectively or achieve our desired objectives on a timely or profitable basis. To do so may require, among other things: • continuing to retain, motivate and manage our existing employees and / or 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 these initiatives effectively, there could be a material adverse effect on our ability to maintain or increase revenues and profitability. Managing strategic initiatives may 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. Unless such initiatives result in an increase in our revenues that is at least proportionate to the increase in the costs associated with implementing them, our future profitability will be adversely affected. ~~29~~ In addition, any future strategic transactions may result in the issuance of a significant amount of our common stock or other securities that could be dilutive to our stockholders, require substantial borrowings, result in changes in our board composition and / or management team, constitute a change of control of our Company, lead to significant changes in our product offering, business operations and earning and risk profiles, and / or result in a decline in the price of our common stock. Our ability to complete future strategic transactions depends upon a number of factors that are not entirely within our control, including our ability to identify suitable merger or acquisition candidates, negotiate acceptable terms, conclude satisfactory agreements and secure financing. Our failure to complete strategic transactions or to integrate and manage acquired or combined businesses successfully could materially and adversely affect our business, results of operations and financial conditions. We instruct trades and perform other operational processes in respect of crypto basket ETPs that we have launched in Europe. Operational failures could materially affect our business and harm investors in these products. We have launched products in Europe that are indexed to baskets of cryptocurrencies or that may allow for staking. We have outsourced the administrator, transfer agent and custodial functions for these products. While we typically outsource portfolio management services to third- party sub- advisers for our products, in this case, we instead act as determination agent and place buy and sell orders directly with a broker to rebalance these crypto basket ETPs in line with the indices. These rebalances **typically** occur ~~either~~ quarterly ~~or annually depending on the product~~ . Expanding trading volumes may increase the risk of trading errors. The failure of any of our vendors to provide us and our products with the outsourced services and our failure to correctly place trade orders could lead to operational issues and result in financial loss to us and / or investors in our products. For products through which we derive additional revenue by staking, we operationally delegate the relevant assets to validators in our role as determination agent. Operational errors in the process could materially affect our business and harm investors in these products. **In addition** ~~The uncertainty regarding the U. K.' s exit from the EU could adversely affect our business. The U. K. left the EU on January 31~~ , **staking features** ~~2020, referred to as Brexit, subject to transitional arrangements which ended on December 31, 2020. On December 30, 2020, the U. K. and the EU entered into a Trade and Cooperation Agreement to regulate certain aspects of their relationship following the end of the transition period. The enactment of the European Union (Future Relationship) Act 2020 brought into effect in the U. K. certain provisions of the Trade and Cooperation Agreement. The terms of the Trade and Cooperation Agreement contemplate further agreements and amendments to be negotiated and agreed. There are legal and regulatory aspects of EU membership~~ , such as ~~certain financial services arrangements~~ **lock- up periods** , ~~which~~ **staking reward payout periods and reward amounts,** are not ~~maintained by the Trade~~ **necessarily fixed over time** and **can cause liquidity risk** ~~Cooperation Agreement and where " equivalence " decisions have not been made and /~~ or **delay the standard settlement period. This** may **cause redemptions to** be **delayed** ~~withdrawn unilaterally. While the medium to long- term consequences of the decision to leave the EU~~ and **may result** ~~application of the Trade and Cooperation Agreement remain uncertain, the U. K.' s withdrawal from the EU has led to political and economic instability and volatility~~ in ~~the~~ **a** financial **loss** ~~markets of the U. K. and more broadly across Europe. It may lead~~ to ~~a weakening in consumer, corporate and financial confidence in such markets, which may in turn have a negative impact elsewhere in the EU and more widely. Among other things, the U. K.' s departure from the EU and the Trade and Cooperation Agreement could lead to instability, including volatility, in the foreign exchange markets, including volatility in the value of the pound sterling or the euro. Deteriorating business, consumer or investor~~ **investors** ~~confidence could lead to (i) reduced levels of business activity, (ii) higher levels of default rates and impairment and (iii) mark to market losses in trading portfolios resulting from changes in credit ratings, share prices and solvency of counterparties. These changes may impact how we conduct our business across Europe. This uncertainty also could impact the broader global economy, including by reducing investor confidence and driving volatility. Such uncertainty could lead to scenarios that adversely affect our business, including our revenues, from either a decrease in the value of our AUM or from outflows from our funds due to a perceived higher exposure of our Company to Brexit risk~~ . Catastrophic and unpredictable events could have a material adverse effect on our business. A terrorist attack, war, power failure, cyber- attack, natural disaster, pandemic event or other catastrophic or unpredictable event could adversely affect our revenues, expenses and operating results by: interrupting our normal business operations; inflicting employee casualties, including loss of our key employees; requiring substantial expenditures and expenses to repair, replace and restore normal business operations; and reducing investor confidence. We have a disaster recovery plan to address certain contingencies, but this plan may not be sufficient in responding or ameliorating the effects of all disaster scenarios. Similarly, these types of events could also affect the ability of the third- party vendors that we rely upon to conduct our business, including parties that provide us with sub- advisory portfolio management services, custodial, fund accounting and administration services or index calculation services, to continue to provide these necessary services to us, even though they may also have disaster recovery plans to address these contingencies. In addition, a failure of the stock exchanges on which our products trade to function properly could cause a material disruption to our business. If we or our third- party vendors are unable to respond adequately or in a timely manner, these failures may result in a loss of revenues and / or increased expenses, either of which would have a material adverse effect on our operating results. ~~30~~ Technology Risks Any significant limitation or failure of our technology systems, or of our third- party vendors' technology systems, or any security breach of our information and cyber security infrastructure, software applications, technology or other systems that are critical to our operations could interrupt or damage our operations and result in material financial loss, regulatory violations, reputational harm or legal liability. We are dependent upon the effectiveness of our own, and our vendors', information security policies, procedures and capabilities to protect the technology systems used to operate our business ~~and~~ **,** to protect the data that reside on or are transmitted through them **and to maintain adequate internal controls** . Although we and our third- party vendors take protective measures to secure information, our and our vendors' technology systems have experienced cybersecurity threats and 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. These risks **have increased with the launch of the WisdomTree Prime mobile application and** may **continue to** increase in the future as the ~~Company develops and launches its~~ mobile application **' s availability expands** . In addition, technology is subject to rapid change and we cannot guarantee that our competitors may not implement more advanced technology platforms for their products, which could affect our business. Any inaccuracies, delays, system failures or breaches, or advancements in technology, and the cost necessary to address them, 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 our earnings or stock price. Human Capital Risks Our ability to operate effectively could be impaired if we fail to retain or recruit key personnel. The success of our business is 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~~ **, technology,** sales and marketing personnel. Our U. S. employees generally may voluntarily terminate their employment at any time. The market for these individuals is extremely competitive and is likely to become more so as additional investment management firms enter the ETF industry and as the digital assets market continues to develop. Our compensation methods may not enable us to recruit and retain required personnel. For example, price volatility in our common stock may impact our ability to effectively use equity grants as an employee compensation incentive. Also, we may need to increase compensation levels, which would decrease our net income or increase our losses. If we are unable to retain and attract key personnel, it could have an adverse effect on our business, our results of operations and financial condition. Expense and Cash Management Risks Our expenses are subject to fluctuations that could materially affect our operating results. Our results of operations are impacted by the magnitude of our expenses and may fluctuate as a result of inflation, as well as discretionary spending, including additional headcount, accruals for incentive compensation, marketing, advertising, sales and other expenses we incur in connection with our operations. We ~~are~~ also ~~establishing~~ **have launched** our digital assets business and expenses ultimately incurred in the near and long- term may be higher than anticipated. Accordingly, fluctuations in our expenses could materially affect our operating results and may vary from quarter to quarter. Legal and Regulatory Risks 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. One of our U. S. subsidiaries, WT Asset Management, is a registered investment adviser and is subject to oversight by the SEC 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 U. S. listed ETFs for which WT Asset Management acts as investment adviser. WT Asset Management is also a member of the NFA and registered as a commodity pool operator for certain of our ETFs. As a commodity pool operator, we are subject to oversight by the NFA and the CFTC pursuant to regulatory authority under the Commodity Exchange Act. In addition, the content and use of our marketing and sales materials and of our sales force in the U. S. regarding our U. S. listed ETFs is subject to the regulatory authority of FINRA. The SEC **also** has ~~also~~ recently adopted rule amendments **that** ~~, which~~ are designed to modernize sales and marketing materials and, as a result, impact marketing materials. We are also subject to foreign laws and regulatory authorities with respect to operational aspects of our products that invest in securities of issuers in foreign countries, in the marketing, offer and / or sales of our products in foreign jurisdictions and in our offering of investment products domiciled outside of the U. S., such as our ETPs issued by the ManJer Issuers, UCITS ETFs and ETPs issued by WMAI. 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 or our ETPs' failure to comply with applicable ~~31~~ 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, our personnel or our ETPs is small in monetary amount, the adverse publicity arising from the imposition of sanctions against us **, our personnel** or our ETPs by regulators could harm our reputation and thus result in redemptions from our products and impede our ability to retain and attract investors in WisdomTree ETPs, all of which may reduce our revenues. 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 investors in WisdomTree ETPs and our advisory clients and are not designed to protect our stockholders. Consequently, these regulations often serve to limit our activities, including through WisdomTree ETP investor protection and market conduct requirements. The regulatory environment in which we operate also is subject to modifications and further regulation. Concerns have been raised at various times about ETFs' possible contribution to market volatility as well as the disclosure requirements applicable to certain types of more complex ETFs. In addition, the SEC **recently** approved a broad set of rules regarding data reporting and fund liquidity, fund valuation and funds' use of derivatives, which are imposing additional expense and require additional administrative services and requirements, among other matters, in seeking to comply with ~~the~~ **these** ~~new~~ rules. New laws or regulations, or changes in the enforcement of existing laws or regulations, applicable to us or investors in our products 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. Compliance with new laws and regulations may result in increased compliance costs and expenses. Specific regulatory changes also may have a direct impact on our revenues. In addition to regulatory scrutiny and potential fines and sanctions, regulators continue to examine different aspects of the asset management industry. New regulation, revised regulatory or judicial interpretations, revised viewpoints, outcomes of lawsuits against other fund complexes or growth in our ETP assets and / or profitability related to the annual approval process for investment advisory agreements may result in the reduction of fees under these agreements, which would mean a reduction in our revenues or otherwise may lead to an increase in costs or expenses. Our operations outside the U. S. are subject to the laws and regulations of various non- U. S. jurisdictions and non- U. S. regulatory agencies and bodies. As we have expanded our international presence, a number of our subsidiaries and international operations have become subject to regulatory systems in various jurisdictions, comparable to those covering our operations in the U. S. Regulators in these non- U. S. jurisdictions may have broad authority with respect to the regulation of financial services including, among other things, the authority to grant or cancel required licenses or registrations. From time to time, we may be involved in legal proceedings that could require significant management time and attention, possibly resulting in significant expense or in an unfavorable outcome, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. From time to time, we may be subject to litigation. In any litigation in which we are involved, we may be forced to incur costs and expenses to defend ourselves or to pay a settlement or judgment or comply with any injunctions 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, financial condition and cash flows. In addition, an unfavorable outcome in any such litigation, including **actual and potential** claims ~~brought~~ by investors in our WisdomTree WTI Crude Oil 3x Daily Leveraged ETP totaling approximately € ~~15~~ **23** . ~~8~~ **6** million ($ ~~16~~ **26** . ~~9~~ **1** million), could have a material adverse effect on our business, results of operations, financial condition and cash flows. See Note ~~15~~ **14** to our Consolidated Financial Statements for additional information. We may from time to time 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 ~~32~~ • 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 revenues and adversely affect our business and financial results. We have been issued **trademark** ~~a patent, but may not be able to enforce or protect our patent~~ and other intellectual property rights, **but may not be able to enforce or protect such intellectual property rights,** which may ~~harm our ability to compete and~~ harm our business. Although we have **trademarks, including the marks WisdomTree ®, WisdomTree Prime ™ and Modern Alpha ®, and other intellectual property rights that are registered in the U. S. and certain other countries, including** a patent relating to our index methodology and the operation of our ETFs, our ability to enforce **such** ~~our patent and other~~ intellectual property rights is subject to general litigation risks. If we cannot successfully enforce our ~~patent~~ **intellectual property rights** , we may lose the ~~benefit~~ **value** of **our brand and business reputation** ~~a future competitive advantage that it would otherwise provide to us~~ . If we seek to enforce our rights, we could be subject to **litigation, including challenges to our registered intellectual property right and** claims that ~~the~~ **our** intellectual property right is invalid or is otherwise not enforceable **in jurisdictions where our intellectual property right is not registered** . 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 from time to time be subject to claims of infringement of third- party intellectual property rights, which could harm our business. " Digital Assets Risks As we endeavor to expand our digital ~~asset~~ **assets** product offerings and services beyond our existing ETP business, we believe the risks associated with our digital assets business include, but are not limited to, the following risks: Competition risks Competition in the digital assets industry on a global basis is increasing, ranging from large, established financial incumbents to smaller, early- stage financial technology providers and companies. There are jurisdictions with more stringent and robust regulatory and compliance requirements than others which could impact the ability of a company to compete in the digital assets industry. Our ability to successfully compete will depend largely on offering innovative products through digital asset exposures (and more broadly in blockchain- enabled finance, including savings and payments), having strong internal controls and risk management infrastructure to enable customer trust, embracing regulation, developing strategic partnerships with participants in the digital assets ecosystem and broader financial services ecosystem, promoting thought leadership and consumer education or awareness, building upon our brand and attracting and retaining talented employees. Failure to do so could negatively impact the success of our digital assets business. **New product risks We have and may continue to spend substantial time and resources developing our digital assets product offerings and services. If these products and initiatives are not successful, or their implementation or launches are delayed, including in connection with our inability to obtain new product regulatory approvals, we may not be able to offset their costs, which could have an adverse effect on our business, reputation, financial condition and operating results. Our digital assets business subjects us to risks similar to those associated with any new product offerings, including, but not limited to, our ability to accurately anticipate market demand and adoption, technical issues with the operation of the products, and legal and regulatory risks as discussed herein. Substantial risks and uncertainties are associated with the introduction of new products and services, including rapid technological change in the industry, significant and ongoing investments required to bring new products and services to market in a timely manner at competitive prices, protection of intellectual property and other confidential information, the competition for employees with the necessary expertise and experience, and producing sales and other materials that fully and accurately describe the product or service and its underlying risks and that are compliant with applicable regulations. New products or services may fail to operate or perform as expected and may not produce anticipated efficiencies, savings or benefits. Our failure to manage these risks and uncertainties also exposes us to enhanced risk of operational lapses and third- party claims, which may result in the recognition of financial statement liabilities. Failure to successfully manage these risks in the development and implementation of our digital assets business could have a material adverse effect on our business, reputation, financial condition and operating results.** Outsourced service provider risks We rely on third- party service providers in connection with different facets of our digital assets business, including but not limited to custodial arrangements, blockchain and wallet infrastructure, banking relationships, cloud computing, payment **platforms and** processors, data infrastructure **, customer support** , compliance support and product development, including mobile application development, all of which are critical to the success of our digital assets business. **In addition, we have partnered with a financial institution to provide co- branded debit cards to retail customers.** The loss of **, or interruption of service from,** a critical third- party service provider could adversely impact our digital assets business, operating results ~~,~~ and financial condition **. We may incur significant costs to resolve any such disruptions in service. In addition, such third- party service providers may be subject to financial, legal, regulatory and labor issues, data security and cybersecurity incidents, denial- of- service attacks, sabotage, privacy breaches or violations, fraud and other misconduct, which could directly or indirectly have an impact on our digital assets products and services** . If any third- party service ~~providers~~ - **provider** ~~fail~~ **fails** to adequately or appropriately render services **or fails** to ~~satisfy~~ **meet its contractual requirements (including compliance with applicable laws and regulations), we could be subject to regulatory enforcement actions and claims from** ~~their~~ - **third parties (including** ~~obligations to us, or~~ our customers ~~or consumers~~ **), and suffer economic and reputational harm that could have an adverse effect** on ~~our behalf, such failure could negatively impact the success of~~ our digital assets business ~~. In addition~~ , **operating results and** ~~such third- party service providers may be subject to~~ financial **condition** ~~, legal, regulatory and labor issues, data security and cybersecurity incidents, denial- of- service attacks, sabotage, privacy breaches or violations, fraud and other misconduct which could directly or indirectly have an impact on our digital asset products and services~~ . Cybersecurity risks The use of various technologies is vital to our digital assets business and will become more prevalent **,** which will make us more susceptible to operational and data security risks resulting from a breach in cybersecurity, including cyberattacks. A breach in cybersecurity, intentional or unintentional, may have an adverse impact on our digital assets business in many ways, including but not limited to, the loss **or destruction** of proprietary information, theft or corruption of data, denial- of- service attacks on websites or network resources, and the unauthorized release or misuse of confidential information. Regulatory risks The digital assets industry is rapidly evolving at an unprecedented rate. There is a high degree of regulatory uncertainty associated with the digital assets industry, which means that the products and services our digital assets business provides or may provide in the future could subject us to enhanced regulatory scrutiny or otherwise materially impact the quality or nature of such products or services. The effect of any future legal or regulatory change or interpretation both domestically and internationally is unknown and such change could be substantial and adverse to our digital assets business. ~~33~~ In addition, we are actively engaged ~~or plan to be engaged~~ with a variety of U. S. federal and state regulators (e. g., the SEC, FINRA, NYDFS and other state regulators) to secure, as necessary, **or maintain** the appropriate regulatory, registration and / or licensing approvals for various business initiatives and operations, including but not limited to: a New York state- chartered limited purpose trust company; money services and money transmitter business; **limited purpose** broker- dealer; **transfer agent;** investment adviser; and investment funds **. For example, we are licensed as a money transmitter or the equivalent in many U. S. states and the District of Columbia, but we may be unable to obtain such licenses in all U. S. states (including in the state of New York) or may experience significant delays, and this could have an adverse effect on our digital assets business** . As we seek to expand globally, similar approvals and / or reliance on exemptions will be required in applicable foreign markets, which ~~may~~ also **may** involve approvals specific to a digital ~~asset~~ **assets** or related business. ~~If~~ **As** we **secure** ~~are successful in securing~~ the appropriate regulatory, registration and / or licensing approvals, or otherwise ~~relying~~ **rely** on, ~~seeking~~ **seek** or ~~confirming~~ --- **confirm** exemptions therefrom, ~~for these different initiatives~~ in connection with our digital assets business, we **are and** will be subject to a myriad of complex and evolving global policy frameworks and associated regulatory requirements that we ~~would~~ need to comply with, or otherwise be exempt from, ~~in seeking~~ to ensure our digital ~~asset~~ **assets** products and services are successfully brought to different markets in a compliant manner. Failure to secure and / or comply with any such approvals and exemptions could **result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate our digital assets business, and** have an adverse effect on our digital assets business. Blockchain infrastructure risks The consensus or governance mechanisms of blockchain networks are subject to change and malfunctions and may not receive ~~sufficient support~~ **adequate adoption** from users and miners, which could negatively impact the blockchain network' s ability to ~~grow~~ **scale** and ~~respond to challenges~~ **improve programmability, transparency, auditability and security** . In addition, blockchain networks face significant challenges in connection with the volume, speed ~~and~~ **,** security **and cost** of transactions **,** and their efforts to increase or enhance such characteristics of the blockchain network may not be successful **or adversely affect other characteristics of the blockchain network** . If the digital asset awards for verifying and confirming transactions on a blockchain network are not sufficiently high to incentivize miners, miners may cease to verify and confirm such transactions or otherwise demand higher fees, which could negatively affect the value of a digital asset. Blockchain technology risks Blockchain technology is a relatively new and untested technology which operates as a distributed ledger. Blockchain systems could be vulnerable to fraud, particularly if a significant minority of participants colluded to defraud the rest. Access to a given blockchain requires an individualized key, which if compromised, could result in loss due to theft, destruction or inaccessibility. There is little regulation of blockchain technology other than the intrinsic public nature of the blockchain system. Any future regulatory developments could affect the viability and expansion of our use of blockchain technology. There are currently a number of competing blockchain platforms with competing intellectual property claims. The uncertainty inherent in these competing technologies could cause companies to use alternatives to blockchain. In addition, blockchain networks may undergo technological developments, such as the Ethereum blockchain' s change in September 2022 from proof- of- work mining to a blockchain based on proof- of- stake validation. Segments of the mining community were against this change, which was complex and involved a merger of the then existing Ethereum blockchain with the new Ethereum blockchain, which could potentially lead to greater centralization. Further, certain miners and other users resisted adoption of the new Ethereum blockchain and it is possible that the two Ethereum blockchains (among potentially others) will endure and compete going forward, which may also slow or impede transactions. The risks associated with blockchain technology may not emerge until the technology is widely used, which could adversely impact our digital assets business. Fork risks Blockchain software is generally open- source. Any user can download the software, modify it and then propose that the blockchain network adopt the modification. When a modification is introduced and a substantial majority of users consent to the modification, the change is implemented and the blockchain network remains uninterrupted. However, if less than a substantial majority of users consent to the proposed modification, and the blockchain consensus mechanism, such as that used by Ethereum, allows for the modification to nonetheless be implemented by some users and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a " fork " (i. e., " split ") of the blockchain network (and the blockchain), with one version running the pre- modified software and the other running the modified software. The effect of such a fork would be the existence of two (or more) versions of the blockchain network running in parallel, but with each version' s native asset lacking interchangeability. Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. If a fork occurs, the original blockchain and the forked blockchain could potentially compete with each other for users and other participants, leading to a loss of these for the original blockchain. A fork could adversely affect our digital assets business. Anti- Money Laundering (" AML ") risks The decentralized infrastructure and anonymous or pseudonymous nature of digital assets could facilitate and create the opportunity for money laundering and terrorist financing activities, thereby circumventing certain anti- money laundering and counter terrorist financing laws and regulations designed to prevent financial crimes ~~both domestically and internationally~~ which could negatively impact our digital assets business. In addition, certain aspects of our digital assets business will have significantly greater anti- money laundering risk, including risk of fines or sanctions, than our historical ~~ETF~~ **ETP** business due to the greater number of potential customers, which may also include customers ~~in foreign markets~~ considered to be higher risk and / or customer types considered to be higher risk, for which anti- money laundering and related obligations will apply. ~~34~~ Data privacy risks In connection with the products or services offered by our digital assets business, we may collect, store, process, or transmit **nonpublic information (including** ~~personal~~ **personally** ~~data~~ **identifiable information and sensitive personally identifiable information)** of a customer or consumer to a significantly greater extent than in our historical ~~ETF~~ **ETP** business. Any change or failure to comply with data privacy laws or regulations related to the collection, processing, use and storage of ~~personal data~~ **such nonpublic information** could materially affect our digital assets business and overall financial health. Other risks The risk of loss in purchasing, selling, trading, using or holding digital assets can be substantial. The price and liquidity of digital assets may be subject to high degrees of volatility resulting in large deviations or fluctuations from normalized levels. There is also heightened custodial ~~risks~~ **risk** due to the unique safekeeping attributes associated with public and private keys of digital assets. Other Company Risks Responding to actions of activist stockholders against us has been costly and the possibility that activist stockholders may wage proxy contests or seek representation on our Board of Directors in the future may be disruptive and cause uncertainty about the strategic direction of our business. During fiscal ~~year~~ **years** 2022 **and 2023** , we were the target of stockholder activism whereby **a** certain **investor, acting together with other** investors **during 2022** (the " Investor Group ") **and acting alone during 2023 (the " Investor "),** notified us of their intention to nominate ~~three~~ director candidates to stand for election to the Board of Directors at the 2022 **and 2023** Annual ~~Meeting~~ **Meetings** of Stockholders. On May 25, 2022, we entered into a cooperation agreement (the " Cooperation Agreement ") with the Investor Group whereby we agreed ~~to~~ , among other things, **to** increase the size of our Board of Directors by two ~~directors~~ to a total of nine directors and appoint ~~Lynn S. Blake and Deborah Fuhr to~~ **two nominees proposed by** ~~the~~

~~Board of Directors. As part of the Cooperation Agreement,~~ the Investor Group **. At** ~~agreed to customary standstill provisions, which are currently in effect and will remain in effect until the earlier of (a) the date that is 30 calendar days prior to the deadline for the submission of director nominations by stockholders for~~ the 2023 Annual Meeting of Stockholders **, our** ~~and (b) the date that is 90 calendar days prior to the first anniversary of the 2022 Annual Meeting of Stockholders~~ **stockholders elected five of our six nominees to the Board of Directors and one of three nominees proposed by the Investor** . Responding to actions by **the Investor and** the Investor Group has been costly ~~.~~ **and** ~~Actions~~ **actions** by activist stockholders to seek representation on our Board of Directors in the future may similarly impact us ~~and could cause uncertainty about the strategic direction of our business~~ . Activist stockholders, such as the Investor ~~Group~~ , may from time to time attempt to effect changes in our strategic direction, and in furtherance thereof, may seek changes in how our Company is governed. Our Board of Directors and management strive to maintain constructive, ongoing communications with our stockholders, including the Investor ~~Group~~ , and welcome their views and opinions with the goal of enhancing value for all stockholders. However, an activist campaign that seeks to replace members of our Board of Directors or changes in our strategic direction could have an adverse effect on us because: • responding to actions by activist stockholders is costly and may be disruptive, time- consuming and divert the attention of our Board of Directors and senior management from the pursuit of business strategies, which could adversely affect our results of operations and financial condition; • perceived uncertainties about our future direction as a result of changes to the composition of our Board of Directors or changes to our stockholder base may lead to the perception of a change in the direction of the business, instability or lack of continuity which may be exploited by our competitors, may result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel and business partners; • these types of actions could cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business; and • if individuals are elected to our Board of Directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and to create additional value for our stockholders. A change of control of our Company would automatically terminate our investment management agreements relating to the WisdomTree U. S. listed ETFs **and Digital Funds,** unless the Board of Trustees of the WisdomTree Trust **, WisdomTree Digital Trust** and shareholders of **each** ~~the WisdomTree U. S. listed ETFs~~ voted to continue the agreements. A change in control could occur if a third party were to acquire a controlling interest in our Company. 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 must vote to continue such an agreement following any such assignment and the shareholders of the WisdomTree **Trust and WisdomTree Digital Trust** ~~U. S. listed ETFs~~ must approve the assignment. The cost of obtaining such shareholder approval can be significant and ordinarily would be borne by us. Similarly, under the Investment Advisers Act, a client' s investment management agreement may not be " assigned " by the investment adviser without the client' s consent. ~~35~~ An investment management agreement is considered under both acts to be assigned to another party when a controlling block of the adviser' s securities is transferred. Under both acts, there is a presumption that a stockholder beneficially owning 25 % or more of an adviser' s voting stock controls the adviser and conversely a stockholder beneficially owning less than 25 % is presumed not to control the adviser. In our case, an assignment of our investment management agreements may occur if a third party were to acquire a controlling interest in our Company. We cannot be certain that the Trustees of the WisdomTree **Trust and WisdomTree Digital Trust** ~~U. S. listed ETFs~~ would consent to assignments of our investment management agreements or approve new agreements with us if a change of control occurs. And even if such approval were obtained, approval from the shareholders of the WisdomTree **Trust and WisdomTree Digital Trust** ~~U. S. listed ETFs~~ would be required to be obtained; such approval could not be guaranteed and even if obtained, likely would result in significant expense. This restriction may discourage potential purchasers from acquiring a controlling interest in our Company. Our revenues could be adversely affected if the Independent Trustees of the WisdomTree Trust **or WisdomTree Digital Trust, as applicable,** do not approve the continuation of our advisory agreements or ~~determines~~ - **determine** that the advisory fees we receive from the WisdomTree **U. S. listed** ETFs **or Digital Funds** should be reduced. Our revenues are derived primarily from investment advisory agreements with related parties. Our advisory agreements with the WisdomTree Trust and **WisdomTree Digital Trust, and** the fees we collect from the WisdomTree U. S. listed ETFs **and Digital Funds** are subject to review and approval by the Independent Trustees of the WisdomTree Trust **and WisdomTree Digital Trust, as applicable** . The advisory agreements are subject to initial review and approval. After the initial two- year term of the agreement for each ETF **or Digital Fund** , the continuation of such agreement must be reviewed and approved at least annually by a majority of the Independent Trustees. In determining whether to approve the agreements, the Independent Trustees consider factors such as the nature and quality of the services provided by us, 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, the extent to which economies of scale are shared with the WisdomTree U. S. listed ETFs **or Digital Funds** , and the level of fees paid by other similar funds. Our revenues would be adversely affected if the Independent Trustees do not approve the continuation of our advisory agreements or determines that the advisory fees we charge to any particular fund are too high, resulting in a reduction of our fees. 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 investment performance and excellent client services. The WisdomTree name and brand is a valuable asset and any damage to it could hamper our ability to maintain and grow our AUM and attract and retain employees, thereby having a material adverse effect on our revenues. Risks to our reputation may range from regulatory issues to unsubstantiated accusations. Managing such matters may be expensive, time- consuming and difficult. Risks Relating to our Common and Preferred Stock and Convertible Notes The market price of our common stock has been fluctuating significantly and may continue to do so, and you could lose all or part of your investment. The market price of our common stock has been fluctuating significantly and may continue to do so, depending upon many factors, some of which may be beyond our control, including: • ~~the ultimate duration of the COVID- 19 pandemic or the war in~~

~~Ukraine and their short- term and long- term impact on our business and the global economy; •~~ actions of activist stockholders against us, which have been costly and may be disruptive and may cause uncertainty about the strategic direction of our business; • decreases in our AUM; • 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 ETP industry and the asset management industry in general, including financial estimates and recommendations by securities analysts; • our strategic moves and those of our competitors, such as acquisitions or consolidations; • changes in the regulatory framework of the ETP industry and the asset management industry in general and regulatory action, including action by the SEC to lessen the regulatory requirements or shorten the process under the Investment Company Act to become an ETP sponsor; • the level of demand for our stock, including the amount of short interest in our stock; • changes in general economic or market conditions; and • realization of any other of the risks described elsewhere in this section. ~~36~~ In addition, stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock. Furthermore, in the past, market fluctuations and price declines in a company' s stock have led to securities class action litigations or other derivative stockholder lawsuits. If such a suit were to arise, it could cause substantial costs to us and divert our resources regardless of the outcome. If equity research analysts issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline. The trading market for our common stock relies in part on the research and reports that equity research analysts publish about us and our business. We do not control the opinions of these analysts. The price and trading volume of our common stock could decline if one or more equity analysts issue unfavorable commentary or downgrade our common stock or cease publishing reports about us or our business. We may not have the ability to raise the funds necessary to settle conversions of the Convertible Notes or to repurchase the Convertible Notes upon a fundamental change. We currently have outstanding $ ~~60. 0 million in aggregate principal amount of 4. 25 % convertible senior notes due 2023, $~~ 150. 0 million of 3. 25 % convertible senior notes due 2026 and $ 130. 0 million in aggregate principal amount of 5. 75 % convertible senior notes due 2028, which we collectively refer to as the Convertible Notes. Holders of the Convertible Notes have the right to require us to repurchase their notes upon the occurrence of certain change of control transactions or liquidation, dissolution or common stock delisting events (each, a " fundamental change "), at a repurchase price equal to 100 % of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, as described in the respective indentures between us and the trustee. In addition, upon conversion of the Convertible Notes, we will be required to make cash payments in respect of the notes being converted as described in the indentures. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor or notes being converted. In addition, our ability to repurchase the notes or to pay cash upon conversions of the notes may be limited by law, regulatory authority or agreements governing our future indebtedness. Further, if the fundamental change also constitutes a change of control under the Certificate of Designations for our Series A Preferred Stock and we are required to make other redemption payments as a result of the change of control, we would be required to satisfy that obligation before making any payments on the notes. Our failure to repurchase notes at a time when the repurchase is required by the applicable indenture or to pay any cash payable on future conversions of the notes as required by the indenture would constitute a default under the indenture. The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and liquidity **. We currently have outstanding $ 150. 0 million in aggregate principal amount of 3. 25 % convertible senior notes due 2026 and $ 130. 0 million in aggregate principal amount of 5. 75 % convertible senior notes due 2028, which we collectively refer to as the Convertible Notes**. In the event the conditional conversion feature of the Convertible Notes is triggered, holders of notes will be entitled to convert the notes at any time during specified periods at their option, as described in the indentures. If one or more holders elect to convert their notes, we would be required to settle any converted principal through the payment of cash, which could adversely affect our liquidity. **Series A Non- Voting Convertible** Preferred ~~Shares~~ **Stock** issued in connection with the ETFS Acquisition contain redemption rights, which, if triggered, could materially impact our financial position. In connection with the ETFS Acquisition, we issued 14, 750 shares of ~~preferred stock, or~~ **Series A Non- Voting Convertible** Preferred ~~Shares~~ **Stock, or Series A Preferred Stock**, to ETFS Capital, which are convertible into 14, 750, 000 shares of our common stock, subject to certain restrictions. ETFS Capital also has redemption rights for the **Series A** Preferred ~~Shares~~ **Stock** to protect against corporate events such as our having an insufficient number of shares of authorized common stock to permit full conversion and if, upon a change of control of us, ETFS Capital does not receive the same amount per **share of Series A** Preferred ~~Share~~ **Stock** that it would have received had ~~the~~ **these** ~~Preferred Shares~~ **shares** been converted prior to a change of control. Any such redemption will be at a price per **share of Series A** Preferred ~~Share~~ **Stock** equal to the dollar volume- weighted average price for a share of common stock for the 30- trading day period ending on the date of such attempted conversion or change of control, as applicable, multiplied by 1, 000. The redemption value of the **Series A** Preferred ~~Shares~~ **Stock** was $ ~~78~~ **96** . ~~0~~ **9** million at December 31, ~~2022~~ **2023** . Future issuances of our common stock **or equity- linked securities** could lower our stock price and dilute the interests of existing stockholders. We may issue additional shares of our common stock **or equity- linked securities** in the future, either in connection with an acquisition or for other business reasons. The issuance of a substantial amount of common stock **or equity- linked securities** could have the effect of substantially diluting the interests of our current stockholders. In addition, the sale of a substantial amount of common stock **or equity- linked securities** in the public market, either in the initial issuance or in a subsequent resale by the target company in an acquisition which received such common stock as consideration or by investors who acquired such common stock in a private placement, could have a material adverse effect on the market price of our common stock. ~~37~~ **Provisions in our certificate of incorporation and by- laws may prevent or delay an acquisition of our Company, which could decrease the market value of our common stock. Provisions of Delaware law, our certificate of incorporation and our 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: • 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 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, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which limits business combination transactions with stockholders of 15 % or more of our outstanding voting stock that our Board of Directors has not approved. These provisions and other similar provisions make it more difficult for stockholders or potential acquirers to acquire us without negotiation. These provisions may apply even if some stockholders may consider the transaction beneficial to them. As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our common stock. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a premium over the then current market price for our common stock. Our stockholder rights plan, or " poison pill, " includes terms and conditions that could discourage a takeover or other transaction that stockholders may consider favorable. On June 16, 2023, our stockholders voted to ratify the adoption by our Board of Directors of the Stockholder Rights Agreement, dated March 17, 2023 and subsequently amended on May 4, 2023 and on May 10, 2023 (as amended, the " Stockholder Rights Agreement "), by and between the Company and Continental Stock Transfer & Trust Company, as Rights Agent. The Stockholder Rights Agreement was adopted in response to stockholder activism concerns and is intended to protect the Company and its stockholders from efforts by a single stockholder or group of stockholders to obtain control of the Company without paying a control premium through a number of recognized stockholder protections. Generally, the Stockholder Rights Agreement works by causing substantial dilution to any person or group (other than specified exempt persons) that acquires 10 % (or 20 % in the case of passive stockholders) or more of the shares of common stock without the approval of the Board of Directors (such person or group, an " Acquiring Person ") through the issuance of " Rights " to stockholders of record as of, and subsequent to, the close of business on March 28, 2023, which Rights entitle the registered holders thereof (other than the Acquiring Person) to receive additional shares of our common stock upon exercise of such Rights. As a result, the overall effect of the Stockholder Rights Agreement may be to render more difficult or discourage a merger, tender or exchange offer or other business combination involving our Company that is not approved by the Board of Directors even if the offer may be considered beneficial by some stockholders. The Rights will expire at the close of business on March 16, 2024, unless previously redeemed or exchanged by the Company. See Note 19 to our Consolidated Financial Statements for additional information. The payment of dividends to our stockholders and our ability to repurchase our common stock is subject to the discretion of our Board of Directors and may be limited by our financial condition and any applicable laws. Any determination as to the payment of dividends or stock repurchases, as well as the level of such dividends or repurchases, will depend on, among other things, general economic and business conditions, our level of AUM, our strategic plans, our financial results and condition, limitations associated with new credit facilities or other agreements that could limit the amount of dividends we are permitted to pay or the stock we may repurchase, and any applicable laws, including the Inflation Reduction Act, which includes an excise tax that would impose a 1 % surcharge on stock repurchases. If, as a consequence of these various limitations and restrictions, we are unable to generate sufficient income from our business, we may need to reduce or eliminate the payment of dividends on our common stock or cease repurchasing our common stock. Any change in our stock repurchases or the level of our dividends or the suspension of the payment thereof could adversely affect our stock price. 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.