

GRAYSCALE BITCOIN TRUST (BTC)
2020 Grantor Trust Tax Information
EIN: 46-7019388

The following information is being provided to assist Shareholders of the Grayscale Bitcoin Trust (BTC) (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2020 through December 31, 2020

TAXATION OF THE TRUST

The Trust is a grantor trust for U.S. federal income tax purposes. As a result, the Trust itself is not subject to U.S. federal income tax. Instead, the Trust's income and expenses "flow through" to the Shareholders.

TAXATION OF US INDIVIDUAL SHAREHOLDERS

Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust's income and proceeds, and directly incurred their pro rata share of the Trust's expenses. Most state and local tax authorities follow U.S. income tax rules in this regard. However, Shareholders should contact their own tax advisors as to the state and local tax consequences of ownership of the Trust.

The Trust holds only Bitcoin ("BTC") tokens and, accordingly, received no income during the year.

The Trust paid expenses periodically, as shown in the attached 2020 Gross Proceeds File. These expenses are allocated into monthly periods as shown in the 2020 Expense File. An example illustrating the computation of a Shareholder's share of expenses is provided.

Because the Trust paid out only a de minimis amount of BTC for payment of Trust expenses during the year and made no distributions of sale proceeds to its Shareholders, under Treas. Reg. Sec. 1.671-5(c)(2)(iv)(B) neither the Trust nor brokers are required to report the gross proceeds of Trust sales to Shareholders on Form 1099B. In lieu of Form 1099B, this information is contained in the attached 2020 Gross Proceeds File together with an example illustrating how a Shareholder should calculate gain or loss.

GLOSSARY OF TERMS

Grayscale Bitcoin Trust (BTC) - (the "Trust")

Expense File – Summary of allocated monthly Trust expenses per share in USD (page 2)

Gross Proceeds File – Summary of daily value per share (in BTC), amount of BTC paid to cover trust expenses (in BTC), and per share proceeds from BTC paid to cover trust expenses (in USD) - (pages 3 -14)

Pro-Rated Shares – All income and expenses are distributed pro rata based on the actual number of days in the calendar month (see example on page 2)

GRAYSCALE BITCOIN TRUST (BTC) 2020 EXPENSE FILE

Summary of Expenses by Month (Details on pages 3-14)

Date	Expenses Per Share (USD)	Amount of BTC Per Share
January	0.01419641	0.00000164
February	0.01463718	0.00000152
March	0.01097698	0.00000164
April	0.01218253	0.00000157
May	0.01529103	0.00000162
June	0.01482522	0.00000158
July	0.01610124	0.00000164
August	0.01879639	0.00000162
September	0.01651842	0.00000158
October	0.01973151	0.00000160
November	0.02725517	0.00000155
December	0.03753396	0.00000160
Total for year	0.21804604	0.00001916

How to Calculate the Shareholder's Investment Expenses

Identify in the table above the months (full and partial) in which the Shareholder held shares in the Trust. The amount in the column labeled "Expenses Per Share," represents the amount of investment expense paid per share for a full month. For any month in which the shares were not held on each day in such month, the expenses should be pro-rated based on the number of days held (see attached details for each month pages 3-14).

Example illustrating calculation of a Shareholder's 2020 Grayscale Bitcoin Trust (BTC) Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2020 and sold them on September 15, 2020. For the month of February, Shareholder's expenses are \$0.01463718 (See Summary Table above – February Factor) x (14/29) = \$0.00706622 per share. For the months of March through August, the expenses per share are as shown in the summary table above. For the month of September, Shareholder's expenses are \$0.01651842 (See Summary Table above – September Factor) x (15/30) = \$0.00825921. The total expenses for Shareholder are therefore \$0.10349882 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held (20,000), or \$2,069.98.

Total Expenses per Share	\$0.10349882
Number of Shares Held	<u>20,000</u>
Total Expense	<u>\$ 2,069.98</u>

(Please consult your tax advisor as to reporting)

GRAYSCALE BITCOIN TRUST (BTC) 2020 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
1/1/2020	0.00096932		
1/2/2020	0.00096926		
1/3/2020	0.00096921		
1/4/2020	0.00096916		
1/5/2020	0.00096910		
1/6/2020	0.00096905		
1/7/2020	0.00096900		
1/8/2020	0.00096894		
1/9/2020	0.00096889	0.00000042	0.00332022
1/10/2020	0.00096884		
1/11/2020	0.00096879		
1/12/2020	0.00096873		
1/13/2020	0.00096868		
1/14/2020	0.00096863		
1/15/2020	0.00096857	0.00000032	0.00278327
1/16/2020	0.00096852		
1/17/2020	0.00096847		
1/18/2020	0.00096841		
1/19/2020	0.00096836		
1/20/2020	0.00096831		
1/21/2020	0.00096825		
1/22/2020	0.00096820	0.00000037	0.00320073
1/23/2020	0.00096815		
1/24/2020	0.00096810		
1/25/2020	0.00096804		
1/26/2020	0.00096799		
1/27/2020	0.00096794		
1/28/2020	0.00096788		
1/29/2020	0.00096783		
1/30/2020	0.00096778		
1/31/2020	0.00096772	0.00000053	0.00489219

GRAYSCALE BITCOIN TRUST (BTC) 2020 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
2/1/2020	0.00096767		
2/2/2020	0.00096762		
2/3/2020	0.00096757		
2/4/2020	0.00096751		
2/5/2020	0.00096746	0.00000021	0.00205270
2/6/2020	0.00096741		
2/7/2020	0.00096735		
2/8/2020	0.00096730		
2/9/2020	0.00096725		
2/10/2020	0.00096719		
2/11/2020	0.00096714		
2/12/2020	0.00096709		
2/13/2020	0.00096704	0.00000042	0.00431005
2/14/2020	0.00096698		
2/15/2020	0.00096693		
2/16/2020	0.00096688		
2/17/2020	0.00096682		
2/18/2020	0.00096677		
2/19/2020	0.00096672	0.00000032	0.00322792
2/20/2020	0.00096666		
2/21/2020	0.00096661		
2/22/2020	0.00096656		
2/23/2020	0.00096651		
2/24/2020	0.00096645		
2/25/2020	0.00096640		
2/26/2020	0.00096640		
2/27/2020	0.00096629		
2/28/2020	0.00096624	0.00000047	0.00409157
2/29/2020	0.00096619		

GRAYSCALE BITCOIN TRUST (BTC) 2020 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
3/1/2020	0.00096614		
3/2/2020	0.00096608		
3/3/2020	0.00096603		
3/4/2020	0.00096598		
3/5/2020	0.00096592	0.00000031	0.00287474
3/6/2020	0.00096587		
3/7/2020	0.00096582		
3/8/2020	0.00096576		
3/9/2020	0.00096571		
3/10/2020	0.00096566		
3/11/2020	0.00096561		
3/12/2020	0.00096555	0.00000037	0.00222870
3/13/2020	0.00096550		
3/14/2020	0.00096545		
3/15/2020	0.00096539		
3/16/2020	0.00096534		
3/17/2020	0.00096529		
3/18/2020	0.00096524		
3/19/2020	0.00096518	0.00000037	0.00230437
3/20/2020	0.00096513		
3/21/2020	0.00096508		
3/22/2020	0.00096502		
3/23/2020	0.00096497		
3/24/2020	0.00096492	0.00000032	0.00212837
3/25/2020	0.00096487		
3/26/2020	0.00096481		
3/27/2020	0.00096476		
3/28/2020	0.00096471		
3/29/2020	0.00096465		
3/30/2020	0.00096460		
3/31/2020	0.00096455	0.00000037	0.00239574

GRAYSCALE BITCOIN TRUST (BTC) 2020 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
4/1/2020	0.00096450		
4/2/2020	0.00096444		
4/3/2020	0.00096439		
4/4/2020	0.00096434		
4/5/2020	0.00096428		
4/6/2020	0.00096423		
4/7/2020	0.00096418	0.00000037	0.00269694
4/8/2020	0.00096413		
4/9/2020	0.00096407		
4/10/2020	0.00096402		
4/11/2020	0.00096397		
4/12/2020	0.00096391		
4/13/2020	0.00096386		
4/14/2020	0.00096381		
4/15/2020	0.00096376		
4/16/2020	0.00096370	0.00000042	0.00298369
4/17/2020	0.00096365		
4/18/2020	0.00096360		
4/19/2020	0.00096354		
4/20/2020	0.00096349		
4/21/2020	0.00096344		
4/22/2020	0.00096339		
4/23/2020	0.00096333	0.00000037	0.00277339
4/24/2020	0.00096328		
4/25/2020	0.00096323		
4/26/2020	0.00096317		
4/27/2020	0.00096312		
4/28/2020	0.00096307		
4/29/2020	0.00096302		
4/30/2020	0.00096296	0.00000036	0.00321836

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Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
5/1/2020	0.00096291		
5/2/2020	0.00096286		
5/3/2020	0.00096281		
5/4/2020	0.00096275		
5/5/2020	0.00096270		
5/6/2020	0.00096265		
5/7/2020	0.00096259	0.00000036	0.00359811
5/8/2020	0.00096254		
5/9/2020	0.00096249		
5/10/2020	0.00096244		
5/11/2020	0.00096238		
5/12/2020	0.00096233	0.00000031	0.00276846
5/13/2020	0.00096228		
5/14/2020	0.00096223		
5/15/2020	0.00096217		
5/16/2020	0.00096212		
5/17/2020	0.00096207		
5/18/2020	0.00096201		
5/19/2020	0.00096196		
5/20/2020	0.00096191	0.00000037	0.00348233
5/21/2020	0.00096186		
5/22/2020	0.00096180		
5/23/2020	0.00096175		
5/24/2020	0.00096170		
5/25/2020	0.00096165		
5/26/2020	0.00096159		
5/27/2020	0.00096154		
5/28/2020	0.00096149	0.00000047	0.00446131
5/29/2020	0.00096143		
5/30/2020	0.00096138		
5/31/2020	0.00096133	0.00000016	0.00149097

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Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
6/1/2020	0.00096128		
6/2/2020	0.00096122		
6/3/2020	0.00096117		
6/4/2020	0.00096112	0.00000016	0.00155211
6/5/2020	0.00096107		
6/6/2020	0.00096101		
6/7/2020	0.00096096		
6/8/2020	0.00096091		
6/9/2020	0.00096086		
6/10/2020	0.00096080	0.00000031	0.00310251
6/11/2020	0.00096075		
6/12/2020	0.00096070		
6/13/2020	0.00096064		
6/14/2020	0.00096059		
6/15/2020	0.00096054		
6/16/2020	0.00096049		
6/17/2020	0.00096043	0.00000037	0.00341254
6/18/2020	0.00096038		
6/19/2020	0.00096033		
6/20/2020	0.00096028		
6/21/2020	0.00096022		
6/22/2020	0.00096017		
6/23/2020	0.00096012		
6/24/2020	0.00096007	0.00000037	0.00339485
6/25/2020	0.00096001		
6/26/2020	0.00095996		
6/27/2020	0.00095991		
6/28/2020	0.00095986		
6/29/2020	0.00095980		
6/30/2020	0.00095975	0.00000037	0.00336321

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Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
7/1/2020	0.00095970		
7/2/2020	0.00095965		
7/3/2020	0.00095959		
7/4/2020	0.00095954		
7/5/2020	0.00095949		
7/6/2020	0.00095943		
7/7/2020	0.00095938		
7/8/2020	0.00095933		
7/9/2020	0.00095928	0.00000037	0.00339354
7/10/2020	0.00095922		
7/11/2020	0.00095917		
7/12/2020	0.00095912		
7/13/2020	0.00095907		
7/14/2020	0.00095901		
7/15/2020	0.00095896	0.00000037	0.00337508
7/16/2020	0.00095891		
7/17/2020	0.00095886		
7/18/2020	0.00095880		
7/19/2020	0.00095875		
7/20/2020	0.00095870		
7/21/2020	0.00095865		
7/22/2020	0.00095859	0.00000037	0.00344543
7/23/2020	0.00095854		
7/24/2020	0.00095849		
7/25/2020	0.00095844		
7/26/2020	0.00095838		
7/27/2020	0.00095833		
7/28/2020	0.00095828		
7/29/2020	0.00095823	0.00000037	0.00410635
7/30/2020	0.00095817		
7/31/2020	0.00095812	0.00000016	0.00178084

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Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
8/1/2020	0.00095807		
8/2/2020	0.00095802		
8/3/2020	0.00095796		
8/4/2020	0.00095791		
8/5/2020	0.00095786	0.00000021	0.00244690
8/6/2020	0.00095781		
8/7/2020	0.00095775		
8/8/2020	0.00095770		
8/9/2020	0.00095765		
8/10/2020	0.00095760		
8/11/2020	0.00095754		
8/12/2020	0.00095749	0.00000036	0.00421558
8/13/2020	0.00095744		
8/14/2020	0.00095739		
8/15/2020	0.00095733		
8/16/2020	0.00095728		
8/17/2020	0.00095723		
8/18/2020	0.00095718		
8/19/2020	0.00095712	0.00000037	0.00425583
8/20/2020	0.00095707		
8/21/2020	0.00095702		
8/22/2020	0.00095697		
8/23/2020	0.00095691		
8/24/2020	0.00095686		
8/25/2020	0.00095681		
8/26/2020	0.00095676	0.00000037	0.00420236
8/27/2020	0.00095671		
8/28/2020	0.00095665		
8/29/2020	0.00095660		
8/30/2020	0.00095655		
8/31/2020	0.00095650	0.00000031	0.00367572

GRAYSCALE BITCOIN TRUST (BTC) 2020 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
9/1/2020	0.00095644		
9/2/2020	0.00095639		
9/3/2020	0.00095634		
9/4/2020	0.00095629		
9/5/2020	0.00095623		
9/6/2020	0.00095618		
9/7/2020	0.00095613		
9/8/2020	0.00095608	0.00000042	0.00417608
9/9/2020	0.00095602		
9/10/2020	0.00095597		
9/11/2020	0.00095592		
9/12/2020	0.00095587		
9/13/2020	0.00095581		
9/14/2020	0.00095576		
9/15/2020	0.00095571		
9/16/2020	0.00095566	0.00000037	0.00402595
9/17/2020	0.00095560		
9/18/2020	0.00095555		
9/19/2020	0.00095550		
9/20/2020	0.00095545		
9/21/2020	0.00095540		
9/22/2020	0.00095534	0.00000037	0.00384567
9/23/2020	0.00095529		
9/24/2020	0.00095524		
9/25/2020	0.00095519		
9/26/2020	0.00095513		
9/27/2020	0.00095508		
9/28/2020	0.00095503		
9/29/2020	0.00095498		
9/30/2020	0.00095492	0.00000042	0.00447072

GRAYSCALE BITCOIN TRUST (BTC) 2020 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
10/1/2020	0.00095487		
10/2/2020	0.00095482		
10/3/2020	0.00095477		
10/4/2020	0.00095472		
10/5/2020	0.00095466		
10/6/2020	0.00095461		
10/7/2020	0.00095456	0.00000031	0.00334399
10/8/2020	0.00095451		
10/9/2020	0.00095445		
10/10/2020	0.00095440		
10/11/2020	0.00095435		
10/12/2020	0.00095430		
10/13/2020	0.00095424		
10/14/2020	0.00095419	0.00000037	0.00415371
10/15/2020	0.00095414		
10/16/2020	0.00095409		
10/17/2020	0.00095404		
10/18/2020	0.00095398		
10/19/2020	0.00095393		
10/20/2020	0.00095388		
10/21/2020	0.00095383	0.00000036	0.00461130
10/22/2020	0.00095377		
10/23/2020	0.00095372		
10/24/2020	0.00095367		
10/25/2020	0.00095362		
10/26/2020	0.00095356		
10/27/2020	0.00095351		
10/28/2020	0.00095346	0.00000036	0.00477725
10/29/2020	0.00095341	0.00000010	0.00140953
10/30/2020	0.00095336		
10/31/2020	0.00095330	0.00000010	0.00143573

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Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
11/1/2020	0.00095325		
11/2/2020	0.00095320		
11/3/2020	0.00095315		
11/4/2020	0.00095309	0.00000016	0.00220247
11/5/2020	0.00095304		
11/6/2020	0.00095299		
11/7/2020	0.00095294		
11/8/2020	0.00095289		
11/9/2020	0.00095283		
11/10/2020	0.00095278		
11/11/2020	0.00095273	0.00000036	0.00569305
11/12/2020	0.00095268		
11/13/2020	0.00095262		
11/14/2020	0.00095257		
11/15/2020	0.00095252		
11/16/2020	0.00095247		
11/17/2020	0.00095242		
11/18/2020	0.00095236	0.00000036	0.00636640
11/19/2020	0.00095231		
11/20/2020	0.00095226		
11/21/2020	0.00095221		
11/22/2020	0.00095216		
11/23/2020	0.00095210		
11/24/2020	0.00095205	0.00000031	0.00592113
11/25/2020	0.00095200		
11/26/2020	0.00095195		
11/27/2020	0.00095189		
11/28/2020	0.00095184		
11/29/2020	0.00095179		
11/30/2020	0.00095174	0.00000036	0.00707212

GRAYSCALE BITCOIN TRUST (BTC) 2020 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
12/1/2020	0.00095169		
12/2/2020	0.00095163		
12/3/2020	0.00095158		
12/4/2020	0.00095153		
12/5/2020	0.00095148		
12/6/2020	0.00095142		
12/7/2020	0.00095137		
12/8/2020	0.00095132		
12/9/2020	0.00095127	0.00000041	0.00757835
12/10/2020	0.00095122		
12/11/2020	0.00095116		
12/12/2020	0.00095111		
12/13/2020	0.00095106		
12/14/2020	0.00095101		
12/15/2020	0.00095096		
12/16/2020	0.00095090	0.00000036	0.00753785
12/17/2020	0.00095085		
12/18/2020	0.00095080		
12/19/2020	0.00095075		
12/20/2020	0.00095070		
12/21/2020	0.00095064		
12/22/2020	0.00095059	0.00000031	0.00728910
12/23/2020	0.00095054		
12/24/2020	0.00095049		
12/25/2020	0.00095043		
12/26/2020	0.00095038		
12/27/2020	0.00095033		
12/28/2020	0.00095028		
12/29/2020	0.00095023		
12/30/2020	0.00095017		
12/31/2020	0.00095012	0.00000052	0.01512866
TOTAL		0.00001916	0.21804604

Grayscale Bitcoin Trust (BTC) Gross Proceeds and Expense Files show BTC tokens per share owned in the Trust, as well as BTC tokens paid out, proceeds, and expenses per share in the Trust. You can use this information to calculate your share of Trust expenses, and your gain or loss on sale of BTC tokens to pay such expenses.

The Trust holds no assets other than BTC tokens. Accordingly, when expenses are incurred, Trust assets (i.e., BTC tokens) are sold to cover the expenses. The following example illustrates the tax consequences to the Shareholder. In Step 1, we discuss how a Shareholder would determine his or her stake in the Trust (i.e., how many BTC tokens they own). In Step 2, we discuss how much of his or her stake is sold throughout the year to cover expenses (and how many BTC tokens they still own). In Step 3, we determine the Shareholder's basis in the BTC tokens sold by the Trust. Gain or loss from this sale is determined in relation to the basis of the assets sold. In Step 4, we determine the gain or loss from the sale of the assets and where the gain or loss is reported on the Shareholder's tax return. In Step 5, we calculate the Shareholder's portion of the Trust's expenses. In Step 6, we determine the Shareholder's new balance of BTC tokens at the end of the year and his or her new cost basis in the BTC tokens.

The following example is for illustrative purposes only and is not intended to be construed as tax advice. Shareholders should consult a tax professional in the use of their information on their respective tax returns.

Example: Shareholder XYZ purchases 20,000 Trust shares on 2/10/2020 at a price of \$9.62 per share for a total purchase price of \$192,400. Shareholder XYZ had no other purchases or sales of Trust shares during 2020 and held the shares for the remainder of 2020.

Step 1: Identify the shareholder's pro rata ownership of Bitcoin.

Locate the Bitcoin Per Share amount on Shareholder XYZ's purchase date of 2/10/2020 in the gross proceeds file. In this example the number is 0.00096719. This represents the number of BTC tokens per share on that date.

For Shareholder XYZ, the total amount of BTC tokens owned for its 2/10/2020 purchase is 19.34380000 (0.00096719 per share multiplied by 20,000 shares purchased on 2/10/2020). Note: This step should be completed for each date on which Trust shares were purchased.

Step 2: Calculate the Bitcoin paid out from Shareholder XYZ's account during 2020 to pay expenses

The BTC tokens paid out per share during 2020 includes the cumulative amounts of all BTC token payouts for the period which includes the day after the purchase date of 2/10/2020 through the day before payout date.

During 2020, the total amount of BTC tokens paid out after the 2/10/2020 purchase date is 0.00001700 per share. This is determined by taking the total amount of BTC tokens per share paid out in 2020 (0.00001916) and subtracting the amount of BTC tokens paid out prior to the purchase (0.00000164 from January plus (10/29 multiplied 0.00000152 from February)). Then multiply this number (0.00001700) by the number of shares owned (20,000) for a total of 0.33991724 BTC tokens paid to cover trust expenses.

Step 3: Calculate Shareholder's cost basis in Bitcoin paid out from Shareholder's account

Total BTC token payout (Step 2)	0.33991724		
	-----	x	\$192,400
BTC tokens acquired (Step 1)	19.34380000		
Cost basis of BTC token payout	\$3,380.93		

Step 4: Calculate Shareholder's gain or loss on Bitcoin payout for each lot purchased

Identify all proceeds per share received by the Trust after Shareholder XYZ's 2/10/2020 purchase date. During 2020, periodic payouts for the period 2/11/2020 through 12/31/2020 generated proceeds per share of \$0.19880232 (total proceeds of payout of BTC tokens for the year, 0.21804604, less 0.01924371, which is the proceeds of payouts made prior to purchase [0.01419641 from January] plus 0.00504730 from the first 10 days in February). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.19880232 per share X 20,000 shares	\$	3,976.05
Less: Total cost basis of BTC token payout (Step 3)		<u>3,380.93</u>
Total Reportable Gain/(Loss)	\$	<u>595.12</u>
(To be reported on Shareholder's Form 1040 Schedule D)		

Step 5: Calculate Shareholder's investment expenses

Identify all expenses per share paid by the Trust after Shareholder XYZ's 2/10/2020 purchase date. During 2020, the expenses were paid throughout the year and for the period of 2/11/2020 through 12/31/2020 amounted to \$0.19880232 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share (Step 4)	\$	0.19880232
Total Shares		<u>20,000</u>
Total Expense	\$	<u>3,976.05</u>

Step 6: Calculate Shareholder's Adjusted Bitcoin Held and Cost Basis

BTC tokens Purchased on 2/10/2020 (Step 1)	19.34380000
Less: BTC token payout during 2020 (Step 2)	<u>0.33991724</u>
Adjusted Shareholder's BTC tokens at 12/31/2020	<u>19.00388276</u>
Original Purchase Cost on 2/10/2020	\$ 192,400.00
Less: Cost of BTC token payout during 2020 (Step 3)	<u>3,380.93</u>
Adjusted Shareholder's basis at 12/31/2020	<u>\$ 189,019.07</u>

Shareholder's adjusted BTC tokens and adjusted cost calculated in Step 6 are his/her adjusted BTC tokens and adjusted basis for the 2/10/2020 purchase at the end of 12/31/2020.

Shareholders with several purchases should calculate gain, loss and adjusted basis separately for each purchased lot and then sum up the results of each lot to arrive at the net reportable gain or loss and the total investment expenses. Shareholders, who purchased their shares prior to 2020, and made no other purchases, should calculate their adjusted cost basis using the gross proceeds information for the relevant years by following the same steps as in the example above. The adjusted cost basis at 12/31/2019 should be used as the beginning cost for 2020 instead of the original purchase cost. Shareholders with an additional purchase in 2020 will have two cost lots to account for in 2020. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.