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SCHOLAR VERIFIED CONTENT

HALAL INVESTING GUIDE 2026

Halal Investing 101.

Your plain-English guide to growing wealth the right way.

7 Chapters	76+ Products compared	3 Countries

Font: Plus Jakarta Sans

CONTENTS

What's inside

> manacredit.co.uk compares halal financial products across the UK. Mortgages, credit cards, investments: all in one place, so you can make faith-aligned financial decisions without the guesswork.

CHAPTER 01

What is investing?

Understanding the fundamentals

Investing is putting money to work so it grows over time. Instead of leaving cash in a savings account where inflation quietly erodes its value, you deploy it into assets: shares, property, funds that have the potential to increase in value or generate income.

The two ways investments make you money

- Capital appreciation: the asset rises in price. You buy at £10, sell at £15.
- Income: the asset pays you while you hold it. Dividends from shares, rental income from property.

Why not just save?

UK inflation has averaged 2 to 3% annually. Most savings accounts pay less than that in real terms. That gap is silent wealth destruction. Investing is how most people genuinely build long-term wealth.

> Example: £5,000 in a 2% savings account for 10 years becomes £6,095. The same £5,000 invested at 8% annually (a conservative estimate for a diversified halal fund) becomes £10,795. Nearly double.

The main asset classes

Asset Class	What it is
Shares (Equities)	Ownership slices of a company. Price moves with the business performance.

Asset Class	What it is
Bonds (Fixed Income)	Loans to governments or companies paying interest. Note: conventional bonds involve Riba. Not permissible. Sukuk is the halal alternative.
Property (Real Estate)	Physical buy-to-let or property funds. Income from rent, growth from rising prices.
Commodities	Gold, silver, oil. Priced by global supply and demand. Physical gold is widely accepted as halal.
Funds (ETFs/Index Funds)	Baskets of many assets in one purchase. Instant diversification. Halal variants covered in Chapters 06 and 07.
Cash / Money Market	Savings and equivalents. Lowest risk, lowest return. Inflation erodes real value over time.

The risk spectrum

LOW RISK	MEDIUM RISK	HIGH RISK
Cash savings Sukuk (Islamic bonds) 1 to 4% typical returns	Halal ETFs (global) Gold 4 to 10% typical returns	Individual stocks Crypto (where halal) 10%+ potential returns
Money needed soon. Cannot afford losses.	Some volatility OK. Longer time horizon.	Long horizon. Can stomach big swings.

The power of compound growth

Compounding means earning returns on your returns. £1,000 at 10% per year becomes £1,100 after year one. In year two you earn 10% on £1,100, not £1,000. Over 20 years, that £1,000 grows to £6,727 without adding a single pound. Starting early matters far more than timing the market.

CHAPTER 02

Intro to halal investing

Principles behind faith-aligned wealth

Halal investing applies Islamic finance principles to the stock market. It is not a niche or a workaround. It is a complete framework for growing wealth in a way that aligns with your values.

The five core principles

- No Riba (interest). Earning or paying interest is prohibited. This rules out conventional bonds, most savings accounts, and interest-bearing loans.
- No Gharar (excessive uncertainty). Speculation without underlying value, including most options trading and leveraged derivatives, is not permissible.
- No Maysir (gambling). Pure chance-based gains are prohibited. Casinos, lottery stocks, and many speculative crypto plays are excluded.
- No investment in haram sectors. Alcohol, tobacco, pork, conventional finance, weapons, adult entertainment. All excluded.
- Real economic activity. Investments must be backed by genuine assets and productive business.

What is and is not permissible

Investment type	Permissible?
Halal shares	Stocks in Shariah-screened companies. Technology, healthcare, consumer goods, and industrials are typically permissible.
Halal ETFs	Funds that only hold Shariah-screened stocks. Chapters 06 and 07 cover specific options.
Sukuk	Islamic bonds. Returns come from profit-sharing or asset leasing, not interest. The permissible alternative to bonds.

Investment type	Permissible?
Physical gold/silver	Widely accepted as halal. Physical gold ETFs backed by allocated gold are generally permissible.
Conventional bonds	Not permissible. Interest-based by design.
Most options/CFDs	Generally not permissible due to excessive speculation (Gharar).
Haram sector stocks	Alcohol, tobacco, pork, conventional banking. Excluded even if the yield looks attractive.
REITs	Permissible if underlying properties and income structures are halal. Always check the fund's Shariah certification.

The Shariah Supervisory Board

Every credible halal fund is overseen by a Shariah Supervisory Board (SSB), a panel of qualified Islamic scholars who certify the product meets Islamic law. Always look for SSB certification. If it is not clear who has certified the product, treat it as unverified.

> Purification (Tazkiyah): some halal funds invest in companies that earn a small percentage of revenue from impermissible activities (typically below 5%). The corresponding proportion of your dividends or profit must be donated to charity. Most reputable providers calculate this annually and publish it.

CHAPTER 03

Researching Shariah compliance

How to screen companies yourself

Not every company in a halal fund carries the same level of purity. Understanding how to screen stocks gives you more control and a deeper appreciation of where your money actually goes.

Step 1: Business activity screen

Immediately disqualify any company where the primary business involves:

- Alcohol production or distribution
- Tobacco manufacturing
- Pork processing or distribution
- Conventional banking, insurance, or interest-based finance
- Weapons and defence (varies by scholar; some allow, others exclude)
- Adult entertainment
- Gambling, casinos, or lottery

Step 2: Revenue screen (the 5% tolerance)

Most scholars allow a small tolerance for incidental haram revenue, typically 5% of total revenue. A hotel chain earning 3% from a bar on-premises may still pass, provided the core business is permissible. Above 5% is a fail. AAOIFI sets the most widely used global thresholds.

Step 3: Financial ratios screen

Financial Ratio	Rule and why it matters
Debt ratio	Total debt divided by total assets. Must be below 33%. High debt usually means interest payments.

Financial Ratio	Rule and why it matters
Cash/interest securities	Liquid assets including deposits and bonds divided by total assets. Must be below 33%.
Accounts receivable	Receivables divided by total assets. Must be below 49%. High receivables can indicate speculative trading.
Interest income	Interest income divided by total revenue. Must be below 5%.

Step 4: Tools to screen companies

Tool / Index	What it does
Zoya app	Stock screener for halal compliance. Covers US, UK, and global stocks. Free basic tier.
Islamicly app	Screener using AAOIFI methodology. Good for quick pass/fail checks.
Musaffa	Detailed halal screening with purification calculations. Covers most global markets.
FTSE Shariah	Published index of FTSE-listed halal stocks. Freely searchable at ftserussell.com.
MSCI Islamic	Equivalent for MSCI-tracked global markets. Used by iShares ISWD and ISUS.
S&P; Shariah	S&P; methodology. Used by SP Funds ETFs (SPUS, SPSK).

Red flags to watch for

- Fund claims to be halal with no named Shariah board.
- Expense ratio above 1% with no clear justification.
- Fund holds financial sector stocks. Banks and insurance companies almost always fail the debt screen.
- Purification rate not disclosed. If the provider does not publish it, you cannot comply.

- Self-certification with no third-party audit from recognised scholars.

CHAPTER 04

Investing jargon explained

25 terms you will actually encounter

The financial industry makes simple concepts sound intimidating. Here is every term you will encounter, explained once and plainly.

Term	What it means
Asset	Anything you own that has value: a share, property, gold, cash.
Portfolio	Your full collection of investments. Think of it as a personal investment menu.
Diversification	Spreading money across different assets so one bad one does not destroy everything.
ETF	Exchange-Traded Fund. A basket of assets that trades on a stock exchange like a single share. Low cost, easy to buy.
Index Fund	A fund that tracks an index (like the S&P; 500). Does not try to beat the market. Just mirrors it cheaply.
Expense Ratio / OCF	The annual fund fee, as a percentage. 0.40% on £10,000 is £40 per year.
Dividend	Cash companies pay shareholders from profits. Usually quarterly or annually.
Capital gain/loss	Profit (or loss) when you sell an investment for more (or less) than you paid.
Market cap	Total value of a company's shares. Small cap, mid cap, and large cap describe company size.
Volatility	How much a price moves up and down. High volatility means bigger swings and more risk.

Term	What it means
Liquidity	How easily you can sell an investment. Stocks are highly liquid. Property is not.
Benchmark	A reference point to measure performance against. A halal fund might benchmark against the S&P; 500 Shariah index.
Rebalancing	Adjusting your portfolio periodically to maintain your target allocation.
Dollar-cost averaging	Investing a fixed amount regularly (e.g. £100/month) regardless of price. Smooths out market timing.
Bull market	Prices rising. Generally a 20%+ rise from a recent low. Investors are optimistic.
Bear market	Prices falling. A 20%+ drop from a recent high. Normal, not catastrophic. A good time to keep buying.
Yield	Income generated by an investment, expressed as a percentage of its price.
NAV	Net Asset Value. Per-share value of a fund. Total assets minus liabilities, divided by number of shares.
TER	Total Expense Ratio. Total annual cost of running a fund, including management fees and all operational costs.
AUM	Assets Under Management. Total value of money a fund oversees. Larger AUM usually means more stability.
Bid / Ask spread	Difference between buy price and sell price. Smaller spread means a more liquid, efficient market.
CAGR	Compound Annual Growth Rate. Smoothed annual return over a period. More useful than a raw total return figure.
P/E ratio	Price-to-Earnings. How much investors pay per £1 of earnings. High P/E signals growth expectations.

Term	What it means
ISA (UK)	Individual Savings Account. Up to £20,000 per year invested tax-free. Use one. It's free money from the taxman.
TFSA (Canada)	Tax-Free Savings Account. Canadian equivalent of the UK ISA. CAD $7,000 per year in 2025.

CHAPTER 05

Halal investing jargon

Islamic finance terms, simply explained

Islamic finance has its own vocabulary rooted in Arabic and Fiqh (Islamic jurisprudence). Each term describes a principle that shapes how your money works.

Term	What it means
Riba	Interest, the prohibited payment or receipt of a fixed return on money itself. The central prohibition in Islamic finance.
Gharar	Excessive uncertainty or ambiguity in a contract. Outlaws speculation without underlying value (e.g. most derivatives and options).
Maysir	Gambling. Any transaction where gain depends purely on chance rather than productive effort or real assets.
Halal	Permissible under Islamic law.
Haram	Forbidden under Islamic law.
Shariah	Islamic law, derived from the Quran and Sunnah. Provides the ethical framework for all Islamic financial transactions.
AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institutions. Sets the most widely used international Shariah finance standards.
SSB	Shariah Supervisory Board. A panel of qualified Islamic scholars who certify a financial product complies with Shariah law.
Sukuk	Islamic bonds. You buy into a real asset and receive a share of the income it generates, not interest. The halal alternative to bonds.

Term	What it means
Mudarabah	Profit-sharing partnership. You provide capital, a manager provides expertise. Profit is shared at an agreed ratio; loss is borne by the capital provider.
Musharakah	Joint venture. Both parties contribute capital and share profit and loss proportionally. The basis of Islamic equity investment.
Ijarah	Leasing. A Shariah-compliant alternative where a bank buys an asset and leases it to you. Common in Islamic mortgages and Sukuk structures.
Murabahah	Cost-plus sale. The bank buys an asset and sells it to you at a disclosed marked-up price on deferred terms. No hidden interest.
Takaful	Islamic insurance. Based on mutual contribution and cooperation rather than conventional risk transfer (which can involve Gharar and interest).
Purification	Donating the proportion of income derived from incidental haram activity. Calculated as a percentage of dividends or profit by the fund provider.
Zakat	Obligatory annual charity of 2.5% on eligible wealth above the Nisab threshold. Separate from investment purification.
Nisab	The minimum wealth threshold above which Zakat is payable. Roughly the value of 85g of gold or 595g of silver.
Fatwa	A scholarly legal opinion on a specific Islamic question. Halal fund certifications are based on fatwas issued by the SSB.
Tawakkul	Reliance on Allah. Planning and investing is not contrary to faith. It is the responsible use of resources you have been entrusted with.

CHAPTER 06

Halal ETFs by country

US, UK and Canada: the full breakdown

These are the most accessible halal ETFs available to investors in the US, UK, and Canada. Verify expense ratios and availability on each provider's website before investing.

All 5-year average annual return figures are approximate estimates based on data to 2024/2025. Past performance does not guarantee future results. This is educational content, not financial advice.

United Kingdom

UK investors buy UCITS funds, EU/UK-regulated and tradeable on the London Stock Exchange. Hold them inside a Stocks and Shares ISA for tax-free growth (up to £20,000 per year).

ETF / Fund	Ticker	Expense Ratio	5-Yr Avg Return*	Risk Level	Platforms
Invesco Dow Jones Islamic Global Developed Markets UCITS ETF	IGDA	0.40%	~10-12% p.a.	Med to High	Hargreaves Lansdown, AJ Bell, Freetrade, Trading 212, interactive investor
iShares MSCI World Islamic UCITS ETF	ISWD	0.60%	~9-11% p.a.	Med to High	Hargreaves Lansdown, AJ Bell, Freetrade, interactive investor, Saxo
iShares MSCI USA Islamic UCITS ETF	ISUS	0.50%	~12-14% p.a.	Med to High	Hargreaves Lansdown, AJ Bell, interactive investor, Interactive Brokers UK
SP Funds S&P; Global Sukuk UCITS ETF	SPSK	0.55%	~3-5% p.a.	Low to Med	AJ Bell, interactive investor, Interactive Brokers UK

* IGDA tracks the Dow Jones Islamic Market Developed Markets Index. At 0.40%, it offers one of the lowest expense ratios for any halal global equity ETF listed in the UK. Featured as a top performer on manacredit.co.uk with a minimum investment of approximately £35 per share. SPSK is the Sukuk (Islamic bond) option, with lower risk and lower return. Useful for portfolio ballast.

UK platforms at a glance

Platform	Key details for halal ETF investors
Freetrade	Commission-free. ISA available (£5.99/month). Best entry point for beginners. Holds IGDA, ISWD.
Trading 212	Commission-free. ISA included free. Pies feature automates allocation splits. Holds IGDA, ISWD.
AJ Bell	Low-cost platform. ISA available. Wide fund selection including all four UK halal ETFs listed above.
Hargreaves Lansdown	Largest UK broker. ISA available. Platform fee 0.45% (capped at £45/year for ETFs). Best for larger portfolios.
interactive investor	Fixed monthly fee from £4.99. ISA available. Good for larger, frequent investors.
Interactive Brokers	Lowest fees for large investors. More complex interface. Suitable for experienced investors.

United States

The US has the most developed halal ETF market. These are SEC-registered, widely available, and have the longest track records. Can be held in Roth IRAs and 401(k)s.

ETF / Fund	Ticker	Expense Ratio	5-Yr Avg Return*	Risk Level	Platforms
SP Funds S&P; 500 Sharia Industry Exclusions ETF	SPUS	0.49%	~13-16% p.a.	Med-High	Fidelity, Schwab, Webull, Robinhood, TD Ameritrade, Interactive Brokers

ETF / Fund	Ticker	Expense Ratio	5-Yr Avg Return*	Risk Level	Platforms
Wahed FTSE USA Shariah ETF	HLAL	0.50%	~11-14% p.a.	Med-High	Fidelity, Schwab, Webull, TD Ameritrade, Interactive Brokers
SP Funds Dow Jones Global Sukuk ETF	SPSK	0.55%	~3-5% p.a.	Low-Med	Fidelity, Schwab, Interactive Brokers
Wahed Dow Jones Islamic World ETF	UMMA	0.65%	~8-10% p.a.	Med-High	All major US brokerages

* SPUS is the most popular US halal ETF by AUM. Closely tracks the S&P; 500 minus haram sectors and high-debt companies. SPSK is the same Sukuk ETF as the UK UCITS version, lower risk fixed income.

Canada

Canada's halal ETF market is smaller but growing. Hold in a TFSA (CAD $7,000 per year, 2025) for tax-free growth, the Canadian equivalent of the UK ISA.

ETF / Fund	Ticker	Expense Ratio	5-Yr Avg Return*	Risk Level	Platforms
Wealthsimple Shariah World Equity Index ETF	WSRI	0.50%	~8-11% p.a.	Med-High	Wealthsimple Trade only
iShares MSCI World Islamic UCITS ETF (USD)	ISWD	0.60%	~9-11% p.a.	Med-High	Interactive Brokers Canada, Questrade (USD account)
SP Funds S&P; 500 Sharia ETF (USD)	SPUS	0.49%	~13-16% p.a.	Med-High	Interactive Brokers Canada, Questrade (USD account)

* Canadian investors accessing US-listed ETFs should note 15% US dividend withholding tax applies inside a TFSA. Inside an RRSP, US ETFs are typically sheltered under the Canada-US tax treaty.

ETF checklist: what to look for before you buy

Factor	What to look for
Shariah board certification	Is there a named SSB? Who are the scholars? Do not accept self-certification.
Expense ratio (TER/OCF)	Under 0.60% is reasonable for halal ETFs. Under 0.40% (like IGDA) is excellent.
AUM (fund size)	Larger AUM means a more stable fund. Below £10M can indicate liquidity risk.
Tracking index	FTSE Shariah, S&P; Shariah, MSCI Islamic, Dow Jones Islamic. All credible indices.
Purification disclosure	Does the provider publish the annual purification rate? It should.
Tax wrapper eligibility	Can it go in your ISA, TFSA, or Roth IRA? Always use these first.
Accumulating vs distributing	Accumulating (reinvests dividends) is usually better for long-term compounding.

CHAPTER 07

Halal index funds

The indices, portfolios, and where to start

Index funds and ETFs are closely related. ETFs trade on an exchange throughout the day like a stock. Index funds are priced once daily and bought directly from the provider. Both track an index. The key difference is how you buy them.

The main halal indices

Index	What it covers
S&P; 500 Sharia	The S&P; 500 filtered through Shariah screens. Typically 380 to 420 stocks pass vs. 500 in the full index. Used by SPUS.
Dow Jones Islamic Market	One of the oldest Shariah indices. Covers 57 countries, including developed and emerging markets. Used by IGDA and UMMA.
FTSE USA Shariah	FTSE equivalent of S&P; Sharia. Similar methodology, slightly different stock selection. Used by Wahed HLAL.
MSCI World Islamic	1,600+ companies across 23 developed markets, Shariah-screened. The broadest global halal equity index. Used by ISWD.
MSCI USA Islamic	US-focused Shariah index. Technology-heavy. Used by ISUS. Has delivered strong returns tracking US big tech.
S&P; Global Sukuk Index	Tracks Sukuk (Islamic bonds) globally. Used by SPSK. Lower returns than equity, substantially lower volatility.

How I would invest 100 per month: a starter halal portfolio

Inspired by the portfolio approach at manacredit.co.uk, here is a practical allocation for a UK investor investing £100 per month inside a Stocks and Shares ISA:

Allocation	Fund	Amount	Why
60%	IGDA: Invesco Dow Jones Islamic Global Developed Markets UCITS ETF	£60/mo	Core holding. Global diversification at the lowest halal ETF fee (0.40%). Covers 23 developed markets.
25%	ISUS: iShares MSCI USA Islamic UCITS ETF	£25/mo	US tilt for higher growth potential. US tech dominates Shariah-screened returns. SSB certified.
15%	SPSK: SP Funds Sukuk ETF or iShares Physical Gold ETC	£15/mo	Stability and inflation hedge. Sukuk replaces bonds. Physical gold is widely accepted as halal.

Set up a monthly direct debit into your ISA platform, automate the split, and do not touch it. Investing monthly over 10 years has historically smoothed out every market downturn and delivered strong real returns for halal investors.

Portfolio by risk profile

Profile	Recommended fund(s)	Why
UK beginner, first ISA	IGDA (Invesco) or ISWD (iShares)	Low cost, globally diversified, ISA-eligible, minimum investment approximately £35.
UK investor, US growth focus	ISUS + IGDA split	ISUS captures US tech outperformance within Shariah screens.
UK investor, lower risk	SPSK + IGDA	Sukuk provides fixed-income stability combined with equity growth.
US investor, core holding	SPUS (S&P; 500 Sharia)	Most popular US halal ETF. Tracks S&P; 500 minus haram. Roth IRA eligible.
US investor, global exposure	UMMA (Wahed DJ Islamic World)	Covers developed and emerging markets. Broader than US-only SPUS.
Canadian investor, TFSA	WSRI on Wealthsimple Trade	Simplest Canadian option. Global Islamic index. Tax-free inside TFSA.
Any: set and forget	Accumulating halal ETF + monthly DCA	Accumulating funds reinvest dividends automatically. Monthly investing removes market timing.

> Find and compare halal ETFs at manacredit.co.uk/compare?category=investment. The UK's dedicated comparison platform for halal financial products. Filter by risk level, provider, and country to find the right fund for your goals.