

## **Clarifications regarding the taxation of the GraniteShares ETF Distributions**

As investors are receiving their form 1099-Div, they may feel that the tax treatment of the distributions they received conflicts with the information disclosed in the 19a-1(a) notices. The source of these discrepancies mostly results from the fact that these documents serve different objectives and follow different set of rules and regulations.

### **19(1)-1 notices are not tax documents**

19(a)-1 notices result from the SEC rule 19a-1(a) and is an investor reporting requirement which ensures that notifications are provided to investors for any return of capital. Such notices solely focus on the estimated return of capital component related to a particular distribution. Aggregate tax nature of the distributions made over the fiscal year is not considered.

### **1099-Div reports are generated over a calendar year basis instead of a fiscal year basis**

1099-Div reports cover the distributions received by investors over a calendar year. However, the funds are taxed on a fiscal year basis which may not overlap with the calendar year, as for instance the fiscal year for the GraniteShares ETFs is from July 1<sup>st</sup> to June 30<sup>th</sup> next year.

As a result, some distributions made during the course of a calendar year and reported on the 1099-Div cannot be classified as return of capital until the fund's fiscal year has concluded and tax analysis completed. This results in some fund distributions subsequently being reclassified as return of capital and reported in the next 1099-Div.

Hence discrepancy between the initial and the actual tax treatment of the distribution is always temporary as it is adjusted subsequently.

### **Practical consequences**

Return of capital distribution components that may not have been included in the investor's 1099-Div statement will be reflected in the subsequent calendar year's statement provided that it is a reportable component at the fund's fiscal year-end in the subsequent year. In that case, long-term GraniteShares ETF investors should receive additional reportable return of capital distributions reflected on their Subsequent 1099-Div in the next calendar year.

Sincerely,

GraniteShares Team

### **Disclaimers**

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The information in this document does not constitute tax advice and should not be construed to take into account any shareholder's specific

circumstances. Holders and nominees should consult their own tax advisors regarding the particular tax consequences of the organizational action (as described in this document) to them, including the applicability and effect of all U.S. federal, state, and local and foreign tax laws.

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