July 2026

Welcome to our Liahona Capital Q2, 2026 newsletter!

Liahona MIC News/Real Estate Market View

Ontario Housing: Stabilizing, but still uneven

Ontario's housing market is showing signs of stabilization, although conditions continue to vary significantly across regions and property types. Headlines often focus on broad indicators such as whether sales, listings, or prices are up or down across a region. Those figures are useful context, but Liahona's underwriters look deeper at local market conditions, property type, borrower strength, valuation support, and exit strategy. Recent data from the June 29 and July 7 Weekly Edge reports, from Edge Realty Analytics, point to improving GTA sales momentum, lower new listings, and steadier interest-rate expectations, while affordability, consumer stress, distressed listings, and condo weakness remain important risks.

The broader Canadian economy provides important context. Inflation expectations have remained broadly stable, and the 5-year Government of Canada bond yield has been hovering around 3%, helping reduce upward pressure on fixed mortgage rates. At the same time, soft growth, fragile consumer confidence, and household debt stress support a cautious outlook for Ontario borrowers.

Within Ontario, the GTA is showing modest improvement. TRREB reported 6,770 home sales in June, up 9.4% from a year earlier, while new listings fell 12.9%. Conditions are tightening from very weak levels, and price declines appear to be moderating, but it is still too early to call a strong rebound.

Ontario's condo market remains the area requiring the most caution. Lower prices may be attracting some first-time buyers back into more affordable segments, but the new condo sector continues to face pressure from weak pre-construction demand, unsold inventory, and developer discounting. CMHC's 2026 outlook also expects Ontario housing starts to remain weak, with condominium construction especially challenged. For lenders and investors, this means valuations must be grounded in current market evidence rather than peak-cycle assumptions. As of June 30, 2026, Liahona MIC's current condo exposure is limited to four mortgages on larger three-bedroom units over 1,000 square feet, and each of those mortgages is further secured by additional properties.

Household financial strain remains a key risk in Ontario. Power of sale listings across the GTA are elevated, insolvency-related indicators point to pressure among some homeowners, and broader credit data suggest rising stress among certain borrowers. A rapid rebound is unlikely unless employment, incomes, and borrowing conditions improve further.

The practical takeaway is that Ontario's housing market looks better than it did earlier in the year, but not yet strong enough to support an overly optimistic outlook. For Liahona MIC investors and Liahona Capital partners, this reinforces the importance of disciplined underwriting, conservative valuations, and careful property selection. Liahona's mortgage portfolio is well diversified across smaller Ontario communities and the GTA, helping reduce reliance on any single market segment, while its limited condo exposure is concentrated in larger units with additional property security.

Why it matters: Because Liahona lends only in Ontario, local signals matter most: GTA sales momentum, smaller-community housing conditions, borrower stress, power of sale trends, and the health of key property segments. A stabilizing market can support confidence and transaction activity, but disciplined lending remains essential. Liahona's diversified portfolio, limited and well-secured condo exposure, and focus on real estate fundamentals are important safeguards for supporting capital preservation while positioning for selective opportunities as conditions improve.

Source: Edge Realty Analytics- The Weekly Edge July 2026

LIAHONA INSURANCE
& WEALTH CREATION INC

Protecting Your Legacy Through Planning

Canadians spend decades building wealth through disciplined saving, investing, and hard work. Over time, assets such as RRSPs, pensions, cottages, investment accounts, and real estate can grow substantially and become an important part of a family's legacy.

What is often overlooked is that many of these assets can create a tax liability upon death. Without proper planning, a significant portion of what you've worked so hard to build could be lost to taxes before it reaches your children, grandchildren, or charities.

Where Taxes May Apply

Depending on your circumstances, the following assets may generate taxes upon death:

- RRSPs & Locked-In Retirement Accounts (LIRAs) and Life Income Funds (LIFs)
- Defined Benefit and Defined Contribution Pension Plans
- Non-Registered Investment Accounts with capital gains
- Cottages, recreational/secondary properties, and investment real estate
- Privately held corporate shares or business interests

Many of these assets are considered to have been disposed of at fair market value upon death, which can result in a sizeable tax obligation for your estate.

For many families, this tax bill arrives at a difficult time. Beneficiaries may be forced to sell investments or family assets simply to satisfy the resulting tax obligation.

A Cost-Effective Solution

Life insurance is often one of the most efficient ways to protect an estate against future tax liabilities.

A properly structured policy can provide a tax-free death benefit, creating immediate liquidity for your estate when it is needed most. Rather than requiring heirs to sell investments or family property, the proceeds can be used to cover taxes and preserve the assets you intended to pass on.

Depending on your objectives, there may be several strategies available.

- **Term life insurance** can provide a substantial amount of protection at a relatively low cost and may be appropriate for short- or medium-term needs

- **Permanent life insurance** provides lifetime coverage and is often used as an estate planning tool, offering a more predictable solution for future tax liabilities

Insurance can be owned personally or corporately, depending on your situation.

In many cases, the cost of insurance is significantly less than the taxes that may eventually be payable, making it an effective way to preserve wealth for future generations.

Is Your Current Plan Still Appropriate?

As investment portfolios grow, cottages appreciate in value, and retirement assets accumulate, insurance needs often change. Coverage that was appropriate ten or twenty years ago may no longer align with your current financial situation or estate objectives.

At **Liahona Insurance & Wealth Creation Inc.,** we can help review your existing insurance coverage, identify potential estate tax exposure, and determine whether your current strategy remains suitable for your goals.

To learn how life insurance may help protect your family, your cottage, your charitable intentions, or your estate, we invite you to connect with our team for a personalized review.

You may be surprised to discover how affordable it can be to protect the legacy you've spent a lifetime building.

Contact us at clientrelations@liahonainsurance.ca

Did You Know?

"What is NAV vs AUM?"

Did you know Net Asset Value (NAV) and Assets Under Management (AUM) both describe the size of a fund but measure different things?

AUM refers to the total value of a fund's underlying assets before liabilities or debt are deducted.

NAV, on the other hand, represents the equity value of the fund and what remains after liabilities, such as loans or financing, are deducted.

In simple terms:

AUM = Total assets
NAV = What investors actually own after debt

Why this matters:

Many private funds base redemptions, distributions, and performance metrics on NAV, not AUM, making it a more meaningful measure of investor value and how features such as liquidity and redemption limits are determined.

"What does diversification really mean?"

Did you know diversification isn't just about owning more investments but owning different types of assets?

Private market investments can provide exposure to real estate, mortgages, and private credit, offering additional sources of income and return that may not move in the same direction as traditional stocks and bonds.

By incorporating a mix of asset types, investors can build a more balanced portfolio that is better positioned to navigate changing market conditions over time.

“What does ‘target distribution’ really mean?”

Did you know a fund’s “target distribution” represents the manager’s goal for income based on current market conditions and strategy?

While **not guaranteed**, it provides investors with an indication of the fund’s income objectives and is typically supported by the underlying assets and portfolio cash flow. Over time, distributions may be adjusted as market conditions evolve.

Breaking Down the Fine Print: Redemption Limits

Excerpt from a third-party issuer on our shelf:

Redemptions may be subject to monthly limits, and where total redemption requests exceed these limits, the issuer may:

- Defer a portion of the redemption request, or
- Satisfy redemptions in whole or in part using promissory notes instead of cash

In addition, there may not be an active market for units, and redemption requests are fulfilled based on available liquidity within the fund.

What this means in plain English:

While many private funds offer redemption features, access to capital is managed over time rather than on demand.

If redemption requests are elevated, investors may:

- Receive a portion of their request initially
- Have the balance deferred to a future period
- Receive alternative forms of payment in some cases

These provisions are designed to support the long-term stability of the fund, allowing managers to avoid selling assets at unfavorable times and helping protect value for all investors.

Understanding how these features work helps set expectations and ensures investments are aligned with your time horizon, an important part of successfully investing in private markets.

Issuer Spotlight

Pavilion Flow Through
Pavilion Funds continue to provide investors with exposure to resource-based investments combined with potential tax advantages.

Recently, investors received distributions in accordance with the flow-through fund structure and underlying investment activity and execution of the strategy. These distributions are a key feature of flow-through funds, which are designed to allocate certain tax benefits and outcomes directly to investors.

Why it matters:
Flow-through funds are often used as a tax planning tool, particularly for investors seeking to offset income. The structure allows eligible expenses to be flowed through to investors, which may help reduce taxable income, while also providing exposure to the resource sector.
As with all investments, outcomes will vary based on timing, market conditions, and the underlying investments, but these recent distributions highlight how the structure can work as intended within a broader portfolio.

Liahona Mortgage Investment Corp. (LMIC)

Liahona MIC has been providing investors with access to mortgage investments since **2006**, with a focus on income generation and capital preservation.

Over the past year, LMIC delivered a return of 7.72%. Since inception, the Corporation has generated an average annual return of approximately 7.70%. This consistency reflects the Corporation’s disciplined lending approach and ongoing portfolio management.

LMIC invests in a diversified portfolio of Canadian mortgage loans, including residential, commercial, and construction-related lending, providing exposure across multiple segments of the market.

Why it matters:
Mortgage investment corporations can offer investors stable income through interest generated on underlying loans. LMIC's long-standing operating history reflects a consistent and actively managed approach to mortgage investing.

At Liahona Capital, we are committed to offering a diverse range of private market investment opportunities. For more information on each Issuer, contact your Liahona Dealing Representative today!

Dealing Representatives

Robert Rumley

Brandon Renault

Adam Gignac

Doug Edwards

Eric Anderson

Chris Molder

Linda Hilton

VIRTUS Diversified Real Estate Investment Trust

LIAHONA MORTGAGE INVESTMENT CORP

EQUITON®

CENTURION ASSET MANAGEMENT INC

Newlook Capital Dental Fund

Greybrook Capital

Pavilion RESOURCE FUND

NEWPORT PRIVATE WEALTH

PIER 4 Real Estate Investment Trust

Forum MAKESPACE
Forum Make Space launch $200M self-storage fund

ACCILENT CAPITAL MANAGEMENT

Newlook Capital Industrial Services Fund

Summary

We value your ongoing support and investment with us. For additional information visit our website at www.liahona.ca

As always, we welcome your feedback.

Sincerely,

The Liahona Team

email: investorrelations@liahona.ca