

## **GRAYSCALE ZCASH TRUST (ZEC)**

2022 Grantor Trust Tax Information

EIN: 82-6646113

The following information is being provided to assist Shareholders of the Grayscale ZCash Trust (ZEC) (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2022 through December 31, 2022

### **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 ZCash ("ZEC") tokens and, accordingly, received no income during the year.

The Trust paid expenses periodically, as shown in the attached 2022 Gross Proceeds File. These expenses are allocated into monthly periods as shown in the 2022 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 ZEC tokens 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 2022 Gross Proceeds File together with an example illustrating how a Shareholder should calculate gain or loss.

### **GLOSSARY OF TERMS**

Grayscale ZCash Trust (ZEC) - (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 ZEC), amount of ZEC paid to cover trust expenses (in ZEC), and per share proceeds from ZEC 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 ZCASH TRUST (ZEC) 2022 EXPENSE FILE

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

Date	Expenses Per Share (USD)	Amount of ZEC Per Share
January	0.01804375	0.00019102
February	0.01994602	0.00017219
March	0.03424303	0.00019025
April	0.02310751	0.00018373
May	0.01746598	0.00018946
June	0.00973542	0.00018296
July	0.01268216	0.00018867
August	0.01142400	0.00018827
September	0.01021607	0.00018181
October	0.00979777	0.00018748
November	0.00791753	0.00018105
December	0.00705724	0.00018670
<b>Total for year</b>	<b>0.18163648</b>	<b>0.00222359</b>

### 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 2022 Grayscale ZCash Trust (ZEC) Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2022 and sold them on September 15, 2022. For the month of February, Shareholder's expenses are \$0.01994602 (See Summary Table above – February Factor) x (13/28) = \$0.00926065 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 \$0.01021607 (See Summary Table above – September Factor) x (15/30) = \$0.00510804. The total expenses for Shareholder are therefore \$0.12302679 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held (20,000), or \$2,460.54.

Total Expenses per Share	\$ 0.12302679
Number of Shares Held	20,000.00
<b>Total Expense</b>	<b>\$ 2,460.54</b>

(Please consult your tax advisor as to reporting)

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
1/1/2022	0.09005055		
1/2/2022	0.09004439		
1/3/2022	0.09003822		
1/4/2022	0.09003205		
1/5/2022	0.09002588		
1/6/2022	0.09001972		
1/7/2022	0.09001355		
1/8/2022	0.09000739		
1/9/2022	0.09000122		
1/10/2022	0.08999506		
1/11/2022	0.08998889		
1/12/2022	0.08998273		
1/13/2022	0.08997657		
1/14/2022	0.08997040		
1/15/2022	0.08996424		
1/16/2022	0.08995808		
1/17/2022	0.08995192		
1/18/2022	0.08994576		
1/19/2022	0.08993960		
1/20/2022	0.08993344		
1/21/2022	0.08992728		
1/22/2022	0.08992112		
1/23/2022	0.08991496		
1/24/2022	0.08990880		
1/25/2022	0.08990264		
1/26/2022	0.08989648		
1/27/2022	0.08989033		
1/28/2022	0.08988417		
1/29/2022	0.08987801		
1/30/2022	0.08987186		
<b>1/31/2022</b>	<b>0.08986570</b>	<b>0.00019102</b>	<b>0.01804375</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
2/1/2022	0.08985955		
2/2/2022	0.08985339		
2/3/2022	0.08984724		
2/4/2022	0.08984108		
2/5/2022	0.08983493		
2/6/2022	0.08982878		
2/7/2022	0.08982262		
2/8/2022	0.08981647		
2/9/2022	0.08981032		
2/10/2022	0.08980417		
2/11/2022	0.08979802		
2/12/2022	0.08979187		
2/13/2022	0.08978572		
2/14/2022	0.08977957		
2/15/2022	0.08977342		
2/16/2022	0.08976727		
2/17/2022	0.08976112		
2/18/2022	0.08975497		
2/19/2022	0.08974882		
2/20/2022	0.08974268		
2/21/2022	0.08973653		
2/22/2022	0.08973038		
2/23/2022	0.08972424		
2/24/2022	0.08971809		
2/25/2022	0.08971195		
2/26/2022	0.08970580		
2/27/2022	0.08969966		
<b>2/28/2022</b>	<b>0.08969352</b>	<b>0.00017219</b>	<b>0.01994602</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
3/1/2022	0.08968737		
3/2/2022	0.08968123		
3/3/2022	0.08967509		
3/4/2022	0.08966894		
3/5/2022	0.08966280		
3/6/2022	0.08965666		
3/7/2022	0.08965052		
3/8/2022	0.08964438		
3/9/2022	0.08963824		
3/10/2022	0.08963210		
3/11/2022	0.08962596		
3/12/2022	0.08961982		
3/13/2022	0.08961368		
3/14/2022	0.08960755		
3/15/2022	0.08960141		
3/16/2022	0.08959527		
3/17/2022	0.08958914		
3/18/2022	0.08958300		
3/19/2022	0.08957686		
3/20/2022	0.08957073		
3/21/2022	0.08956459		
3/22/2022	0.08955846		
3/23/2022	0.08955232		
3/24/2022	0.08954619		
3/25/2022	0.08954006		
3/26/2022	0.08953392		
3/27/2022	0.08952779		
3/28/2022	0.08952166		
3/29/2022	0.08951553		
3/30/2022	0.08950940		
<b>3/31/2022</b>	<b>0.08950327</b>	<b>0.00019025</b>	<b>0.03424303</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
4/1/2022	0.08949714		
4/2/2022	0.08949101		
4/3/2022	0.08948488		
4/4/2022	0.08947875		
4/5/2022	0.08947262		
4/6/2022	0.08946649		
4/7/2022	0.08946036		
4/8/2022	0.08945423		
4/9/2022	0.08944811		
4/10/2022	0.08944198		
4/11/2022	0.08943586		
4/12/2022	0.08942973		
4/13/2022	0.08942360		
4/14/2022	0.08941748		
4/15/2022	0.08941135		
4/16/2022	0.08940523		
4/17/2022	0.08939911		
4/18/2022	0.08939298		
4/19/2022	0.08938686		
4/20/2022	0.08938074		
4/21/2022	0.08937462		
4/22/2022	0.08936849		
4/23/2022	0.08936237		
4/24/2022	0.08935625		
4/25/2022	0.08935013		
4/26/2022	0.08934401		
4/27/2022	0.08933789		
4/28/2022	0.08933177		
4/29/2022	0.08932566		
<b>4/30/2022</b>	<b>0.08931954</b>	<b>0.00018373</b>	<b>0.02310751</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
5/1/2022	0.08931342		
5/2/2022	0.08930730		
5/3/2022	0.08930119		
5/4/2022	0.08929507		
5/5/2022	0.08928895		
5/6/2022	0.08928284		
5/7/2022	0.08927672		
5/8/2022	0.08927061		
5/9/2022	0.08926449		
5/10/2022	0.08925838		
5/11/2022	0.08925227		
5/12/2022	0.08924615		
5/13/2022	0.08924004		
5/14/2022	0.08923393		
5/15/2022	0.08922781		
5/16/2022	0.08922170		
5/17/2022	0.08921559		
5/18/2022	0.08920948		
5/19/2022	0.08920337		
5/20/2022	0.08919726		
5/21/2022	0.08919115		
5/22/2022	0.08918504		
5/23/2022	0.08917893		
5/24/2022	0.08917283		
5/25/2022	0.08916672		
5/26/2022	0.08916061		
5/27/2022	0.08915450		
5/28/2022	0.08914840		
5/29/2022	0.08914229		
5/30/2022	0.08913619		
<b>5/31/2022</b>	<b>0.08913008</b>	<b>0.00018946</b>	<b>0.01746598</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
6/1/2022	0.08912398		
6/2/2022	0.08911787		
6/3/2022	0.08911177		
6/4/2022	0.08910566		
6/5/2022	0.08909956		
6/6/2022	0.08909346		
6/7/2022	0.08908736		
6/8/2022	0.08908125		
6/9/2022	0.08907515		
6/10/2022	0.08906905		
6/11/2022	0.08906295		
6/12/2022	0.08905685		
6/13/2022	0.08905075		
6/14/2022	0.08904465		
6/15/2022	0.08903855		
6/16/2022	0.08903245		
6/17/2022	0.08902636		
6/18/2022	0.08902026		
6/19/2022	0.08901416		
6/20/2022	0.08900806		
6/21/2022	0.08900197		
6/22/2022	0.08899587		
6/23/2022	0.08898978		
6/24/2022	0.08898368		
6/25/2022	0.08897759		
6/26/2022	0.08897149		
6/27/2022	0.08896540		
6/28/2022	0.08895930		
6/29/2022	0.08895321		
<b>6/30/2022</b>	<b>0.08894712</b>	<b>0.00018296</b>	<b>0.00973542</b>



## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
7/1/2022	0.08894103		
7/2/2022	0.08893493		
7/3/2022	0.08892884		
7/4/2022	0.08892275		
7/5/2022	0.08891666		
7/6/2022	0.08891057		
7/7/2022	0.08890448		
7/8/2022	0.08889839		
7/9/2022	0.08889230		
7/10/2022	0.08888622		
7/11/2022	0.08888013		
7/12/2022	0.08887404		
7/13/2022	0.08886795		
7/14/2022	0.08886187		
7/15/2022	0.08885578		
7/16/2022	0.08884969		
7/17/2022	0.08884361		
7/18/2022	0.08883752		
7/19/2022	0.08883144		
7/20/2022	0.08882535		
7/21/2022	0.08881927		
7/22/2022	0.08881319		
7/23/2022	0.08880710		
7/24/2022	0.08880102		
7/25/2022	0.08879494		
7/26/2022	0.08878886		
7/27/2022	0.08878277		
7/28/2022	0.08877669		
7/29/2022	0.08877061		
7/30/2022	0.08876453		
<b>7/31/2022</b>	<b>0.08875845</b>	<b>0.00018867</b>	<b>0.01268216</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
8/1/2022	0.08875237		
8/2/2022	0.08874629		
8/3/2022	0.08874022		
8/4/2022	0.08873414		
8/5/2022	0.08872806		
8/6/2022	0.08872198		
8/7/2022	0.08871591		
8/8/2022	0.08870983		
8/9/2022	0.08870375		
8/10/2022	0.08869768		
8/11/2022	0.08869160		
8/12/2022	0.08868553		
8/13/2022	0.08867945		
8/14/2022	0.08867338		
8/15/2022	0.08866731		
8/16/2022	0.08866123		
8/17/2022	0.08865516		
8/18/2022	0.08864909		
8/19/2022	0.08864302		
8/20/2022	0.08863694		
8/21/2022	0.08863087		
8/22/2022	0.08862480		
8/23/2022	0.08861873		
8/24/2022	0.08861266		
8/25/2022	0.08860659		
8/26/2022	0.08860052		
8/27/2022	0.08859446		
8/28/2022	0.08858839		
8/29/2022	0.08858232		
8/30/2022	0.08857625		
<b>8/31/2022</b>	<b>0.08857019</b>	<b>0.00018827</b>	<b>0.01142400</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
9/1/2022	0.08856412		
9/2/2022	0.08855805		
9/3/2022	0.08855199		
9/4/2022	0.08854592		
9/5/2022	0.08853986		
9/6/2022	0.08853379		
9/7/2022	0.08852773		
9/8/2022	0.08852167		
9/9/2022	0.08851560		
9/10/2022	0.08850954		
9/11/2022	0.08850348		
9/12/2022	0.08849742		
9/13/2022	0.08849135		
9/14/2022	0.08848529		
9/15/2022	0.08847923		
9/16/2022	0.08847317		
9/17/2022	0.08846711		
9/18/2022	0.08846105		
9/19/2022	0.08845499		
9/20/2022	0.08844894		
9/21/2022	0.08844288		
9/22/2022	0.08843682		
9/23/2022	0.08843076		
9/24/2022	0.08842471		
9/25/2022	0.08841865		
9/26/2022	0.08841259		
9/27/2022	0.08840654		
9/28/2022	0.08840048		
9/29/2022	0.08839443		
<b>9/30/2022</b>	<b>0.08838837</b>	<b>0.00018181</b>	<b>0.01021607</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
10/1/2022	0.08838232		
10/2/2022	0.08837627		
10/3/2022	0.08837021		
10/4/2022	0.08836416		
10/5/2022	0.08835811		
10/6/2022	0.08835206		
10/7/2022	0.08834600		
10/8/2022	0.08833995		
10/9/2022	0.08833390		
10/10/2022	0.08832785		
10/11/2022	0.08832180		
10/12/2022	0.08831575		
10/13/2022	0.08830970		
10/14/2022	0.08830366		
10/15/2022	0.08829761		
10/16/2022	0.08829156		
10/17/2022	0.08828551		
10/18/2022	0.08827946		
10/19/2022	0.08827342		
10/20/2022	0.08826737		
10/21/2022	0.08826133		
10/22/2022	0.08825528		
10/23/2022	0.08824924		
10/24/2022	0.08824319		
10/25/2022	0.08823715		
10/26/2022	0.08823110		
10/27/2022	0.08822506		
10/28/2022	0.08821902		
10/29/2022	0.08821298		
10/30/2022	0.08820693		
<b>10/31/2022</b>	<b>0.08820089</b>	<b>0.00018748</b>	<b>0.00979777</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
11/1/2022	0.08819485		
11/2/2022	0.08818881		
11/3/2022	0.08818277		
11/4/2022	0.08817673		
11/5/2022	0.08817069		
11/6/2022	0.08816465		
11/7/2022	0.08815861		
11/8/2022	0.08815257		
11/9/2022	0.08814654		
11/10/2022	0.08814050		
11/11/2022	0.08813446		
11/12/2022	0.08812843		
11/13/2022	0.08812239		
11/14/2022	0.08811635		
11/15/2022	0.08811032		
11/16/2022	0.08810428		
11/17/2022	0.08809825		
11/18/2022	0.08809221		
11/19/2022	0.08808618		
11/20/2022	0.08808015		
11/21/2022	0.08807411		
11/22/2022	0.08806808		
11/23/2022	0.08806205		
11/24/2022	0.08805602		
11/25/2022	0.08804999		
11/26/2022	0.08804396		
11/27/2022	0.08803793		
11/28/2022	0.08803190		
11/29/2022	0.08802587		
<b>11/30/2022</b>	<b>0.08801984</b>	<b>0.00018105</b>	<b>0.00791753</b>

## GRAYSCALE ZCASH TRUST (ZEC) 2022 GROSS PROCEEDS FILE

Date	ZEC Per Share	Number of ZEC Used to Cover Trust Expenses Per Share (in ZEC)	Proceeds from Payout of ZEC to Cover Trust Expenses Per Share (in USD)
12/1/2022	0.08801381		
12/2/2022	0.08800778		
12/3/2022	0.08800175		
12/4/2022	0.08799572		
12/5/2022	0.08798970		
12/6/2022	0.08798367		
12/7/2022	0.08797764		
12/8/2022	0.08797162		
12/9/2022	0.08796559		
12/10/2022	0.08795957		
12/11/2022	0.08795354		
12/12/2022	0.08794752		
12/13/2022	0.08794150		
12/14/2022	0.08793547		
12/15/2022	0.08792945		
12/16/2022	0.08792343		
12/17/2022	0.08791740		
12/18/2022	0.08791138		
12/19/2022	0.08790536		
12/20/2022	0.08789934		
12/21/2022	0.08789332		
12/22/2022	0.08788730		
12/23/2022	0.08788128		
12/24/2022	0.08787526		
12/25/2022	0.08786924		
12/26/2022	0.08786322		
12/27/2022	0.08785721		
12/28/2022	0.08785119		
12/29/2022	0.08784517		
12/30/2022	0.08783915		
<b>12/31/2022</b>	<b>0.08783314</b>	<b>0.00018670</b>	<b>0.00705724</b>
<b>TOTAL</b>		<b>0.00222359</b>	<b>0.18163648</b>

Grayscale Zcash Trust (ZEC) Gross Proceeds and Expense Files show ZEC tokens per share owned in the Trust, as well as ZEC 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 ZEC tokens to pay such expenses.

The Trust holds no assets other than ZEC tokens. Accordingly, when expenses are incurred, Trust assets (i.e., ZEC 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 ZEC 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 ZEC tokens they still own). In Step 3, we determine the Shareholder's basis in the ZEC 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 ZEC tokens at the end of the year and his or her new cost basis in the ZEC 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 2/10/2022 at a price of \$11.24 per share for a total purchase price of \$224,800. Shareholder XYZ had no other purchases or sales of Trust shares during 2022 and held the shares for the remainder of 2022.**

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

Locate the ZCash Per Share amount on Shareholder XYZ's purchase date of 2/10/2022 in the gross proceeds file. In this example the number is 0.08980417. This represents the number of ZEC tokens per share on that date.

For Shareholder XYZ, the total amount of ZEC tokens owned for its 2/10/2022 purchase is 1,796.08340000 (0.08980417 per share multiplied by 20,000 shares purchased on 2/10/2022). Note: This step should be completed for each date on which Trust shares were purchased.

**Step 2: Calculate the ZCash paid out from Shareholder XYZ's account during 2022 to pay expenses**

The ZEC tokens paid out per share during 2022 includes the cumulative amounts of all ZEC token payouts for the period which includes the day after the purchase date of 2/10/2022 through the day before payout date.

During 2022, the total amount of ZEC tokens paid out after the 2/10/2022 purchase date is 0.00197107 per share. This is determined by taking the total amount of ZEC tokens per share paid out in 2022 (0.00222359) and subtracting the amount of ZEC tokens paid out prior to the purchase (0.00019102 from January plus 0.00006150 (10/28 multiplied by 0.00017219 from February)). Then multiply this number (0.00197107) by the number of shares owned (20,000) for a total of 39.42147143 ZEC tokens paid to cover trust expenses.

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

Total ZEC token payout ( <i>Step 2</i> )	39.42147143		
	<hr/>	x	<b>\$224,800</b>
ZEC tokens acquired ( <i>Step 1</i> )	1,796.08340000		
Cost basis of ZEC token payout	\$4,934.04		

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

Identify all proceeds per share received by the Trust after Shareholder XYZ's 2/10/2022 purchase date. During 2022, periodic payouts for the period 2/11/2022 through 12/31/2022 generated proceeds per share of \$0.15646915 (total proceeds of payout of ZEC tokens for the year, \$0.18163648, less \$0.02516733, which is the proceeds of payouts made prior to purchase [\$0.01804375 from January] plus \$0.00712358 from the first ten days in February). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.15646915 per share X 20,000 shares	\$	3,129.38
Less: Total cost basis of ZEC token payout ( <i>Step 3</i> )		<hr/> 4,934.04
Total Reportable Gain/(Loss)	\$	<hr/> (1,804.66)
(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 2/10/2022 purchase date. During 2022, the expenses were paid periodically, and for the period of 2/11/2022 through 12/31/2022 amounted to \$0.15646915 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share ( <i>Step 4</i> )	\$	0.15646915
Total Shares		<hr/> 20,000
Total Expense	\$	<hr/> 3,129.38

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

ZEC tokens Purchased on 2/10/2022 ( <i>Step 1</i> )		1,796.08340000
Less: ZEC token payout during 2022 ( <i>Step 2</i> )		<hr/> 39.42147143
Adjusted Shareholder's ZEC tokens at 12/31/2022		<hr/> 1,756.66192857
Original Purchase Cost on 2/10/2022	\$	224,800.00
Less: Cost of ZEC token payout during 2022 ( <i>Step 3</i> )		<hr/> 4,934.04
Adjusted Shareholder's basis at 12/31/2022	\$	<hr/> 219,865.96



Shareholder's adjusted ZEC tokens and adjusted cost calculated in Step 6 are his/her adjusted ZEC tokens and adjusted basis for the 2/10/2022 purchase at the end of 12/31/2022.

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 2022, 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 12/31/2021 should be used as the beginning cost for 2022 instead of the original purchase cost. Shareholders with an additional purchase in 2022 will have two cost lots to account for in 2022. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.