

Grayscale Bitcoin Trust (BTC)
2019 Grantor Trust Tax Information Statement
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, 2019 through December 31, 2019

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. federal 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 shares of the Trust.

The Trust holds only bitcoin and, accordingly, received no income during the year.

The Trust paid expenses periodically, as shown in the attached 2019 Gross Proceeds File. These expenses are allocated into monthly periods as shown in the 2019 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 bitcoin 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 2019 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 bitcoin), amount of bitcoin paid to cover trust expenses (in bitcoin), and per share proceeds from bitcoin 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) 2019 EXPENSE FILE

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

Date	Expenses Per Share (USD)	Amount of Bitcoin Per Share
January	0.00570860	0.00000167
February	0.00566605	0.00000149
March	0.00679804	0.00000166
April	0.00822012	0.00000157
May	0.01408130	0.00000167
June	0.01810391	0.00000161
July	0.01670818	0.00000162
August	0.01589549	0.00000166
September	0.01327796	0.00000160
October	0.01373869	0.00000164
November	0.01278278	0.00000160
December	0.01186566	0.00000165
Total for year	0.14284678	0.00001944

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 2019 Grayscale Bitcoin Trust (BTC) Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2019 and sold them on September 15, 2019. For the month of February, Shareholder's expenses are \$0.00566605 (See Summary Table above – February Factor) x (13/28) = \$0.00263067 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 \$0.01327796 (See Summary Table above – September Factor) x (15/30) = \$0.00663898. The total expenses for Shareholder are therefore \$0.08907669 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held (20,000), or \$1,781.53

Total Expenses per Share	\$ 0.08907669
Total Shares	<u>20,000</u>
Total Expense	<u>\$ 1,781.53</u>

(Please consult your tax advisor as to reporting)

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
1/1/2019	0.00098890		
1/2/2019	0.00098885		
1/3/2019	0.00098879		
1/4/2019	0.00098874		
1/5/2019	0.00098868		
1/6/2019	0.00098863		
1/7/2019	0.00098857		
1/8/2019	0.00098852		
1/9/2019	0.00098847		
1/10/2019	0.00098841		
1/11/2019	0.00098836		
1/12/2019	0.00098830		
1/13/2019	0.00098825		
1/14/2019	0.00098820		
1/15/2019	0.00098814		
1/16/2019	0.00098809		
1/17/2019	0.00098803		
1/18/2019	0.00098798		
1/19/2019	0.00098792		
1/20/2019	0.00098787		
1/21/2019	0.00098782		
1/22/2019	0.00098776		
1/23/2019	0.00098771		
1/24/2019	0.00098765		
1/25/2019	0.00098760		
1/26/2019	0.00098755		
1/27/2019	0.00098749		
1/28/2019	0.00098744		
1/29/2019	0.00098738		
1/30/2019	0.00098733		
1/31/2019	0.00098728	0.00000167	0.00570860

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
2/1/2019	0.00098722		
2/2/2019	0.00098717		
2/3/2019	0.00098711		
2/4/2019	0.00098706		
2/5/2019	0.00098700		
2/6/2019	0.00098695		
2/7/2019	0.00098690		
2/8/2019	0.00098684		
2/9/2019	0.00098679		
2/10/2019	0.00098673		
2/11/2019	0.00098668		
2/12/2019	0.00098663		
2/13/2019	0.00098657		
2/14/2019	0.00098652		
2/15/2019	0.00098646		
2/16/2019	0.00098641		
2/17/2019	0.00098636		
2/18/2019	0.00098630		
2/19/2019	0.00098625		
2/20/2019	0.00098619		
2/21/2019	0.00098614		
2/22/2019	0.00098609		
2/23/2019	0.00098603		
2/24/2019	0.00098598		
2/25/2019	0.00098592		
2/26/2019	0.00098587		
2/27/2019	0.00098582		
2/28/2019	0.00098576	0.00000149	0.00566605

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
3/1/2019	0.00098571		
3/2/2019	0.00098565		
3/3/2019	0.00098560		
3/4/2019	0.00098555		
3/5/2019	0.00098549		
3/6/2019	0.00098544		
3/7/2019	0.00098538		
3/8/2019	0.00098533		
3/9/2019	0.00098528		
3/10/2019	0.00098522		
3/11/2019	0.00098517		
3/12/2019	0.00098511		
3/13/2019	0.00098506		
3/14/2019	0.00098501		
3/15/2019	0.00098495		
3/16/2019	0.00098490		
3/17/2019	0.00098484		
3/18/2019	0.00098479		
3/19/2019	0.00098474		
3/20/2019	0.00098468		
3/21/2019	0.00098463		
3/22/2019	0.00098457		
3/23/2019	0.00098452		
3/24/2019	0.00098447		
3/25/2019	0.00098441		
3/26/2019	0.00098436		
3/27/2019	0.00098430		
3/28/2019	0.00098425		
3/29/2019	0.00098420		
3/30/2019	0.00098414		
3/31/2019	0.00098409	0.00000166	0.00679804

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
4/1/2019	0.00098403		
4/2/2019	0.00098398		
4/3/2019	0.00098393		
4/4/2019	0.00098387		
4/5/2019	0.00098382		
4/6/2019	0.00098376		
4/7/2019	0.00098371		
4/8/2019	0.00098366		
4/9/2019	0.00098360		
4/10/2019	0.00098355		
4/11/2019	0.00098350		
4/12/2019	0.00098344		
4/13/2019	0.00098339		
4/14/2019	0.00098333		
4/15/2019	0.00098328		
4/16/2019	0.00098323		
4/17/2019	0.00098317		
4/18/2019	0.00098312		
4/19/2019	0.00098306		
4/20/2019	0.00098301		
4/21/2019	0.00098296		
4/22/2019	0.00098290		
4/23/2019	0.00098285		
4/24/2019	0.00098280		
4/25/2019	0.00098274		
4/26/2019	0.00098269		
4/27/2019	0.00098263		
4/28/2019	0.00098258		
4/29/2019	0.00098253		
4/30/2019	0.00098247	0.00000157	0.00822012

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
5/1/2019	0.00098242		
5/2/2019	0.00098236		
5/3/2019	0.00098231		
5/4/2019	0.00098226		
5/5/2019	0.00098220		
5/6/2019	0.00098215		
5/7/2019	0.00098210		
5/8/2019	0.00098204		
5/9/2019	0.00098199		
5/10/2019	0.00098193		
5/11/2019	0.00098188		
5/12/2019	0.00098183		
5/13/2019	0.00098177		
5/14/2019	0.00098172		
5/15/2019	0.00098166		
5/16/2019	0.00098161		
5/17/2019	0.00098156		
5/18/2019	0.00098150		
5/19/2019	0.00098145		
5/20/2019	0.00098140		
5/21/2019	0.00098134		
5/22/2019	0.00098129		
5/23/2019	0.00098123		
5/24/2019	0.00098118		
5/25/2019	0.00098113		
5/26/2019	0.00098107		
5/27/2019	0.00098102		
5/28/2019	0.00098097		
5/29/2019	0.00098091		
5/30/2019	0.00098086		
5/31/2019	0.00098080	0.00000167	0.01408130

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Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
6/1/2019	0.00098075		
6/2/2019	0.00098070		
6/3/2019	0.00098064		
6/4/2019	0.00098059		
6/5/2019	0.00098054		
6/6/2019	0.00098048		
6/7/2019	0.00098043		
6/8/2019	0.00098037		
6/9/2019	0.00098032		
6/10/2019	0.00098027		
6/11/2019	0.00098021		
6/12/2019	0.00098016		
6/13/2019	0.00098011		
6/14/2019	0.00098005		
6/15/2019	0.00098000		
6/16/2019	0.00097994		
6/17/2019	0.00097989		
6/18/2019	0.00097984		
6/19/2019	0.00097978		
6/20/2019	0.00097973		
6/21/2019	0.00097968		
6/22/2019	0.00097962		
6/23/2019	0.00097957		
6/24/2019	0.00097952		
6/25/2019	0.00097946		
6/26/2019	0.00097941		
6/27/2019	0.00097935		
6/28/2019	0.00097930		
6/29/2019	0.00097925		
6/30/2019	0.00097919	0.00000161	0.01810391

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Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
7/1/2019	0.00097914		
7/2/2019	0.00097909		
7/3/2019	0.00097903		
7/4/2019	0.00097898		
7/5/2019	0.00097893		
7/6/2019	0.00097887		
7/7/2019	0.00097882		
7/8/2019	0.00097876		
7/9/2019	0.00097871		
7/10/2019	0.00097866		
7/11/2019	0.00097860		
7/12/2019	0.00097855		
7/13/2019	0.00097850		
7/14/2019	0.00097844		
7/15/2019	0.00097839		
7/16/2019	0.00097834		
7/17/2019	0.00097828		
7/18/2019	0.00097823		
7/19/2019	0.00097817		
7/20/2019	0.00097812		
7/21/2019	0.00097807		
7/22/2019	0.00097801		
7/23/2019	0.00097796		
7/24/2019	0.00097791		
7/25/2019	0.00097785		
7/26/2019	0.00097780		
7/27/2019	0.00097775		
7/28/2019	0.00097769		
7/29/2019	0.00097764		
7/30/2019	0.00097759		
7/31/2019	0.00097753		

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
8/1/2019	0.00097748	0.00000162	0.01670818
8/2/2019	0.00097742		
8/3/2019	0.00097737		
8/4/2019	0.00097732		
8/5/2019	0.00097726		
8/6/2019	0.00097721		
8/7/2019	0.00097716		
8/8/2019	0.00097710		
8/9/2019	0.00097705		
8/10/2019	0.00097700		
8/11/2019	0.00097694		
8/12/2019	0.00097689		
8/13/2019	0.00097684		
8/14/2019	0.00097678		
8/15/2019	0.00097673		
8/16/2019	0.00097667		
8/17/2019	0.00097662		
8/18/2019	0.00097657		
8/19/2019	0.00097651		
8/20/2019	0.00097646		
8/21/2019	0.00097641		
8/22/2019	0.00097635		
8/23/2019	0.00097630		
8/24/2019	0.00097625		
8/25/2019	0.00097619		
8/26/2019	0.00097614		
8/27/2019	0.00097609		
8/28/2019	0.00097603		
8/29/2019	0.00097598		
8/30/2019	0.00097593		
8/31/2019	0.00097587	0.00000166	0.01589549

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
9/1/2019	0.00097582		
9/2/2019	0.00097577		
9/3/2019	0.00097571		
9/4/2019	0.00097566		
9/5/2019	0.00097561		
9/6/2019	0.00097555		
9/7/2019	0.00097550		
9/8/2019	0.00097544		
9/9/2019	0.00097539		
9/10/2019	0.00097534		
9/11/2019	0.00097528		
9/12/2019	0.00097523		
9/13/2019	0.00097518		
9/14/2019	0.00097512		
9/15/2019	0.00097507		
9/16/2019	0.00097502		
9/17/2019	0.00097496		
9/18/2019	0.00097491		
9/19/2019	0.00097486		
9/20/2019	0.00097480		
9/21/2019	0.00097475		
9/22/2019	0.00097470		
9/23/2019	0.00097464		
9/24/2019	0.00097459		
9/25/2019	0.00097454		
9/26/2019	0.00097448		
9/27/2019	0.00097443		
9/28/2019	0.00097438		
9/29/2019	0.00097432		
9/30/2019	0.00097427	0.00000160	0.01327796

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
10/1/2019	0.00097422		
10/2/2019	0.00097416		
10/3/2019	0.00097411		
10/4/2019	0.00097406		
10/5/2019	0.00097400		
10/6/2019	0.00097395		
10/7/2019	0.00097390		
10/8/2019	0.00097384		
10/9/2019	0.00097379		
10/10/2019	0.00097374		
10/11/2019	0.00097368	0.00000048	0.00401097
10/12/2019	0.00097363		
10/13/2019	0.00097358		
10/14/2019	0.00097352		
10/15/2019	0.00097347		
10/16/2019	0.00097342		
10/17/2019	0.00097336	0.00000032	0.00257076
10/18/2019	0.00097331		
10/19/2019	0.00097326		
10/20/2019	0.00097320		
10/21/2019	0.00097315		
10/22/2019	0.00097310		
10/23/2019	0.00097304	0.00000036	0.00272382
10/24/2019	0.00097299		
10/25/2019	0.00097294		
10/26/2019	0.00097288		
10/27/2019	0.00097283		
10/28/2019	0.00097278		
10/29/2019	0.00097272		
10/30/2019	0.00097267		
10/31/2019	0.00097262	0.00000048	0.00443314

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
11/1/2019	0.00097256		
11/2/2019	0.00097251		
11/3/2019	0.00097246		
11/4/2019	0.00097240		
11/5/2019	0.00097235		
11/6/2019	0.00097230		
11/7/2019	0.00097224		
11/8/2019	0.00097219		
11/9/2019	0.00097214		
11/10/2019	0.00097208		
11/11/2019	0.00097203		
11/12/2019	0.00097198		
11/13/2019	0.00097192	0.00000059	0.00512521
11/14/2019	0.00097187		
11/15/2019	0.00097182		
11/16/2019	0.00097176		
11/17/2019	0.00097171		
11/18/2019	0.00097166		
11/19/2019	0.00097160		
11/20/2019	0.00097155	0.00000043	0.00344416
11/21/2019	0.00097150		
11/22/2019	0.00097144		
11/23/2019	0.00097139		
11/24/2019	0.00097134		
11/25/2019	0.00097128		
11/26/2019	0.00097123	0.00000032	0.00227201
11/27/2019	0.00097118		
11/28/2019	0.00097112		
11/29/2019	0.00097107		
11/30/2019	0.00097102		

GRAYSCALE BITCOIN TRUST (BTC) 2019 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
12/1/2019	0.00097096		
12/2/2019	0.00097091	0.00000027	0.00194139
12/3/2019	0.00097086		
12/4/2019	0.00097081		
12/5/2019	0.00097075		
12/6/2019	0.00097070		
12/7/2019	0.00097065		
12/8/2019	0.00097059		
12/9/2019	0.00097054		
12/10/2019	0.00097049	0.00000053	0.00383387
12/11/2019	0.00097043		
12/12/2019	0.00097038		
12/13/2019	0.00097033		
12/14/2019	0.00097027		
12/15/2019	0.00097022		
12/16/2019	0.00097017		
12/17/2019	0.00097011		
12/18/2019	0.00097006	0.00000037	0.00264995
12/19/2019	0.00097001		
12/20/2019	0.00096995		
12/21/2019	0.00096990		
12/22/2019	0.00096985		
12/23/2019	0.00096979	0.00000027	0.00196526
12/24/2019	0.00096974		
12/25/2019	0.00096969		
12/26/2019	0.00096964		
12/27/2019	0.00096958		
12/28/2019	0.00096953		
12/29/2019	0.00096948		
12/30/2019	0.00096942		
12/31/2019	0.00096937	0.00000048	0.00341657
TOTAL		0.00001944	0.14284678

Grayscale Bitcoin Trust (BTC) Gross Proceeds and Expense Files show bitcoin per share owned in the Trust, as well as bitcoin 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 bitcoin to pay such expenses.

The Trust holds no assets other than bitcoin. Accordingly, when expenses are incurred, Trust assets (i.e., bitcoin) 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 much bitcoin they own). In Step 2 we discuss how much of his or her stake is sold throughout the year to cover expenses (and how much bitcoin they still own). In Step 3 we determine the Shareholder's basis in the bitcoin(s) 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 bitcoin at the end of the year and his or her new cost basis in the bitcoin.

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 2/10/2019 at a price of \$3.44 per share for a total purchase price of \$68,800. Shareholder XYZ had no other purchases or sales of Trust shares during 2019 and held the shares for the remainder of 2019.

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

Locate the Bitcoin Per Share amount on Shareholder XYZ's purchase date of 2/10/2019 in the gross proceeds file. In this example the number is 0.00098673. This represents the number of bitcoin per share on that date.

For Shareholder XYZ, the total amount of bitcoin owned for its 2/10/2019 purchase is 19.73460000 (0.00098673 per share multiplied by 20,000 shares purchased on 2/10/2019). 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 2019 to pay expenses

The bitcoin paid out per share during 2019 includes the cumulative amounts of all bitcoin payouts for the period which includes the day after the purchase date of 2/10/2019 through the day before payout date.

During 2019 the amount of bitcoin paid out after the 2/10/2019 purchase date is 0.00001724 per share. This is determined by taking the total amount of bitcoin per share paid out in 2019 (0.00001944) and subtracting the amount of bitcoin paid out prior to the purchase (0.00000167 from January plus (10/28 multiplied by 0.00000149 from February)). Then multiply this number (0.00001724) by the number of shares owned (20,000) for a total of 0.34475714 bitcoin paid to cover trust expenses.

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

Total bitcoin payout (Step 2)	0.34475714		
	-----	X	\$ 68,800
Bitcoin acquired (Step1)	19.73460000		
Cost basis of bitcoin payout	\$1,201.91		

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 2/10/2019 purchase date. During 2019, periodic payouts for the period 2/11/2019 through 12/31/2019 generated proceeds per share of \$0.13511459 (total proceeds of payout of bitcoin for the year, 0.14284678, less 0.00773219, which is the proceeds of payouts made prior to purchase [0.00570860 from January] plus 0.00202359 from the first ten days in February). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.13511459 per share X 20,000 shares	\$	2,702.29
Less: Total cost basis of bitcoin payout (Step 3)		<u>1,201.91</u>
Total Reportable Gain/(Loss)	\$	<u>1,500.38</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 2/10/2019 purchase date. During 2019, the expenses were paid throughout the year and for the period of 2/11/2019 through 12/31/2019 amounted to \$0.13511459 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share (Step 4)	\$	0.13511459
Total Shares		<u>20,000</u>
Total Expense	\$	<u>2,702.29</u>

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

Bitcoin Purchased on 2/10/2019 (Step 1)	19.73460000	
Less: bitcoin payout during 2019 (Step 2)	<u>0.34475714</u>	
Adjusted Shareholder's bitcoin at 12/31/2019	<u>19.38984286</u>	
Original Purchase Cost on 2/10/2019	\$	68,800.00
Less: Cost of bitcoin payout during 2019 (Step3)	<u>1,201.91</u>	
Adjusted Shareholder's basis at 12/31/2019	\$	<u>67,598.09</u>

Shareholder's adjusted bitcoin and adjusted cost calculated in Step 6 are his/her adjusted bitcoin and adjusted basis for the 2/10/2019 purchase at the end of 12/31/2019.

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 2019, 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 12/31/2018 should be used as the beginning cost for 2019 instead of the original purchase cost. Shareholders with an additional purchase in 2019 will have two cost lots to account for in 2019. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.