

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SEE ATTACHED

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ _____ Date ▶ _____

Print your name ▶ THOMAS O'MALLEY Title ▶ TREASURER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>LEONARD J. DIPIETRO, CPA</u>	<u>SIGNATURE ON FILE</u>	<u>MAY 20, 2021</u>		<u>ON FILE</u>
	Firm's name ▶ <u>TAIT WELLER & BAKER LLP</u>	Firm's EIN ▶ <u>ON FILE</u>			
	Firm's address ▶ <u>50 S. 16TH STREET, PHILADELPHIA, PA 19102</u>	Phone no. <u>ON FILE</u>			

Foxby Corp.

One for Five Reverse Stock Split of Fund Shares

Attachment to Form 8937

PLEASE CONSULT YOUR TAX ADVISOR

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE TAX ADVICE AND DOES NOT PURPORT TO BE COMPLETE OR TO DESCRIBE THE CONSEQUENCES THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT.

Part I – Reporting Issuer

Line 10. CUSIP number: Original CUSIP was 351645106 and Post-Split CUSIP is 351645205

Part II – Organizational Action

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

At the close of business on May 6, 2021, Foxby Corp. effected a 1-for-5 reverse stock split for its outstanding fund shares. Pursuant to the reverse stock split, every five (5) shares of outstanding shares of the fund automatically converted into one (1) fund share. A shareholder who would have otherwise been entitled to a fractional share as a result of the reverse stock split received cash in lieu thereof and was deemed for federal income tax purposes to have received and then immediately sold such fractional shares for cash.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Upon the effective date of the reverse stock split, every (5) shares of outstanding fund shares automatically converted to one (1) fund share. As a result, shareholders must allocate the aggregate tax basis in their shares held immediately prior to the reverse stock split among the shares held immediately after the reverse stock split (including any fractional shares for which cash in lieu was received). Shareholders that have acquired different blocks of shares at different times or at different prices are urged to consult with their own tax advisors regarding the allocation of their aggregate adjusted basis among, and the holding period of, those shares.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates.

See answer to Line 15. While the basis “per share” is impacted, the basis of the shareholder’s total investment remains unchanged. Shareholders with blocks of pre-split common stock not divisible by (5) which reflects pre-split fund shares acquired at different times or different prices must replicate such blocks of pre-split fund shares in the post-split fund shares received pursuant to a formula provided in Treasury regulations that seek to preserve, to the greatest extent possible the basis of a particular block of pre-split fund shares in one of more post-split fund shares received in exchange therefor. This may require the aggregate basis in one block of pre-split fund shares to be allocated to post-split fund shares in a manner where some post-split fund share blocks may have split basis and holding period segments. Because no fractional shares were issued, the aggregate tax basis of Foxby Corp. fund shares held by the shareholder immediately after the reverse stock split could be less than the pre-split aggregate tax basis by an amount equal to the aggregate tax basis allocated to the fractional shares, if any.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

IRC Sections 354, 358, 368, 1001 and 1012.

Line 18. Can any resulting loss be recognized?

The one (1) for five (5) reverse stock split is intended to be treated as a recapitalization for U.S. Federal income tax purposes. Therefore, except as described below with respect to cash received in lieu of a fractional share, a shareholder will not recognize any gain or loss for U.S. Federal income tax purposes upon the combination of pre-reverse stock split shares into post-reverse stock split shares pursuant to the reverse stock split.

In general, a shareholder who receives cash payment in lieu of a fractional share will recognize capital gain or loss equal to the difference between the amount of cash received in lieu of the fractional share and the portion of the holder’s tax basis of the pre-reverse stock split shares that is allocable to the fractional shares. Such gain or loss generally will be long-term capital gain or loss if the shareholder’s holding period in its pre-reverse stock split shares is more than one year as of the reverse stock split date. The deductibility of net capital losses by individuals and corporations is subject to limitations.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The reportable tax year in which the reverse stock split occurred is 2021.