THE ETHER FUND

Interim Management Report of Fund Performance

For the six month period ended June 30, 2026

3iQ Corp.
2700-161 Bay Street
Toronto, Ontario | M5J 2S1 | Canada

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 a 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 Suite 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 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 Ether 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 ether ("ether") and the daily price movements of the United States dollar price of ether, and the opportunity for long-term capital appreciation. To achieve its investment objectives, the Fund invests in long-term holdings of ether, purchased from reputable ether trading platforms and OTC counterparties, in order to provide investors with a convenient, safer alternative to a direct investment in ether. The Fund does not speculate with regard to short-term changes in ether 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 ether 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 ether included in the Fund's portfolio. The value of the ether will be influenced by factors which are not within the control of the Fund or the Manager. The Fund was created to invest in ether 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 ether. 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 (47.1)% (2025 – (25.3)%).

The net asset value of the Fund was $60.1 million as at June 30, 2026 (December 31, 2025 – $142.3 million). Changes since January 1, 2026 were composed primarily of net redemption of units of $17.3 million (2025 – $29.8 million) and net loss from operations of $64.9 million (2025 – net loss from operations of $48.6 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 ether in the Fund's portfolio is based on the CME CF Ether-Dollar Reference Rate – New York Variant ("ETHUSD_NY"), administered by CF Benchmarks.

During the six month period ended June 30, 2026, ether moved from $2,965 to $1577 a return of (46.8)%. The Fund's NAV performance over the same period was (47.1)%. The Fund's market price return performance was (46.9)%.

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

Activity on the Ethereum network continued to accelerate in the first half of 2026, extending the record-setting pace established at the end of 2025. Ethereum mainnet transaction counts held near or above the roughly 2 million transactions per day reached in late 2025, while Layer 2 (L2) networks collectively settled in excess of ~28 million transactions per day, with Coinbase's Base and Polygon continuing to carry the largest share of activity. Consumer applications, led by prediction markets such as Polymarket, remained a meaningful driver of L2 usage, and new entrants continued to launch directly on Ethereum's L2 ecosystem rather than standalone blockchains, reinforcing Ethereum's position as the default settlement environment for consumer-facing crypto applications.

Notably, the financial services company Robinhood advanced its Ethereum L2 network, built using Ethereum-compatible rollup technology, toward a full rollout by July 2026, extending its tokenized equities and crypto trading products onto Ethereum's L2 stack. The move highlighted a broader pattern: the majority of new institutional and consumer product launches in digital assets such as tokenization, stablecoins, and on-chain trading infrastructure continued to be built on or around Ethereum.

U.S. spot Ethereum ETFs recorded net outflows of approximately $1.47 billion USD in the first half of 2026, reversing the roughly $9.59 billion USD inflows seen over full-year 2025. Meanwhile, Canadian-based Ethereum ETFs saw net inflows of approximately $69 million CAD over the same time period.

Real-world asset (RWA) tokenization emerged as one of the defining narratives of the first half of 2026, with the Ethereum mainnet and its L2 ecosystem maintaining the greatest market share of tokenized treasuries, private credit, and other on-chain real-world asset products, capturing an estimated 57% share of total tokenized RWA value across all blockchains. Traditional financial institutions continued to select Ethereum and Ethereum L2s as the default venue for tokenization pilots and production deployments.

Stablecoin issuance on Ethereum declined modestly in absolute terms in the first half of 2026, falling to approximately $151 billion USD on mainnet (plus ~$11 billion on L2s). Ethereum-based chains retained clear dominance of the stablecoin sector, with combined share of 52%, a modest decline from roughly 56% reported at the end of 2025. The prospect of the Digital Asset Market Clarity Act's Senate companion advancing in 2026 continued to be viewed as a potential catalyst for traditional banks and financial incumbents to launch Ethereum-based consumer applications and products.

On the protocol and research side, a widely discussed post-quantum cryptography report, co-authored by Ethereum Foundation protocol lead Tim Beiko, helped anchor much of the digital-asset industry's first half of 2026 discussion of quantum-resistance planning. The report's framing of migration paths for account abstraction and signature schemes was cited as influential not only for Ethereum's own long-term roadmap but also for bitcoin's parallel, and more contentious, community discussions (including the BIP-110 debate) around how, and how urgently, base-layer protocols should begin preparing for quantum-resistant cryptography.

For the six month period ended June 30, 2026, the Fund earned revenue from staking activities of 928 ether valued at $1,462,896.

From time to time, both a discount and premium to NAV have been observed for the Fund in the six month period ended June 30, 2026. The largest discount observed was (11.4)% and the largest premium was 4.9%. 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, $1,130,019 (2025 – $1,528,882) in management fees was 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.

Staking service fees:

The Manager of the Fund is entitled to receive 25% (net of the validator fees) of the revenue earned from the staking activities as a staking service fee. The staking service fees are calculated and paid monthly, in arrears, plus applicable taxes, and are intended to compensate the Manager for the additional work required to administer the staking of ether held in the Fund. The staking service fees are payable in ether.

The Manager's portion of the staking service fees for the six month period ended June 30, 2026, was 229.2 (2025 – 227.4) ether valued at $361,251 (2025 – $569,686).

THE ETHER FUND

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 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	$ 48.46	$ 54.96	$ 37.97	$ 20.15	$ 63.20	$ 13.25
Increase (decrease) from operations						
Total revenue	0.51	1.55	1.76	0.11	–	–
Total expenses	(0.62)	(1.73)	(1.86)	(0.82)	(1.00)	(1.24)
Realized gains	2.83	6.91	8.44	4.95	9.91	1.24
Unrealized gains (loss)	(25.17)	(15.01)	10.76	14.58	(62.43)	47.20
Total increase (decrease) from operations (2)	(22.45)	(8.28)	19.10	18.82	(53.52)	47.20
Total distributions	–	–	–	–	0.06	–
Net asset value, end of period (3)	$ 25.64	$ 48.46	$ 54.96	$ 37.97	$ 20.15	$ 63.20
Ratios and Supplemental Data						
Total net asset value (3)	$ 60,101,812	$ 142,259,602	$ 198,977,523	$ 162,461,669	$ 114,010,133	$ 684,548,651
Number of shares outstanding (3)	2,344,194	2,935,482	3,620,350	4,278,182	5,657,805	10,830,629
Management expense ratio (4)	3.44%	3.52%	3.69%	2.75%	2.63%	2.52%
Management expense ratio without staking fees (4)	2.56%	2.50%	2.48%	2.36%	N/A	N/A
Trading expense ratio (5)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fund expense ratio (6)	3.44%	3.52%	3.69%	2.75%	2.63%	2.52%
Portfolio turnover rate (7)	0.00%	0.00%	0.00%	0.00%	0.00%	3.65%
Net asset value per unit	**$ 25.64**	**$ 48.46**	**$ 54.96**	**$ 37.97**	**$ 20.15**	**$ 63.20**
Closing market price (3)	$ 24.60	$ 46.36	$ 51.63	$ 36.56	$ 17.41	$ 59.95

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. Total revenue pertains to revenue from staking rewards, which are measured based on the fair value of the digital assets received when staking rewards are received into the Fund's custody.

(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. Per its Statement of Comprehensive Income (Loss), the Fund earned revenue from staking activities of $1,462,896 and incurred staking service fees of $463,984, amounting to a net increase of $998,912 (1.7% of the Fund's net asset value as at June 30, 2026) to the Fund's total net asset value for 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.

(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.

THE ETHER FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

(Expressed in United States dollars)

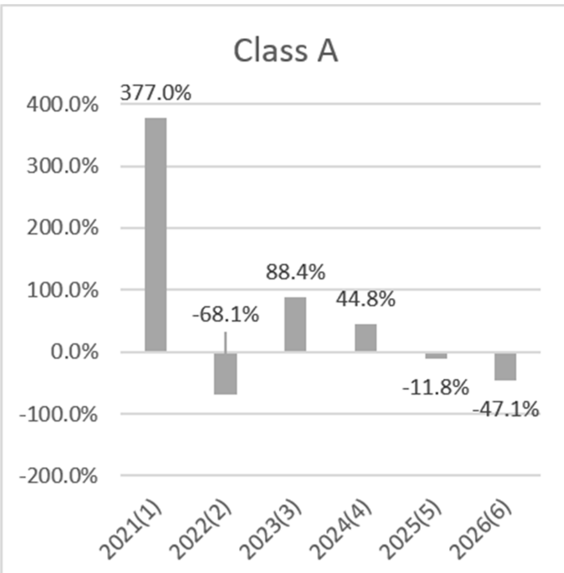
Financial Highlights

Past performance of the Fund

The performance information shown assumes that all distributions made by the Fund in the years shown were reinvested in additional securities of the Fund. 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.

THE ETHER FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

(Expressed in United States dollars)

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		100.28
Total Portfolio Allocations		100.28
Total Net Asset Value (in millions)	**$**	**60.10**

All Holdings

Issuer	% of Net Assets Value
Ether	100.28
Cash	0.04
Other assets and liabilities, net	(0.32)
	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.