THE BITCOIN FUND

Interim Management Report of Fund Performance

For the six month period ended June 30, 2026

3iQ Corp.
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Forward-Looking Statements ("FLS")

The interim Management Report of Fund Performance may contain forward-looking statements ("FLS"). FLS means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes any future-oriented financial information ("FOFI") with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLS about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action.

FLS can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "target", "project", "estimate", "intend", "continue" or "believe", or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking information and statements. Material risk factors that could affect actual results are identified under the heading "Risk Factors" in the Fund's Prospectus. Investors are also cautioned that FLS is based on several factors and assumptions, including the Fund's current plans, estimates, opinions and analysis made in light of its experience, current conditions and expectations of future developments, as well as other relevant factors. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

Disclosure

This interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements of the Fund. You can get a copy of the interim financial statements at your request, at no cost, by calling 1-416-639-2130, by writing to us at 2700 – 161 Bay St, Toronto, Ontario, M5J 2S1 or by visiting our website www.3iq.ca or SEDAR+ at www.sedarplus.ca.

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance for the six month period ended June 30, 2026

This Management Report of Fund Performance represents the portfolio management team's view of the significant factors and developments affecting the Fund's performance and outlook for the six month period ended June 30, 2026. Every effort has been made to ensure the information contained in this Management Report of Fund Performance is accurate and complete, however, the Fund cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the Fund's prospectus ("Prospectus"). In this report, "Manager", refers to 3iQ Corp., the manager of the Fund. The "Fund" refers to The Bitcoin Fund. In addition, "net asset value" or "NAV" refers to the value of the Fund as calculated for transaction purposes, on which the discussion of Fund performance is based.

Investment Objective and Strategies

The investment objectives of the Fund are to seek to provide unitholders of the Fund with exposure to the digital asset bitcoin ("bitcoin") and the daily price movements of the United States dollar price of bitcoin, and the opportunity for long-term capital appreciation. To achieve its investment objectives, the Fund invests in long-term holdings of bitcoin, purchased from reputable bitcoin trading platforms and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in bitcoin. The Fund does not speculate with regard to short-term changes in bitcoin prices.

Risk

The risks associated with investing in the Fund remain as discussed in the Prospectus. The Fund is suitable for investors looking for long-term capital appreciation of bitcoin and those who have the capacity to absorb a loss on their investment. The NAV of the units will vary according to the value of bitcoin included in the Fund's portfolio. The value of the bitcoin will be influenced by factors which are not within the control of the Fund or the Manager. The Fund was created to invest in bitcoin and is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the Fund will invest substantially all of its assets in bitcoin. The NAV per unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the NAV of the units.

For the six month period ended June 30, 2026, there were no changes affecting the overall level of risk associated with an investment in the Fund. Therefore, the overall level of Fund risk and investor risk tolerance remains as stated in the Prospectus.

Results of Operations

During the six month period ended June 30, 2026, Class A units of the Fund returned (33.7)% (2025 – 13.3%).

The net asset value of the Fund was $209.3 million as at June 30, 2026 (December 31, 2025 – $381.1 million). Changes since January 1, 2026, were composed of net redemption of units of $48.4 million (2025 – $93.5 million) and net loss from operations of $123.4 million (2025 – net income from operations of $67.9 million) for the six month period ended June 30, 2026.

The investment performance of the Fund includes income and expenses which vary year over year.

Market and Fund Performance Review

The value of bitcoin in the Fund's portfolio is based on the CME CF Bitcoin Reference Rate – New York Variant ("BRRNY"), administered by CF Benchmarks.

During the six month period ended June 30, 2026, bitcoin moved from $87,316 to $58,605 a return of (32.9)%. The Fund's NAV performance over the same period was (33.7)%. The Fund's market price return performance was (37.2)%.

Management Discussion of Fund Performance for the six month period ended June 30, 2026

In the first half of 2026, Bitcoin's regulatory and market-structure evolution continued to build on the momentum established in 2025, though the pace of institutional attention and accumulation showed signs of moderating after two years of rapid growth. Following the House's passage of the Clarity Act in mid-2025, attention has since shifted to the Senate, where the market-structure legislation advanced through committee, continuing the push toward a formalized U.S. regulatory framework. According to predictions markets and Bloomberg analysts, the odds of the Clarity Act passing in 2026 had reduced from roughly 65% at the start of the year to roughly 40% by June 2026 due to policy disagreements and limited Senate timing.

U.S. spot bitcoin ETFs recorded net outflows of approximately $5.39 billion USD in the first half of 2026, a reversal from the $21.35 billion USD inflows seen over the full 2025 period, reflecting a more cautious institutional posture amid downward price action. Meanwhile, Canadian-listed bitcoin ETFs saw net inflows of approximately $238 million CAD over the same period.

Publicly traded digital asset treasury companies (DATs), led by Strategy (formerly MicroStrategy), pulled back materially on new bitcoin purchases in the first half of 2026. Combined DAT holdings grew to 1.26 million BTC from the roughly 1.08 million BTC reported at year-end 2025, as persistent trading of DAT equities below net asset value per share made additional debt- and equity-financed purchases less economical. Several smaller DATs paused accumulation programs entirely, and market commentary increasingly questioned whether the treasury-company model can scale further without a recovery in premiums to NAV.

Bitcoin's circulating supply continued its gradual approach toward the 21 million cap, reaching approximately 20,050,226 BTC by June 2026, or roughly 95.48% of total eventual issuance, with the annual inflation rate remaining near 0.8%. Over the same period, bitcoin's price retreated from the October 2025 all-time high of $125,656 to $58,633 USD, declining 53.34%.

A more recent development in the first half of 2026 centered on BIP-110, a proposed protocol change that exposed a meaningful split within the bitcoin developer and mining community over the pace and direction of core protocol evolution. Debate over the proposal, and over the broader question of how much change bitcoin's base layer should accommodate versus building functionality at higher layers, has echoes of past scaling disputes and has drawn attention to governance and consensus-building processes within the ecosystem. As of this writing, the community remains divided, and the ultimate path forward (adoption, rejection, or a contentious fork) is unresolved.

Separately, post-quantum cryptography moved further into industry focus during the first half of 2026. Developers and researchers continued work on quantum-resistant signature schemes and address formats intended to protect bitcoin holdings against the long-term (though not yet imminent) threat posed by advances in quantum computing. While no near-term change to bitcoin's cryptographic base layer is expected, the topic has drawn increasing attention from institutional custodians and long-term holders evaluating the durability of existing wallet infrastructure.

Discounts to the NAV were observed for the Fund in the six month period ended June 30, 2026. Discounts fluctuated between (9.2)% (largest discount) to 1.0% (largest premium). This is a function of investors buying and selling a limited number of units on the Toronto Stock Exchange.

Related Party Transactions

Management fees:

The Manager is responsible for managing and directing the undertaking, operations and affairs of the Fund, including managing and directing the investments. The Fund pays an annual management fee to the Manager amounting to 1.95% of the Fund’s net asset value calculated daily and payable monthly, plus applicable taxes, in respect of each of the Class A units and the Class F units of the Fund. However, there are no Class F units outstanding since they have been reclassified as Class A units.

During the six month period ended June 30, 2026, $3,397,717 (2025 – $5,389,443) management fees were charged by the Manager. These transactions occurred in the normal course of operations and the fees are measured at exchange value, which is the amount established and agreed to by the related parties.

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MANAGEMENT REPORT OF FUND PERFORMANCE

(Expressed in United States dollars)

Financial Highlights

The following table shows selected key financial information about the Class A units of the Fund and is intended to help you understand the Fund's financial performance for the six month period ended June 30, 2026, and the prior reporting years.

	June 30, 2026	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
The Fund's Net Asset Value (NAV) per Class A Unit (1)(2)						
Net assets per Unit, beginning of period	$ 86.83	$ 95.46	$ 43.85	$ 17.68	$ 50.44	$ 32.48
Increase (decrease) from operations						
Total revenue	–	–	–	–	–	–
Total expenses	(0.89)	(2.44)	(1.63)	(0.75)	(0.87)	(1.36)
Realized gains	8.59	18.10	11.17	1.86	5.65	13.19
Unrealized gain (loss)	(36.19)	(21.09)	42.33	25.08	(38.62)	4.53
Total increase (decrease) from operations (2)	(28.49)	(5.43)	51.87	26.19	(33.84)	16.36
Total annual distributions	–	–	–	–	–	–
Net asset value, end of period (3)	$ 57.53	$ 86.83	$ 95.46	$ 43.85	$ 17.68	$ 50.44
Ratios and Supplemental Data						
Total net asset value (3)	$ 209,306,895	$ 381,108,315	$ 500,537,156	$ 282,397,349	$ 139,353,702	$ 586,591,228
Number of shares outstanding (3)	3,638,455	4,389,276	5,243,332	6,440,080	7,883,051	11,630,577
Management expense ratio (4)	2.44%	2.39%	2.42%	2.50%	2.66%	2.57%
Trading expense ratio (5)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fund expense ratio (6)	2.44%	2.39%	2.42%	2.50%	2.66%	2.57%
Portfolio turnover rate (7)	0.00%	0.00%	0.00%	0.00%	0.00%	4.91%
Net asset value per unit	**$ 57.53**	**$ 86.83**	**$ 95.46**	**$ 43.85**	**$ 17.68**	**$ 50.44**
Closing market price (3)	$ 52.67	$ 83.82	$ 91.72	$ 42.41	$ 15.41	$ 48.26

Notes:

(1) This information is derived from the Fund's interim financial statements for June 30, 2026, and audited annual financial statements for each year ended December 31 and is not a reconciliation of beginning and ending net assets per unit.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.

(3) This information is provided as at June 30, 2026 and December 31 of each year.

(4) Management expense ratio is based on total expenses (excluding distributions, commissions, and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of average daily NAV during the period.

(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average daily NAV during the period. Comparative figures for fund expense ratios were presented to ensure consistent reporting.

(6) The fund expense ratio represents total fund expenses expressed as an annualized percentage of daily average NAV during the period. It is the sum of the management expense ratio and the trading expense ratio, inclusive of performance fees and net of any fee waivers, rebates or absorptions.

(7) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in the period, the greater the trading costs payable by a fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The Fund's portfolio turnover rate was affected by the annual redemption.

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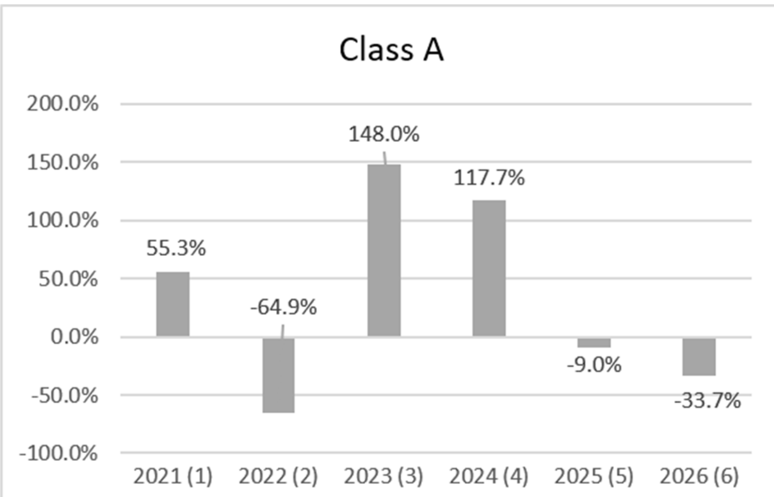
Financial Highlights

Past performance of the Fund

There were no distributions made by the Fund in the periods shown. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart represents the performance of Class A units of the Fund. The bar chart shows, in percentage terms, how much an investment made on the first day of each period would have increased or decreased by the last day of each such period.



(1) Total return for the year January 1, 2021 to December 31, 2021.
(2) Total return for the year January 1, 2022 to December 31, 2022.
(3) Total return for the year January 1, 2023 to December 31, 2023.
(4) Total return for the year January 1, 2024 to December 31, 2024.
(5) Total return for the year January 1, 2025 to December 31, 2025.
(6) Total return for the period from January 1, 2026 to June 30, 2026.

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Summary of Investment Portfolio as at June 30, 2026

The following table shows selected key financial information about the Fund.

Portfolio Composition

Sector Allocation		% of Net Assets Value
Digital assets		100.20
Total Portfolio Allocations		100.20
Total Net Asset Value (in millions)	**$**	**209.31**

All Holdings

Issuer	% of Net Assets Value
Bitcoin	100.20
Cash	0.04
Other assets and liabilities, net	(0.24)
	100.00

The Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the Investment Portfolio are available within 60 days of each quarter end.