

GRAYSCALE HORIZEN TRUST (ZEN)
2021 Grantor Trust Tax Information
EIN: 83-6217411

The following information is being provided to assist Shareholders of the Grayscale Horizen Trust (ZEN) (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2021 through December 31, 2021.

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 Horizen ("ZEN") tokens and, accordingly, received no income during the year.

The Trust paid expenses periodically, as shown in the attached 2021 Gross Proceeds File. These expenses are allocated into monthly periods as shown in the 2021 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 ZEN 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 2021 Gross Proceeds File together with an example illustrating how a Shareholder should calculate gain or loss.

GLOSSARY OF TERMS

Grayscale Horizen Trust (ZEN) - (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 ZEN), amount of ZEN paid to cover trust expenses (in ZEN), and per share proceeds from ZEN 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)

Stock Split – On October 7, 2021, the Trust underwent a 10 to 1 stock split, issuing nine new shares for every share held prior to the split. All expenses presented in this statement reflect the expense per share based on the post-split number of shares.

GRAYSCALE HORIZEN TRUST (ZEN) 2021 EXPENSE FILE

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

Date	Expenses Per Share (USD)	Amount of ZEN Per Share
January	0.00685769	0.00019482
February	0.00743245	0.00017927
March	0.01012131	0.00019893
April	0.02323493	0.00019145
May	0.02087928	0.00019810
June	0.01237409	0.00019099
July	0.01129784	0.00019693
August	0.01829757	0.00019647
September	0.01305120	0.00018771
October	0.01740555	0.00019603
November	0.02199037	0.00018931
December	0.01171279	0.00019521
Total for year	0.17465507	0.00231522

The Trust underwent a 10:1 stock split on October 7, 2021. For purposes of this letter, Shareholders should utilize their post-split number of shares when factoring expense and Horizen sold per share

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 2021 Grayscale Horizen Trust (ZEN) Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2021 and sold them on September 15, 2021. For the month of February, Shareholder's expenses are \$0.00743245 (See Summary Table above – February Factor) x (13/28) = \$0.00345078 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 \$0.01305120 (See Summary Table above – September Factor) x (15/30) = \$0.00652560. The total expenses for Shareholder are therefore \$0.10618140 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held. **As noted in the glossary of terms, the expenses per share reflect the post-split number of shares. To calculate the expense per share, the Shareholder should multiply his or her shares by ten (assuming those shares were acquired prior to October 7, 2021) to arrive at his or her expenses.** As such, the 20,000 shares purchased in February are multiplied by ten and total 200,000 shares post-split, and Shareholder's total expense is \$21,236.28.

Total Expenses Per Share	\$0.10618140
Total Shares	<u>200,000</u>
Total Expense	<u>\$ 21,236.28</u>

(Please consult your tax advisor as to reporting)

GRAYSCALE HORIZEN TRUST (ZEN) 2021 GROSS PROCEEDS FILE

Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
1/1/2021	0.09415691		
1/2/2021	0.09415046		
1/3/2021	0.09414401		
1/4/2021	0.09413756		
1/5/2021	0.09413112		
1/6/2021	0.09412467		
1/7/2021	0.09411822		
1/8/2021	0.09411178		
1/9/2021	0.09410533		
1/10/2021	0.09409888		
1/11/2021	0.09409244		
1/12/2021	0.09408599		
1/13/2021	0.09407955		
1/14/2021	0.09407311		
1/15/2021	0.09406666		
1/16/2021	0.09406022		
1/17/2021	0.09405378		
1/18/2021	0.09404734		
1/19/2021	0.09404089		
1/20/2021	0.09403445		
1/21/2021	0.09402801		
1/22/2021	0.09402157		
1/23/2021	0.09401513		
1/24/2021	0.09400869		
1/25/2021	0.09400225		
1/26/2021	0.09399581		
1/27/2021	0.09398938		
1/28/2021	0.09398294		
1/29/2021	0.09397650		
1/30/2021	0.09397007		
1/31/2021	0.09396363	0.00019482	0.00685769

GRAYSCALE HORIZEN TRUST (ZEN) 2021 GROSS PROCEEDS FILE

Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
2/1/2021	0.09395719		
2/2/2021	0.09395076		
2/3/2021	0.09394432		
2/4/2021	0.09393789		
2/5/2021	0.09393145		
2/6/2021	0.09392502		
2/7/2021	0.09391859		
2/8/2021	0.09391215		
2/9/2021	0.09390572		
2/10/2021	0.09389929		
2/11/2021	0.09389286		
2/12/2021	0.09388643		
2/13/2021	0.09388000		
2/14/2021	0.09387357		
2/15/2021	0.09386714		
2/16/2021	0.09386071		
2/17/2021	0.09385428		
2/18/2021	0.09384785		
2/19/2021	0.09384142		
2/20/2021	0.09383500		
2/21/2021	0.09382857		
2/22/2021	0.09382214		
2/23/2021	0.09381572		
2/24/2021	0.09380929		
2/25/2021	0.09380286		
2/26/2021	0.09379644		
2/27/2021	0.09379002		
2/28/2021	0.09378359	0.00017927	0.00743245

GRAYSCALE HORIZEN TRUST (ZEN) 2021 GROSS PROCEEDS FILE

Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
3/1/2021	0.09377717		
3/2/2021	0.09377074		
3/3/2021	0.09376432		
3/4/2021	0.09375790		
3/5/2021	0.09375148		
3/6/2021	0.09374506		
3/7/2021	0.09373864		
3/8/2021	0.09373222		
3/9/2021	0.09372580		
3/10/2021	0.09371938		
3/11/2021	0.09371296		
3/12/2021	0.09370654		
3/13/2021	0.09370012		
3/14/2021	0.09369370		
3/15/2021	0.09368728		
3/16/2021	0.09368087		
3/17/2021	0.09367445		
3/18/2021	0.09366803		
3/19/2021	0.09366162		
3/20/2021	0.09365520		
3/21/2021	0.09364879		
3/22/2021	0.09364237		
3/23/2021	0.09363596		
3/24/2021	0.09362955		
3/25/2021	0.09362313		
3/26/2021	0.09361672		
3/27/2021	0.09361031		
3/28/2021	0.09360390		
3/29/2021	0.09359749		
3/30/2021	0.09359108		
3/31/2021	0.09358467	0.00019893	0.01012131

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Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
4/1/2021	0.09357826		
4/2/2021	0.09357185		
4/3/2021	0.09356544		
4/4/2021	0.09355903		
4/5/2021	0.09355262		
4/6/2021	0.09354621		
4/7/2021	0.09353981		
4/8/2021	0.09353340		
4/9/2021	0.09352699		
4/10/2021	0.09352059		
4/11/2021	0.09351418		
4/12/2021	0.09350778		
4/13/2021	0.09350137		
4/14/2021	0.09349497		
4/15/2021	0.09348856		
4/16/2021	0.09348216		
4/17/2021	0.09347576		
4/18/2021	0.09346935		
4/19/2021	0.09346295		
4/20/2021	0.09345655		
4/21/2021	0.09345015		
4/22/2021	0.09344375		
4/23/2021	0.09343735		
4/24/2021	0.09343095		
4/25/2021	0.09342455		
4/26/2021	0.09341815		
4/27/2021	0.09341175		
4/28/2021	0.09340535		
4/29/2021	0.09339896		
4/30/2021	0.09339256	0.00019145	0.02323493

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Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
5/1/2021	0.09338616		
5/2/2021	0.09337977		
5/3/2021	0.09337337		
5/4/2021	0.09336698		
5/5/2021	0.09336058		
5/6/2021	0.09335419		
5/7/2021	0.09334779		
5/8/2021	0.09334140		
5/9/2021	0.09333500		
5/10/2021	0.09332861		
5/11/2021	0.09332222		
5/12/2021	0.09331583		
5/13/2021	0.09330944		
5/14/2021	0.09330304		
5/15/2021	0.09329665		
5/16/2021	0.09329026		
5/17/2021	0.09328387		
5/18/2021	0.09327749		
5/19/2021	0.09327110		
5/20/2021	0.09326471		
5/21/2021	0.09325832		
5/22/2021	0.09325193		
5/23/2021	0.09324555		
5/24/2021	0.09323916		
5/25/2021	0.09323277		
5/26/2021	0.09322639		
5/27/2021	0.09322000		
5/28/2021	0.09321362		
5/29/2021	0.09320723		
5/30/2021	0.09320085		
5/31/2021	0.09319446	0.00019810	0.02087928

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Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
6/1/2021	0.09318808		
6/2/2021	0.09318170		
6/3/2021	0.09317532		
6/4/2021	0.09316893		
6/5/2021	0.09316255		
6/6/2021	0.09315617		
6/7/2021	0.09314979		
6/8/2021	0.09314341		
6/9/2021	0.09313703		
6/10/2021	0.09313065		
6/11/2021	0.09312427		
6/12/2021	0.09311789		
6/13/2021	0.09311152		
6/14/2021	0.09310514		
6/15/2021	0.09309876		
6/16/2021	0.09309239		
6/17/2021	0.09308601		
6/18/2021	0.09307963		
6/19/2021	0.09307326		
6/20/2021	0.09306688		
6/21/2021	0.09306051		
6/22/2021	0.09305413		
6/23/2021	0.09304776		
6/24/2021	0.09304139		
6/25/2021	0.09303502		
6/26/2021	0.09302864		
6/27/2021	0.09302227		
6/28/2021	0.09301590		
6/29/2021	0.09300953		
6/30/2021	0.09300316	0.00019099	0.01237409

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Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
7/1/2021	0.09299679		
7/2/2021	0.09299042		
7/3/2021	0.09298405		
7/4/2021	0.09297768		
7/5/2021	0.09297131		
7/6/2021	0.09296494		
7/7/2021	0.09295858		
7/8/2021	0.09295221		
7/9/2021	0.09294584		
7/10/2021	0.09293948		
7/11/2021	0.09293311		
7/12/2021	0.09292675		
7/13/2021	0.09292038		
7/14/2021	0.09291402		
7/15/2021	0.09290765		
7/16/2021	0.09290129		
7/17/2021	0.09289493		
7/18/2021	0.09288856		
7/19/2021	0.09288220		
7/20/2021	0.09287584		
7/21/2021	0.09286948		
7/22/2021	0.09286312		
7/23/2021	0.09285676		
7/24/2021	0.09285040		
7/25/2021	0.09284404		
7/26/2021	0.09283768		
7/27/2021	0.09283132		
7/28/2021	0.09282496		
7/29/2021	0.09281860		
7/30/2021	0.09281225		
7/31/2021	0.09280589	0.00019693	0.01129784

GRAYSCALE HORIZEN TRUST (ZEN) 2021 GROSS PROCEEDS FILE

Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
8/1/2021	0.09279953		
8/2/2021	0.09279318		
8/3/2021	0.09278682		
8/4/2021	0.09278047		
8/5/2021	0.09277411		
8/6/2021	0.09276776		
8/7/2021	0.09276140		
8/8/2021	0.09275505		
8/9/2021	0.09274870		
8/10/2021	0.09274234		
8/11/2021	0.09273599		
8/12/2021	0.09272964		
8/13/2021	0.09272329		
8/14/2021	0.09271694		
8/15/2021	0.09271059		
8/16/2021	0.09270424		
8/17/2021	0.09269789		
8/18/2021	0.09269154		
8/19/2021	0.09268519		
8/20/2021	0.09267884		
8/21/2021	0.09267249		
8/22/2021	0.09266614		
8/23/2021	0.09265980		
8/24/2021	0.09265345		
8/25/2021	0.09264711		
8/26/2021	0.09264076		
8/27/2021	0.09263441		
8/28/2021	0.09262807		
8/29/2021	0.09262172		
8/30/2021	0.09261538		
8/31/2021	0.09260904	0.00019647	0.01829757

GRAYSCALE HORIZEN TRUST (ZEN) 2021 GROSS PROCEEDS FILE

Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
9/1/2021	0.09260269		
9/2/2021	0.09259635		
9/3/2021	0.09259001		
9/4/2021	0.09258367		
9/5/2021	0.09257733		
9/6/2021	0.09257099		
9/7/2021	0.09256465		
9/8/2021	0.09255830		
9/9/2021	0.09255197		
9/10/2021	0.09254563		
9/11/2021	0.09253929		
9/12/2021	0.09253295		
9/13/2021	0.09252661		
9/14/2021	0.09252027		
9/15/2021	0.09251394		
9/16/2021	0.09250760		
9/17/2021	0.09250126		
9/18/2021	0.09249493		
9/19/2021	0.09248859		
9/20/2021	0.09248226		
9/21/2021	0.09247592		
9/22/2021	0.09246959		
9/23/2021	0.09246326		
9/24/2021	0.09245692		
9/25/2021	0.09245059		
9/26/2021	0.09244426		
9/27/2021	0.09243793		
9/28/2021	0.09243160		
9/29/2021	0.09242526		
9/30/2021	0.09241893	0.00018771	0.01305120

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Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
10/1/2021	0.09241260		
10/2/2021	0.09240627		
10/3/2021	0.09239994		
10/4/2021	0.09239362		
10/5/2021	0.09238729		
10/6/2021	0.09238096		
10/7/2021	0.09237463		
10/8/2021	0.09236831		
10/9/2021	0.09236198		
10/10/2021	0.09235565		
10/11/2021	0.09234933		
10/12/2021	0.09234300		
10/13/2021	0.09233668		
10/14/2021	0.09233035		
10/15/2021	0.09232403		
10/16/2021	0.09231770		
10/17/2021	0.09231138		
10/18/2021	0.09230506		
10/19/2021	0.09229874		
10/20/2021	0.09229241		
10/21/2021	0.09228609		
10/22/2021	0.09227977		
10/23/2021	0.09227345		
10/24/2021	0.09226713		
10/25/2021	0.09226081		
10/26/2021	0.09225449		
10/27/2021	0.09224817		
10/28/2021	0.09224186		
10/29/2021	0.09223554		
10/30/2021	0.09222922		
10/31/2021	0.09222290	0.00019603	0.01740555

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Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
11/1/2021	0.09221659		
11/2/2021	0.09221027		
11/3/2021	0.09220395		
11/4/2021	0.09219764		
11/5/2021	0.09219132		
11/6/2021	0.09218501		
11/7/2021	0.09217870		
11/8/2021	0.09217238		
11/9/2021	0.09216607		
11/10/2021	0.09215976		
11/11/2021	0.09215344		
11/12/2021	0.09214713		
11/13/2021	0.09214082		
11/14/2021	0.09213451		
11/15/2021	0.09212820		
11/16/2021	0.09212189		
11/17/2021	0.09211558		
11/18/2021	0.09210927		
11/19/2021	0.09210296		
11/20/2021	0.09209665		
11/21/2021	0.09209034		
11/22/2021	0.09208404		
11/23/2021	0.09207773		
11/24/2021	0.09207142		
11/25/2021	0.09206512		
11/26/2021	0.09205881		
11/27/2021	0.09205251		
11/28/2021	0.09204620		
11/29/2021	0.09203990		
11/30/2021	0.09203359	0.00018931	0.02199037

GRAYSCALE HORIZEN TRUST (ZEN) 2021 GROSS PROCEEDS FILE

Date	ZEN Per Share	Number of ZEN Used to Cover Trust Expenses Per Share (in ZEN)	Proceeds from Payout of ZEN to Cover Trust Expenses Per Share (in USD)
12/1/2021	0.09202729		
12/2/2021	0.09202099		
12/3/2021	0.09201468		
12/4/2021	0.09200838		
12/5/2021	0.09200208		
12/6/2021	0.09199578		
12/7/2021	0.09198948		
12/8/2021	0.09198318		
12/9/2021	0.09197687		
12/10/2021	0.09197057		
12/11/2021	0.09196428		
12/12/2021	0.09195798		
12/13/2021	0.09195168		
12/14/2021	0.09194538		
12/15/2021	0.09193908		
12/16/2021	0.09193279		
12/17/2021	0.09192649		
12/18/2021	0.09192019		
12/19/2021	0.09191390		
12/20/2021	0.09190760		
12/21/2021	0.09190131		
12/22/2021	0.09189501		
12/23/2021	0.09188872		
12/24/2021	0.09188242		
12/25/2021	0.09187613		
12/26/2021	0.09186984		
12/27/2021	0.09186354		
12/28/2021	0.09185725		
12/29/2021	0.09185096		
12/30/2021	0.09184467		
12/31/2021	0.09183838	0.00019521	0.01171279
TOTAL		0.00231522	0.17465507

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

The Trust holds no assets other than ZEN tokens. Accordingly, when expenses are incurred, Trust assets (i.e., ZEN 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 ZEN 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 ZEN tokens they still own). In Step 3 we determine the Shareholder's basis in the ZEN 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 ZEN tokens at the end of the year and his or her new cost basis in those ZEN 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 2/10/2021 at a price of \$40.42 per share for a total purchase price of \$808,400. Shareholder XYZ had no other purchases or sales of Trust shares during 2021 and held the shares for the remainder of 2021. *Note: The Trust effected a 10 to 1 stock split on October 7, 2021. All expenses and proceeds per share reflect the post-split shares. As such, to determine his or her actual cost basis and gain for the year, the Shareholder in this example purchased 20,000 shares in February, will multiply the shares by 10 for a total of 200,000 post-split shares. The example below will use this post-split adjusted share value as the total number of shares owned by the Shareholder.*

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

Locate the Horizen Per Share amount on Shareholder XYZ's purchase date of 2/10/2021 in the gross proceeds file. In this example the number is 0.09389929. This represents the number of ZEN tokens per share on that date.

For Shareholder XYZ, the total amount of ZEN tokens owned for its 2/10/2021 purchase is 18,779.85800000 (0.09389929 per share multiplied by 200,000 shares purchased on 2/10/2021). *Note:* This step should be completed for each date on which Trust shares were purchased.

Step 2: Calculate the Horizen paid out from Shareholder XYZ's account during 2021 to pay expenses

The ZEN tokens paid out per share during 2021 includes the cumulative amounts of all ZEN token payouts for the period which includes the day after the purchase date of 2/10/2021 through the day before payout date.

During 2021 the amount of ZEN tokens paid out after the 2/10/2021 purchase date is 0.00205637 per share. This is determined by taking the total amount of ZEN tokens per share paid out in 2021 (0.00231522) and subtracting the amount of ZEN tokens paid out prior to the purchase (0.00019482 from January plus 0.00006403 (10/28 multiplied by 0.00017927 from February)). Then multiply this number (0.00205637) by the number of shares owned (200,000) for a total of 411.27400000 ZEN tokens paid to cover trust expenses.

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

Total ZEN token payout (<i>Step 2</i>)	411.27400000		
	-----	X	\$808,400
ZEN tokens acquired (<i>Step 1</i>)	18,779.85800000		
Cost Basis of ZEN token payout	\$17,703.75		

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

Identify all proceeds per share received by the Trust after Shareholder XYZ's 2/10/2021 purchase date. During 2021, periodic payouts for the period 2/11/2021 through 12/31/2021 generated proceeds per share of \$0.16514293 (total proceeds of payout of ZEN tokens for the year, \$0.17465507, less \$0.00951214, which is the proceeds of payouts made prior to purchase (0.00685769 from January, plus \$0.00265445 from the first ten days in February)). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.16514293 per share X 200,000 shares	\$ 33,028.59
Less: Total cost basis of ZEN tokens payout (<i>Step 3</i>)	<u>17,703.75</u>
Total Reportable Gain/(Loss)	<u>\$ 15,324.84</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 2/10/2021 purchase date. During 2021, the expenses were paid periodically, and for the period of 2/11/2021 through 12/31/2021 amounted to \$0.16514293 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share (<i>Step 4</i>)	\$ 0.16514293
Total Shares	<u>200,000</u>
Total Expense	<u>\$ 33,028.59</u>

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

ZEN tokens Purchased in 2/10/2021 (<i>Step 1</i>)	18,779.85800000
Less: ZEN tokens payout during 2021 (<i>Step 2</i>)	<u>411.27400000</u>
Adjusted Shareholder's ZEN tokens at 12/31/2021	<u>18,368.58400000</u>

Original Purchase Cost on 2/10/2021	\$ 808,400.00
Less: Cost of ZEN payout during 2021 (<i>Step 3</i>)	<u>17,703.75</u>
Adjusted Shareholder's basis at 12/31/2021	<u>\$ 790,696.25</u>

Shareholder's adjusted ZEN tokens and adjusted cost calculated in Step 6 are his/her adjusted ZEN tokens and adjusted basis for the 2/10/2021 purchase at the end of 12/31/2021.

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 2021 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 12/31/2020 should be used as the beginning cost for 2021 instead of the original purchase cost. Shareholders with an additional purchase in 2021 will have two cost lots to account for in 2021. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.