

Newcastle University Investment Fund

WisdomTree Inc. - (NYSE: WT)

Long: Target Price \$25.64 - (132.9% Upside)

Head Analyst:

Alexander Telpov

Analysts:

Finlay Ritchie

Mannik Bhambhu



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Executive Summary

Pitch Summary

- WisdomTree Inc. is an asset management firm offering exchange-traded funds and other investment products to retail and institutional clients and is now extending its capabilities into blockchain-enabled digital finance.*
- We believe WisdomTree Inc. is mispriced because the market underestimates its ability to scale in a concentrated ETF industry, overlooks meaningful traction in its digital strategy and misjudges its financial discipline and capital allocation.*

Valuation Snapshot

	Target Price	Upside	Weight	Weighted TP	Weighted Upside
Bull	\$31.90	189.7%	20%	\$25.64	132.9%
Base	\$25.19	128.8%	60%		
Bear	\$20.74	88.4%	20%		

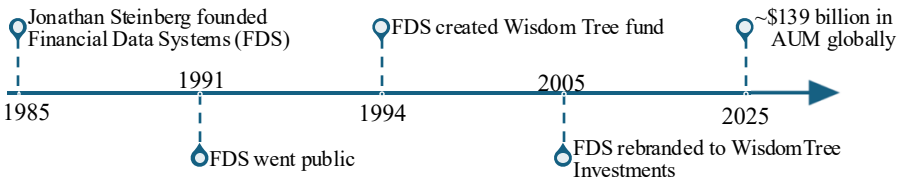
Market View and Our Thesis

	Market View	Our Thesis
Thesis 1	ETF market concentration limits growth for smaller issuers like WisdomTree Inc.	WisdomTree Inc. is scaling effectively despite industry concentration
Thesis 2	WisdomTree Inc.'s digital strategy is seen as unproven and high-risk	WisdomTree Inc.'s digital strategy is operational and scaling
Thesis 3	Capital allocation is unfocused and misaligned with shareholder value	WisdomTree Inc. is financially disciplined and cash-generative

Company Overview

Business Overview

- WisdomTree Inc. is an asset management firm offering exchange-traded funds and other investment products to retail and institutional clients and is now extending its capabilities into blockchain-enabled digital finance.
- WisdomTree Prime is a blockchain-native digital wallet that enables users to access, hold and transact in tokenized assets and digital funds.
- WisdomTree Connect is an institutional platform that provides businesses with direct access to WisdomTree Inc.'s Digital Funds through self-hosted or custodial wallets.

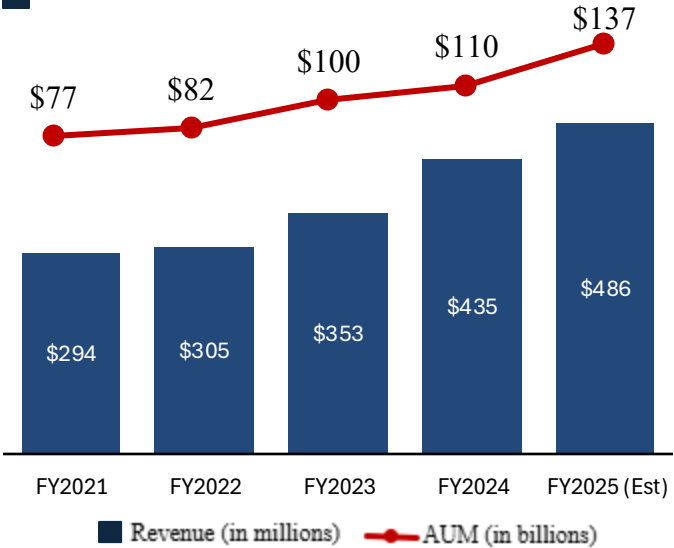


Geography

- WisdomTree Inc. (which is New York based) has operations in the US and Europe. The US accounts for more than 65% of the company's revenue, followed by Jersey with nearly 30%, and Ireland with some 5%.



Financial Performance

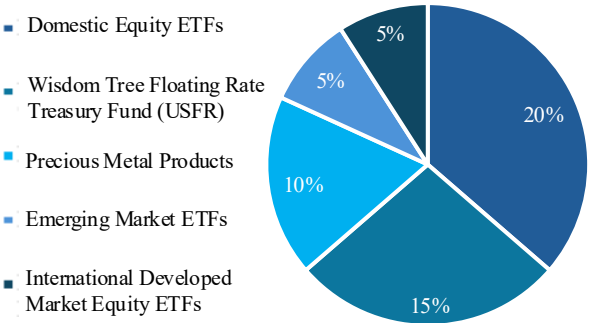


Management

- Since its founding and under the leadership of CEO Jonathan Steinberg, WisdomTree Inc. has focused on building a diversified, innovation-led asset manager. The company has expanded beyond its core ETF business into managed model portfolios and blockchain-enabled digital finance, including an early foothold in regulated tokenized investment products.

Operations

- WisdomTree Inc. has two key operations: managing and sponsoring Exchange-Traded Products (ETPs) which generate over 90% of revenue through advisory fees and developing blockchain-enabled digital asset infrastructure.
- It offers ETPs covering equities, commodities, fixed income, leveraged-and-inverse, currency, alternatives, and cryptocurrency strategies.
- About 55% of its AUM was concentrated in ten of its WisdomTree ETP:



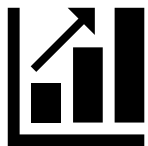
Industry Overview

Business Model

Asset managers earn revenue from assets under management (AUM) based management fees and non-AUM service fees.

Asset-based Revenue

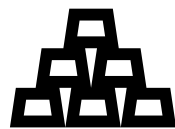
Asset managers earn fees that are charged as a percentage of AUM. They come from managing a range of products such as:



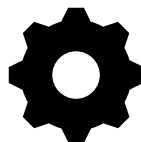
Equity Funds



Fixed Income Funds



Commodity &
Gold Products



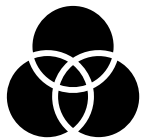
Factor/Smart
Beta Strategies

Non-asset-based Revenue

Asset managers also earn revenue from activities not tied directly to AUM. These include traditional fee streams such as:



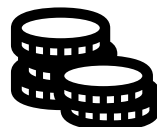
Licensing Fees



Model Portfolio
Fees



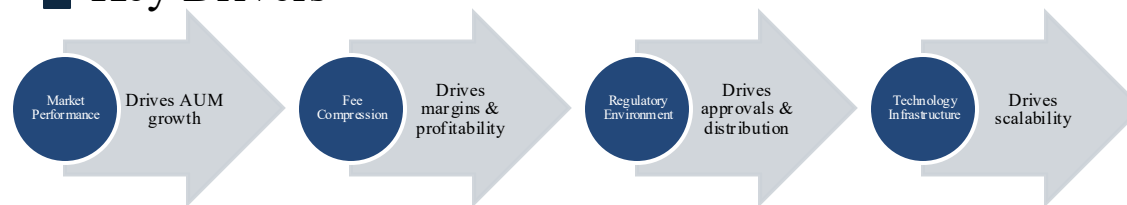
Technology &
Platform Fees



Other Service Fees

In addition, some managers are expanding into digital infrastructure, generating revenue from tokenized funds, digital wallets, and platform access.

Key Drivers



Current Industry Trends

Market performance impacts AUM levels and causes fluctuations

Stronger markets have supported higher asset levels across the industry, but recent volatility has caused AUM to move sharply month-to-month.

Fee compression means continued margin pressure

Intensifying competition and investor preference for lower-cost strategies are putting ongoing pressure on advisory fees and profitability across the industry.

Regulatory tightening means evolving product access

New SEC ETF rules, enhanced liquidity & disclosure requirements, and emerging digital-asset regulations are shaping how investment products are structured and offered.

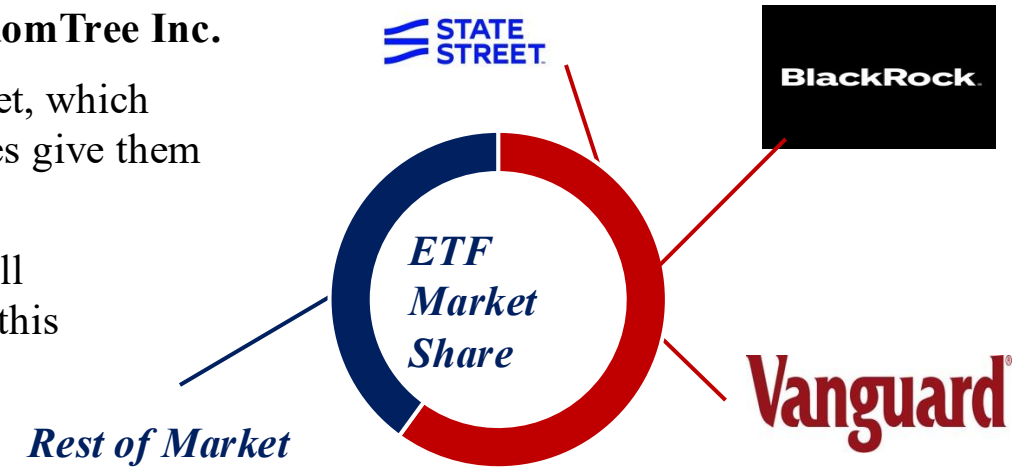
Technology improvements enable greater scalability

Advances in API distribution, and blockchain infrastructure are improving efficiency and enabling scalable product delivery.

Market Expectations

ETF market concentration limits growth for smaller issuers like WisdomTree Inc.

- The ETF market is dominated by BlackRock, Vanguard and State Street, which together control around 60% of total ETF assets. Their large asset bases give them strong economies of scale.
- These economies of scale allow them to charge very low fees while still making solid profits. Smaller firms like WisdomTree Inc. do not have this scale and cannot match those low fees without hurting their margins, making price competition difficult.



WisdomTree's digital strategy is seen as unproven and high-risk

- The market perceives WisdomTree Inc.'s digital offerings as early-stage and untested. WisdomTree Prime (digital wallet) adoption is low, with over 26,000 accounts but only 143 daily transactions as of Q4 2024. Key shareholders, including ETFS Capital, have publicly questioned the initiative, raising concerns that it may distract from core business priorities.

Capital allocation is unfocused and misaligned with shareholder value

- Activist investors have criticized WisdomTree Inc.'s capital strategy, particularly the \$415 million convertible debt raise in 2025. The market narrative is that WisdomTree Inc. prioritizes unproven ventures over maximizing shareholder returns.

The market expectations are that WisdomTree Inc.'s growth is constrained by ETF market concentration, its digital strategy remains unproven and risky, and its capital allocation appears unfocused and misaligned with shareholder value.

Thesis

We believe WisdomTree Inc. is mispriced because the market underestimates its ability to scale in a concentrated ETF industry, overlooks meaningful traction in its digital strategy and misjudges its financial discipline and capital allocation.

1) WisdomTree Inc. is scaling effectively despite industry concentration

- WisdomTree Inc.'s AUM has risen from approximately \$110 billion at end-2024 to \$137 billion by September 2025, representing a 25% increase, driven by \$8.8 billion in year-to-date net inflows (~11% organic growth).
- Growth is broad-based, spanning seven of eight asset classes, including U.S. equity, international equity, and alternatives.
- The data shows WisdomTree Inc. is scaling effectively in a market that is supposedly too concentrated to allow smaller players to thrive.



2) WisdomTree Inc.'s digital strategy is operational and scaling



While the market focuses on limited WisdomTree Prime wallet adoption, WisdomTree Inc.'s broader digital strategy shows operational progress and investor engagement.



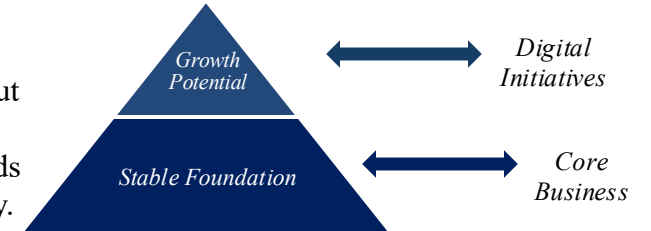
WisdomTree Connect (tokenized fund platform) now offers 13 SEC-registered tokenized funds across multiple blockchains, including equity, fixed income, money market, and asset allocation vehicles.



WisdomTree Inc.'s Digital Assets business is growing month to month, demonstrating real adoption and strong scaling. The infrastructure and product rollout illustrate that WisdomTree Inc.'s digital strategy is operational and actively used.

3) WisdomTree Inc. is financially disciplined and cash-generative

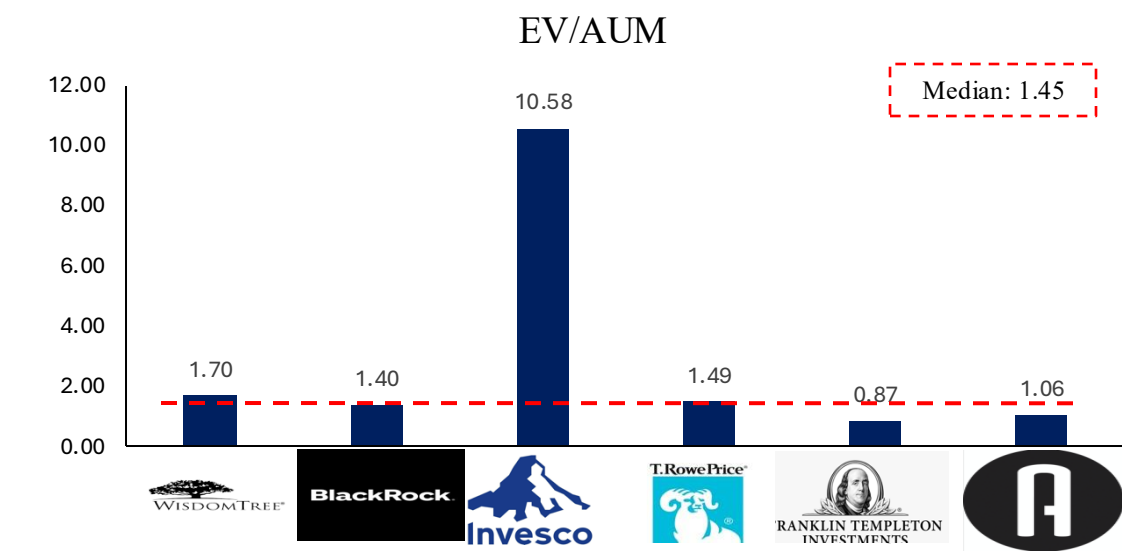
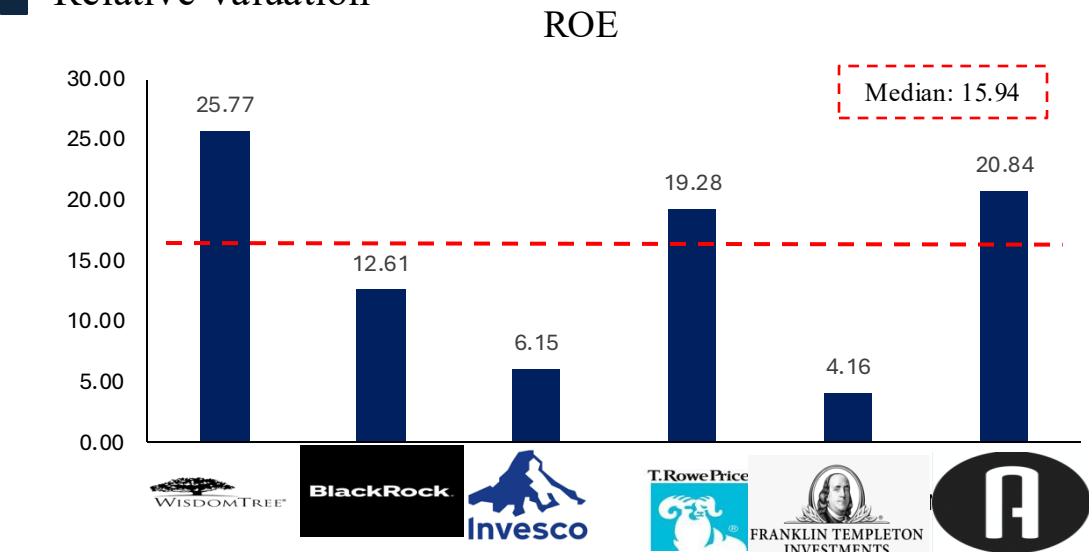
- Critics point to the \$415 million convertible notes raised in 2025 and limited buybacks, but WisdomTree Inc. generates strong free cash flow, maintains a healthy FCF yield, and holds solid liquidity, supporting financial flexibility.



- The core business consistently generates cash and profits, providing a stable foundation while digital initiatives offer growth potential, demonstrating that capital is being allocated effectively rather than recklessly.

Valuation

Relative Valuation



Intrinsic Valuation

	Target Price	Upside	Weight	Weighted TP	Weighted Upside
Bull	\$31.90	189.7%	20%	\$25.64	132.9%
Base	\$25.19	128.8%	60%		
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Sensitivity Analysis

WACC	LT growth in FCFF				
	2.50%	2.75%	3.00%	3.25%	3.50%
7.4%	25.58	26.91	28.38	30.04	31.90
7.7%	24.20	25.39	26.70	28.17	29.81
7.9%	22.94	24.01	25.19	26.50	27.96
8.2%	21.79	22.77	23.83	25.00	26.30
8.4%	20.74	21.63	22.59	23.65	24.82

Risks and Catalysts

■ WisdomTree Inc. faces a series of potential catalysts and risks that could trigger volatility in the company's share price.

Risks

A sustained reversal in organic inflows would undermine the view that WisdomTree Inc. can scale effectively in a highly concentrated ETF market.

If WisdomTree Inc.'s digital initiatives such as Prime and Connect fail to gain adoption or if regulatory pushback slows approvals, the digital strategy may not deliver growth.

Ineffective deployment of the \$415m raised in 2025 could reinforce market concerns around poor capital allocation and undermine our view that WisdomTree Inc. is financially disciplined.

Catalysts

Sustained net inflows across WisdomTree Inc.'s ETF range would demonstrate its ability to scale and gain market share in a concentrated industry.

Sustained tokenized fund inflows and broader Prime wallet adoption would demonstrate real-world traction in WisdomTree Inc.'s digital strategy and validate its scalability.

Clear disclosure of digital revenue and user metrics in investor updates would reduce uncertainty around the digital strategy and help support a stock re-rating.

Appendix

DCF

	2024	2025E	2026E	2027E	2028E	2029E
Revenue	427,737	491,898	565,682	650,535	748,115	860,332
EBITDA	139,045	155,916	182,353	212,783	247,807	288,116
D&A	1,752	1,574	1,582	1,595	1,612	1,634
EBIT	137,293	154,342	180,770	211,188	246,195	286,483
Tax @21% (marginal)	28,832	32,412	37,962	44,349	51,701	60,161
NOPAT	108,461	121,930	142,809	166,839	194,494	226,321
D&A	1,752	1,574	1,582	1,595	1,612	1,634
Changes in WC	2,497	-829	-953	-1,096	-1,260	-1,449
Capex & Add to intangibles	6,855	7,883	9,066	10,426	11,989	13,788
FCFF	100,861	116,449	136,278	159,104	185,377	215,616
Availability of FCFF %		10.1%	100.0%	100.0%	100.0%	100.0%
Availability of FCFF		11,804	136,278	159,104	185,377	215,616
Period - Discount factors		0.1	1.1	2.1	3.1	4.1
PV of FCFF		11,713	125,289	135,523	146,297	157,655

WACC	7.9%
LT Growth of FCFF	3.0%
PV of FCFF(2024 -2029E)	576,868
PV of Terminal value	3,290,547
Fair value of the firm	3,867,415
Net Debt	331,013
Minority interest	0
Equity investment	8,922
FV of Equity	3,545,324
# of shares outstanding	140,720,000
FV of Equity share	£25.19
Current share price	£11.01
% Upside/Downside	128.8%

Appendix

■ WACC Model

WACC	7.9%
Cost of Debt	
Risk free rate	4.1%
Credit spread	1.6%
Pre-tax cost of debt	5.7%
Tax rate (marginal)	21.0%
After tax cost of debt	4.5%
Total capital	
% of Debt	17.3%
% of Equity	82.7%
Total Net Debt	331,013
Total Market cap of Equity	1,580,000
Cost of Equity	8.7%
Risk Free rate	4.1%
Beta	1.04
Equity market premium	4.3%

Disclaimer

Analyst Disclaimer

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