

IDX RISK-MANAGED ETHEREUM TRUST

2023 Grantor Trust Tax Information

EIN: 87-6293312

The following information is being provided to assist Shareholders of the IDX Risk-Managed Ethereum Trust (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2023 through March 13, 2023 (the "liquidation date").

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 Ethereum ("ETH") tokens and cash, and accordingly, received no investment income during the year. The Trust paid expenses periodically, as shown in the attached 2023 Gross Proceeds File. To the extent that ETH were purchased and sold, allocations on a per share basis of proceeds and cost are included. All sales in the current year are considered short term for Federal Income Tax Purposes.

These expenses are allocated into monthly periods as shown in the 2023 Expense File. An example illustrating the computation of a Shareholder's share of expenses is provided.

IDX RISK-MANAGED ETHEREUM TRUST 2023 EXPENSE FILE

Summary of Expense by Month (Details on pages to follow)

<u>Date</u>	<u>Expenses Per Share (USD)</u>
January	0.000000
February	0.063857
March	0.122264
Total	<u>0.186121</u>

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 on pages to follow).

Example calculation illustrating a Shareholder's 2023 IDX Risk-Managed Ethereum Trust Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2023. For the month of February, Shareholder's expenses are \$0.063857 (See Summary Table above – February) x (14/28) = \$0.031928 per share. For the month of March, the expenses per share are as shown in the summary table above. The total expenses for Shareholder are therefore \$0.154192 per share (sum of all factors from February 15 through liquidation date) multiplied by the number of shares held (20,000), or \$3,083.84.

Total Expenses per Share	\$0.154192
Number of Shares Held	<u>20,000</u>
Total Expense	<u>\$3,083.84</u>

(Please consult your tax advisor as to reporting)

IDX Risk-Managed Ethereum Trust Gross Proceeds and Expense Files show proceeds received and cost paid per share owned in the Trust, as well as expenses per share in the Trust. You can use this information to calculate your share of Trust expenses and your gain or loss on the sale of ETH tokens to pay such expenses.

The Trust holds no assets other than ETH tokens and cash, which varies throughout the year. Accordingly, when expenses are incurred, Trust assets (i.e., ETH tokens) may be sold to cover the expenses. As of liquidation date, the Trust was exclusively in cash prior to the liquidating distribution. No outstanding cost basis remains from the purchases throughout the tax year. The following example illustrates the tax consequences to the Shareholder. In Step 1, we discuss how a Shareholder would determine his or her proceeds from sales in the Trust (i.e., the value received for ETH tokens previously purchased). In Step 2, we discuss how much of his or her basis is sold throughout the year (i.e., the cost basis for ETH tokens purchased is Trust Assets). Gain or loss from this sale is determined in relation to the basis of the assets sold. In Step 3, 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 4, we calculate the Shareholder's portion of the Trust's expenses. Step 5 determines the adjusted cost basis of shares outstanding. Finally, in Step 6, a calculation of the gain or loss on liquidation is shown.

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 this information on their respective tax returns.

Example: Shareholder XYZ purchases 10,000 Trust shares on 1/1/2023 at a price of \$22.8192 per share for a total purchase price of \$228,192. Shareholder XYZ had no other purchases or sales of Trust shares during 2023 and held the shares for the remainder of 2023 until the liquidation date.

STEP 1: Calculate Shareholders XYZ's Gross Proceeds from sales during 2023

The proceeds received per share during 2023 for the sale of ETH tokens includes the cumulative amount of all ETH payouts for the period which includes the day after the purchase of 1/1/2023 through 3/13/2023, the Trust's liquidation date and final tax year end.

During 2023, the total proceeds received from the sale of ETH tokens after the 1/1/2023 purchase date is \$27.1750 per share. This is determined by taking the total amount of proceeds per share paid out in 2023 then multiply this number (\$27.1750) by the number of shares owned (10,000) for a total of \$271,750.

It should be noted that sales proceeds could have been recycled during the year and proceeds received from sales may exceed the initial investment value.

STEP 2: Calculate Shareholders XYZ's Cost Basis from sales during 2023

Locate the Cost Basis Sold amount on Shareholder XYZ's purchase date of 1/1/2023 in the gross proceeds file. In this example the number is \$28.1130. This represents the cost basis purchased and subsequently sold per share on that date during the year.

For Shareholder XYZ, the total amount of Cost Basis Sold for its 1/1/2023 purchase is \$281,130 (\$28.1130 per share multiplied by 10,000 shares purchased on 1/1/2023).

If the shares were acquired prior to January 1, 2023, the Cost Basis Sold amount for January 1, 2023 will accurately reflect the amounts for those shares purchased prior to that date.

Note: This step should be completed for each date on which Trust shares were purchased.

It should be noted that sales proceeds could have been recycled during the year and cost basis sold may exceed the initial investment value.

STEP 3: Calculate Shareholder's gain or loss on Ethereum sales for each lot purchase

Identify all proceeds per share received by the Trust after Shareholder XYZ's 1/1/2023 purchase date. During 2023, proceeds received for the period 1/1/2023 through 3/13/2023 generated proceeds of \$271,750 (total proceeds determined in Step 1). The cost basis sold determined by the purchase date on 1/1/2023 was calculated as \$281,130 (cost basis sold determined in Step 2). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$27.1750 per share X 10,000 Shares (<i>Step 1</i>)	\$	271,750
Cost Basis Sold: \$28.1130 per share X 10,000 Shares (<i>Step 2</i>)		281,130
Total Reportable Gain/(Loss)	<u>\$</u>	<u>(9,380)</u>

(To be reported on Shareholder's Schedule D of the Corresponding Return Filed)

STEP 4: Calculate Shareholder's investment expenses

Identify all expenses per share paid by the Trust after Shareholder XYZ's 1/1/2023 purchase date. During 2023, the expenses were paid periodically and for the period of 1/1/2023 through 3/13/2023 amounted to \$ 0.173453 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share	\$	0.186121
Total Shares		10,000
Total Expense	<u>\$</u>	<u>1,861.21</u>

STEP 5: Calculate Shareholder's Adjusted Cost Basis at Liquidation

In calculating the adjusted cost basis, shareholders should use the beginning cost basis from the year (as calculated for 12/31/2022) or the original purchase price if it occurred during the current year. For the purposes of this example, the shareholder purchased in 2023, or original purchase price is used.

Original Purchase Price on 1/1/2023	\$	228,192.00
Plus: Gain/(Loss) on ETH Token Sales (<i>Step 3</i>)		(9,380.00)
Less: Investments Expenses (<i>Step 4</i>)		1,861.21
Adjusted Shareholder Cost Basis at 3/13/2023	\$	216,950.79

STEP 6: Calculate Gain or Loss upon Liquidation

Because the trust liquidated on March 13, 2023, any remaining basis should be applied to the proceeds received upon liquidation to determine a final gain or loss as calculated considering all tax adjustments. For this example, we will use the Adjusted Shareholder Cost Basis determined in Step 5 and the liquidation proceeds per share.

Liquidation Proceeds: \$21.6903 per share X 10,000 Shares	\$	216,903.00
Adjusted Shareholder Cost Basis: Calculated in <i>Step 5</i>		216,950.79
Total Reportable Gain/(Loss) upon Liquidation	\$	(47.79)

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. The calculation of gains and losses will be affected by the cost basis method used to account for the liquidating proceeds received.

IDX RISK-MANAGED ETHEREUM TRUST 2023 GROSS PROCEEDS FILE

Purchase Date	Cost Basis Sold Per Share	Proceeds Based on Sale Date	Expense Allocation per Share
1/1/2023	28.1130	-	-
1/2/2023	28.1130	-	-
1/3/2023	28.1130	-	-
1/4/2023	28.1130	-	-
1/5/2023	28.1130	-	-
1/6/2023	28.1130	-	-
1/7/2023	28.1130	-	-
1/8/2023	28.1130	-	-
1/9/2023	28.1130	-	-
1/10/2023	28.1130	-	-
1/11/2023	28.1130	-	-
1/12/2023	28.1130	-	-
1/13/2023	28.1130	-	-
1/14/2023	28.1130	-	-
1/15/2023	28.1130	-	-
1/16/2023	28.1130	-	-
1/17/2023	28.1130	-	-
1/18/2023	28.1130	-	-
1/19/2023	28.1130	-	-
1/20/2023	28.1130	-	-
1/21/2023	28.1130	-	-
1/22/2023	21.8565	-	-
1/23/2023	21.8565	-	-
1/24/2023	21.8565	-	-
1/25/2023	16.6346	-	-
1/26/2023	16.6346	-	-
1/27/2023	16.6346	-	-
1/28/2023	16.6346	-	-
1/29/2023	16.6346	-	-
1/30/2023	16.6346	-	-
1/31/2023	16.6346	-	-
2/1/2023	16.6346	-	-
2/2/2023	16.6346	11.1268	-
2/3/2023	16.6346	-	0.063857
2/4/2023	16.6346	-	-
2/5/2023	16.6346	-	-
2/6/2023	16.6346	-	-
2/7/2023	16.6346	-	-
2/8/2023	16.6346	-	-
2/9/2023	16.6346	-	-
2/10/2023	16.6346	-	-

IDX RISK-MANAGED ETHEREUM TRUST 2023 GROSS PROCEEDS FILE

Purchase Date	Cost Basis Sold Per Share	Proceeds Based on Sale Date	Expense Allocation per Share
2/11/2023	16.6346	-	-
2/12/2023	16.6346	-	-
2/13/2023	16.6346	-	-
2/14/2023	16.6346	-	-
2/15/2023	16.6346	-	-
2/16/2023	16.6346	-	-
2/17/2023	16.6346	-	-
2/18/2023	16.6346	-	-
2/19/2023	16.6346	-	-
2/20/2023	16.6346	-	-
2/21/2023	16.6346	-	-
2/22/2023	16.6346	-	-
2/23/2023	16.6346	-	-
2/24/2023	16.6346	-	-
2/25/2023	5.2940	-	-
2/26/2023	5.2940	-	-
2/27/2023	5.2940	-	-
2/28/2023	5.2940	-	-
3/1/2023	5.2940	-	-
3/2/2023	5.2940	-	-
3/3/2023	5.2940	-	-
3/4/2023	5.2940	5.0770	-
3/5/2023	5.2940	-	-
3/6/2023	5.2940	-	-
3/7/2023	5.2940	-	-
3/8/2023	5.2940	5.3910	-
3/9/2023	5.2940	5.5801	-
3/10/2023	5.2940	-	-
3/11/2023	5.2940	-	-
3/12/2023	5.2940	-	-
3/13/2023	5.2940	-	0.122264
TOTAL		27.1750	0.186121