



CAMBRIDGE IFA

# WMR

Islamic Wealth  
Management Report 2024



WMR

Islamic Wealth  
Management Report

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Having successfully completed HIT projects she changed her domain from Health Information Technology to Islamic Banking and Finance with the aim of documenting and catalysing the progress of the Islamic Banking and Finance industry, in this era of transformative change.

She completed her post-graduation in Information Technology from National University of Science and Technology (NUST), Pakistan.



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Durdana Najam is responsible for content development and editing at Cambridge-Edbiz Group of Companies. She has been associated with broadcast and print media for the last twenty years. She writes regular weekly columns for Arab News, Express Tribune, and Roznama 92. She also works as a social media communication strategist for independent clients for developmental and promotional purposes. She holds an MPhil in Public Policy and Governance.

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### Ahmed Ali Siddiqui

Ahmed Ali Siddiqui has over 21 years of rich Islamic banking experience and has since been involved in pioneering work in the field of Islamic finance in Pakistan. His major areas of interest are Shari'a-compliant product development, Sovereign Sukuk & deal structuring, development of innovative solutions for retail, corporate & consumer banking, formulation of policy guidelines, Islamic banking training, Shari'a Audit, applicative research & Islamic financial advisory services.

He also holds the post of Senior Executive Vice President & Group Head, Shariah Compliance Department at Meezan Bank and is leading one of the largest research departments in the Islamic banking world with over 55 dedicated team members. He is also the Secretary for Shariah Supervisory Board at Meezan Bank Limited. Ahmed Ali Siddiqui is also part the Joint Financial Advisors team to the Government of Pakistan for Issuance of Local currency Sovereign Sukuk & Islamic financing transactions and has advised the government in structuring and issuance of Sukuk/Islamic transactions of over US\$16.29 billion.

He has served and is also a member of several task forces at the Central Bank level related to Islamic banking products, Islamic banking regulations, governance framework, Accounting disclosures and Adoption of AAOIFI Shariah Standards. Ahmed Ali Siddiqui is also actively involved in Islamic banking training activities and has conducted various training sessions, corporate workshops & seminars on different Islamic Banking topics including Islamic Financial Products, Product Development & Structuring, Islamic Accounting Standards, Legal documentation and Liquidity Management Solutions etc both locally and abroad.

He is also a frequent speaker on Islamic banking at National Institute of Banking & Finance (State Bank of Pakistan), Export Promotion Bureau, LUMS & Center of Islamic Economics (CIE), Karachi and has conducted several specialised training sessions & workshops in UAE, Bahrain, Malaysia, Australia and UK. Ahmed Ali Siddiqui was named in the Islamica 500 for 2016 as among the 500 of the world's most prominent and influential personalities who have built up and pioneered the Islamic economy and the Halal industry.

### Muhammad Usman Siddiqui, CFA



Muhammad Usman Siddiqui is a CFA charterholder and alumnus of IBA Karachi. He has over 8 years of experience in Islamic finance and is currently serving as Manager Retail, Consumer & Pool Management Unit in Shariah Compliance Department at Meezan Bank. Previously, he was associated with HBL as a Product Manager in Islamic Banking Department.

His areas of interest include Shariah structuring, product development, financial modelling and training.

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### Ashar Nazim

Ashar Nazim is the founder and Group CEO of Aion Digital and a FinTech entrepreneur, investor, and board advisor. Before founding Aion Group, he was a partner and global head of the Islamic banking practice at EY, leading the firm's advisory practice to build out 30 major Islamic financial institutions across emerging markets.

Being a seasoned venture builder, Ashar Nazim is leading the transformation towards platform banking in the region owing to his holistic understanding of the digital influences driving change for the banking industry. He is keenly focused on the FinTech journey of the Kingdom of Saudi Arabia and

has spent the past year preparing towards Aion Group's trajectory within the Kingdom as well as the GCC at large. With his special brand of knowledge of the business landscape and market trends, Ashar Nazim has brought the Aion Group to a point where it is poised to lead the way in innovation in Open Banking, Artificial Intelligence and Instant Business Finance Solutions.



### Dr Moataz Zawam

Dr Moataz Zawam is a highly accomplished banking professional with an impressive career spanning over 25 years. Specialising in Corporate Banking, Risk Management, and Structured Finance, he has consistently demonstrated his expertise and proficiency in these areas.

Throughout his career, Dr Zawam has held several key positions in renowned financial institutions, where he has successfully managed portfolios and provided strategic financial advice to clients.

Dr Zawam's notable achievements include successfully closing numerous mega-project syndication deals across different countries and sectors. His project portfolio encompasses diverse industries such as renewable energy, mining, real estate, telecom, healthcare, and port development, among others.

Currently, Dr Zawam plays a pivotal role in managing the sovereign underwriting portfolio for the Asia and MENA regions. In this position, he plays a crucial role in closing development projects in multiple ICIEC member countries, with a particular focus on emerging markets.

Dr Zawam holds an MBA from the Arab Academy for Sciences & Technology & Maritime Transportation in Egypt. Additionally, he possesses a Doctor of Business Administration (DBA) degree in Islamic Banking and Finance from the Royal British College (RBC) in London, UK.

# “GIFA MILLION DOLLAR CAMPAIGN

“Cambridge-IFA is pleased to announce GIFA Million Dollar Campaign to set up an Islamic Finance Scholarship Programme to support studies and research in Islamic banking and finance”



## Note from the Editor-In-Chief

**Professor Humayon Dar, PhD (Cantab)**

Cambridge IIF is honoured to present the Islamic Wealth Management Report (IWMR), 2024; a meticulous examination of the current dynamics and emerging trends within the Islamic wealth management sector. This report stands as a testament to the dedicated efforts of scholars, experts, and industry leaders who have generously shared their profound insights, contributing to a

comprehensive understanding of the contemporary state and future trajectory of Islamic wealth management.

IWMR 2024 is the first report ever to present an estimated size of the wealth held by Muslims and a comprehensive figure estimating the size of Islamic wealth held globally. The second section of the report underpins the ethical foundation of Islamic wealth management. The section includes chapters on Shari'a compliance, the ethicality of Islamic Wealth Management, in addition to risk management and diversification strategies. The third section brings to the reader a few insightful writeups in relevance to the growth and prospects of IWM.

At this juncture when geo-political tensions are on the rise and the world seems to be shifting towards multipolarity, the stability and growth indicators of Islamic finance clearly highlight its socioeconomic benefits which are the spurs behind its rising fame. IWMR in this context spotlights the state of wealth held by Muslims, its futuristic implications, the challenges which it seeks to overcome and the evolving IWM products and services.

A hallmark of the report is the emphasis on the ethical principles and the socioeconomic benefits leading to financial growth and stability of communities and nations. IWMR 2024 encapsulates the spirit of inquiry, collaboration, and dedication to ethical financial practices. We extend our heartfelt appreciation to all contributors for their invaluable insights, which collectively contribute to the continued growth and refinement of the Islamic wealth management industry.

May this report serve to guide and inspire those navigating the intricate terrain of Islamic wealth management.

Founder and Managing Editor-In-Chief  
Islamic Wealth Management Report

## Preface

Cambridge-IFA and Cambridge-IIF have teamed up this year to produce the third edition of Islamic Wealth Management Report (IWMR) 2024. This report is being produced at a time when the world is faced with economic and political struggles. Islamic wealth even in this politically volatile period has demonstrated more balanced and stable inflows and outflows and the trend is continuing. The third edition of IWMR brings analyses and insights while highlighting the ethical bases within the Islamic context.

The analyses and insights have been contributed by some of the industry's prominent figures, hailing from the US, Europe, Middle East and the South Asia. Reviews, trends and prospective studies with a global perspective have been compiled for the benefit of Islamic wealth and fund managers, the affluent class, the HNWI and the UHNWI.

The release of this report comes at a time when several new jurisdictions are opening up to the Islamic finance and banking industry. Islamic wealth management, a niche segment of this industry is now attracting more attention with the launch of new Shari'a compliant funds and wealth management houses. This demand has underscored the requirement for more meticulous analyses and studies meant to inform those consulting on matters relating to and those managing Islamic wealth and funds.

The report commences with an overview of trends and development in IWM, then the second chapter serves as an analytical study of the wealth held by Muslims, while third chapter is a guide for those involved in engineering and development of new IWM products. The first and second chapters have been produced inhouse. The third chapter goes on to differentiate the purposes of IWM from conventional wealth. A very important chapter entitled 'Shari'a Compliance in Islamic Wealth Management' is the joint effort of Ahmed Ali Siddiqui and Osman Siddiqui, senior members of the Shari'a department supervising the policies and operations of Meezan bank, the first Islamic bank in Pakistan. Another significant study has been contributed by Dr Moataz of ICIEC describing the necessity of risk management and the methodologies employed to manage and diversify risk. Ashar Nazim of AION Digital describes at length the latest developments in technology backed IWM solutions and products. We interviewed Faizal Bhana of Jersey Finance to gain the gist of his experiences in relevance to wealth management. He goes one step ahead to give an overall view composed of his experiences in Islamic finance jurisdictions in the GCC, Asia Pacific and the US.

Our aspiration is that this report initiates a discourse on the future of Islamic wealth management, which is still in its early stages of development within the global Islamic financial services industry.

## CHAPTER 01

# OVERVIEW, TRENDS AND DEVELOPMENT IN ISLAMIC WEALTH MANAGEMENT

Generally, wealth management is a practice to protect, grow and make a succession plan to transfer one's wealth to the next generation. Islamic wealth management goes a step ahead with ethical concerns that ensure profit, without causing harm to the social, environmental and economic rights of others. Quran guidelines on financial discipline fall under three categories:

1. Ownership of property, commodities and wealth
2. Disposal of ownership
3. Distribution of wealth among the people

The Islamic economic system is against commercial interest, excessive uncertainty, gambling, and all other games of chance and stresses a social welfare system based on mutual help, character building, and care and dignity for the poor. It permits the right of return on the capital possessed with the condition that it contains the profit and loss liability spread justly across all stakeholders.

Financial planning is considered in the Quran an act of wisdom. For Muslims, it is not enough to create, disburse or accumulate wealth; their duty is to protect and purify their wealth. This spectrum of financial management complies with Shari'a and is the essence of Islamic wealth management. Quran says:

"Believers! Many of the rabbis and monks wrongfully devour mankind's possessions and hinder people from the way of Allah. And there are those who amass gold and silver and do not spend it in the way of Allah. Announce to them the tidings of a painful chastisement on a day when they shall be heated up in the fire of Hell." [Al Quran: 9:34-35]

Despite admonitions to those who wrongly accumulate wealth, Islam recognises its legitimacy and encourages the wealthy to benefit from it while benefitting others around them – from relatives to anyone in the society. This beautiful aspect of wealth management has gradually faded away throughout the Islamic history. Today, wealthy Muslims seek guidance from the Western traditions of wealth management. It is due to this fact that a significant proportion of the wealth held by Muslims is managed conventionally and by conventional wealth managers.

## A significant proportion of the wealth held by Muslims is managed conventionally and by conventional wealth managers

Consequently, the general principles of conventional wealth management are not alien to the wealthy Muslims. This applies to individuals and families, and institutions and quasi-institutions. Following the conventional practice, the individual group can be further categorised into mass affluent, high-net-worth (HNW), and ultra-high-net-worth individuals (UHNW).

Mass affluent individuals, with liquid wealth ranging from US\$50,000 to US\$500,000, typically, have successfully been attracted by Islamic banks. Some of them have also been interested in the value proposition of takaful-based solutions. Given their preference for capital preservation, many Islamic banks have, for some time, been involved in offering Islamic structured products to such Shari'a-sensitive wealthy Muslims.

﴿ يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّ كَثِيرًا مِّنَ الْأَحْبَارِ وَالرُّهْبَانِ لِيَأْكُلُونَ  
 أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَيَصُدُّونَ عَن سَبِيلِ اللَّهِ وَالَّذِينَ يَكْنُزُونَ الذَّهَبَ  
 وَالْفِضَّةَ وَلَا يَنْفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبَشِّرْهُمْ بِعَذَابٍ أَلِيمٍ ﴾  
 [سورة التوبة: ٣٤-٣٤]

O you who have believed, indeed many of the scholars and the monks devour the wealth of people unjustly and avert [them] from the way of Allāh. And those who hoard gold and silver and spend it not in the way of Allāh – give them tidings of a painful punishment.

(Al Quran, 9:34)

HNWs, with a minimum of US\$1 million of liquid wealth, and UHNWs, with a minimum of US\$30 million of liquid wealth, focus on capital preservation and safe assets. They have been attracted by several value propositions, including Islamic funds of various types.

In fact, many Muslim UHNW families have started their own Islamic wealth management businesses, as explained in Chapter 2. Institutional investors opt for sovereign wealth funds and pension funds. According to IRTI-UNDP's assessment, these institutions primarily seek sophisticated, structured investment products, exposure to international markets, competitive returns, and top-notch service.

Quasi-institutions comprise waqf (Shari'a-compliant by definition) and endowments (not necessarily Islamic). They seek long-term capital growth, preservation, and fund management and consequently invest primarily in real estate and, to a lesser extent, in equities.

Box 1.1

### Principles of Islamic Investment

The ethos of Islamic finance does not discourage profit maximisation or accumulation of wealth. However, it does discourage treating money as a commodity to make more money. That brings us to why avoiding fixed interest/usury, speculative buying and gambling are central to Islamic finance as opposed to seeking profit irrespective of the economic conditions affecting the business, products or the value of the money in question.

**Profit and loss sharing:** The basic concept underlying investment in Islam is the ideology of profit and loss. Islam encourages Muslims to enter business instead of becoming creditors. This, in turn, encourages entrepreneurship.

**Segregation of funds:** The funds of diligent and anxious investors mindful of Shari'a compliance should not be commingled with those of conventional investors.

**Existence of Shari'a Supervisory Function:** Every Islamic financial institution should have a Shari'a Governance Framework (SGF) to oversee its activities. The SGF should have trustworthy scholars and Islamic finance technicians qualified or experienced to issue certificates of Shari'a compliance on financial matters. They should also be comfortable with modern dealings and modes of transition. The Shari'a supervisory function should be independent in assessing contractual arrangements and transactions involving Islamic finance – Islamic wealth management in the context of this report.

### Size and Growth of Islamic Finance

According to Global Islamic Finance Report 2023, the global Islamic financial assets under management (Global Islamic AUM) stood at US\$3.805 trillion at the end of 2022. Since then Cambridge IFA – the publisher of GIFR – has come up with provisional estimates for the size of the Islamic finance industry. The industry surpassed the psychological mark of US\$4 trillion during 2023 (see Figure 1.1).

FIGURE 1.1  
SIZE OF THE GLOBAL ISLAMIC FINANCIAL SERVICES INDUSTRY



Source: Global Islamic Finance Report (GIFR) 2023

The growth story remains compelling as well. The global Islamic finance exhibited an impressive annual growth rate of 19.75 per cent in 2022, the highest in the seven years preceding it. If this trend persists, it is expected that the industry will be double its current size by 2023.

### The industry surpassed the psychological mark of US\$4 trillion during 2023.

With this impressive growth, the need to develop a comprehensive framework will become even more paramount, as so far Islamic wealth management hasn't emerged as a distinct segment of the industry.

### Growth Potential of Islamic Wealth Management

The focal point of economic activity is anticipated to relocate by 2050 to China, the United States,

India, Indonesia, Germany, and Japan. Four of these six economies are situated in Asia, prompting McKinsey to label this era as the 'Asian Century'. In agreement with this notion, Alvin Lee, Group Head of Wealth Management and Community Financial Services at Maybank Singapore emphasised that Asia's contribution to the global economy has amounted to 39 per cent, surpassing North America's 28 per cent and Europe's 25 per cent.

Islamic banking and finance is an important and integral part of this interesting story building up in the global economy. With the rise of affluence in the OIC countries, especially in the Middle East and Far East Asia, Islamic wealth management is expected to assume an important role within global Islamic financial services industry.

In Southeast Asia, Malaysia and Indonesia will compete for becoming centres of Islamic wealth management in the region. While Malaysia is already an established jurisdiction for Islamic wealth, Indonesia is expected to emerge as a giant, expected to surpass even the likes of Saudi Arabia and potentially the whole GCC by 2050.

**With the rise of affluence in the OIC countries, especially in the Middle East and Far East Asia, Islamic wealth management is expected to assume an important role within global Islamic financial services industry.**

Singapore, which is holding an unknown but significant proportion of the wealth-held-by-Muslims in Indonesia, Malaysia and Brunei Darussalam, will have to give way to Indonesia, once the country establishes a comprehensive Islamic finance franchise. So far, the primary focus in Indonesia is on Islamic banking, Islamic social finance and development of an Islamic capital market. Development of market for Islamic wealth management is expected to be next on the agenda of the policymakers.

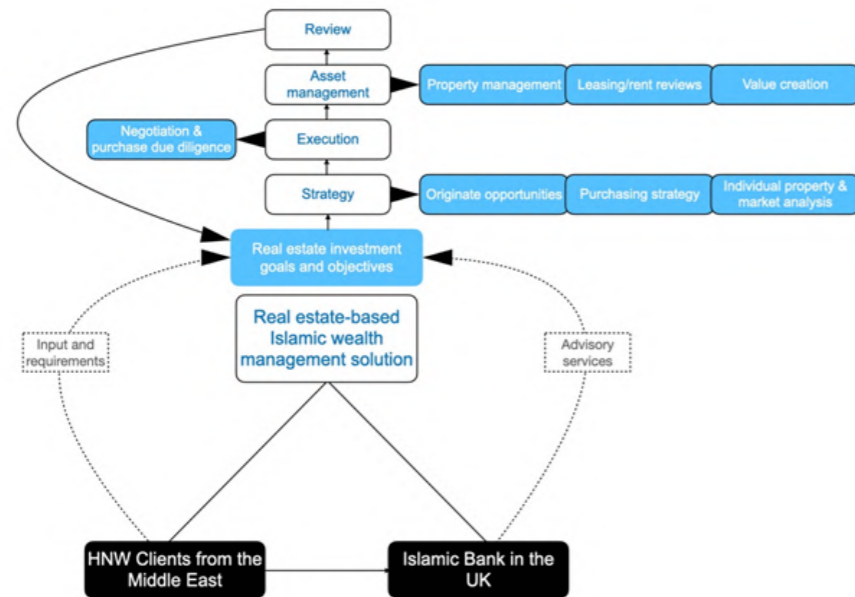
Similarly, Asia's contribution to the global high-net-worth wealth landscape accounts for 30 per cent of the total wealth. This trend is especially evident in Southeast Asia, where individual wealth has surged from US\$6,352 billion in 2016 to US\$8,509 billion in 2021, with projections indicating it will reach US\$11,443 billion by 2026. Moreover, middle-class wealth is also rising, with the ASEAN region experiencing a growth rate of 39.2 per cent from 2015 to 2021 .

Such trends hold promising growth prospects in Islamic wealth management, particularly in the ASEAN countries, notably Indonesia and Malaysia but not so unimportant in the Philippines, Singapore, and Thailand, which are increasingly becoming Islamic finance-friendly jurisdictions .

### Trends in Islamic Wealth Management

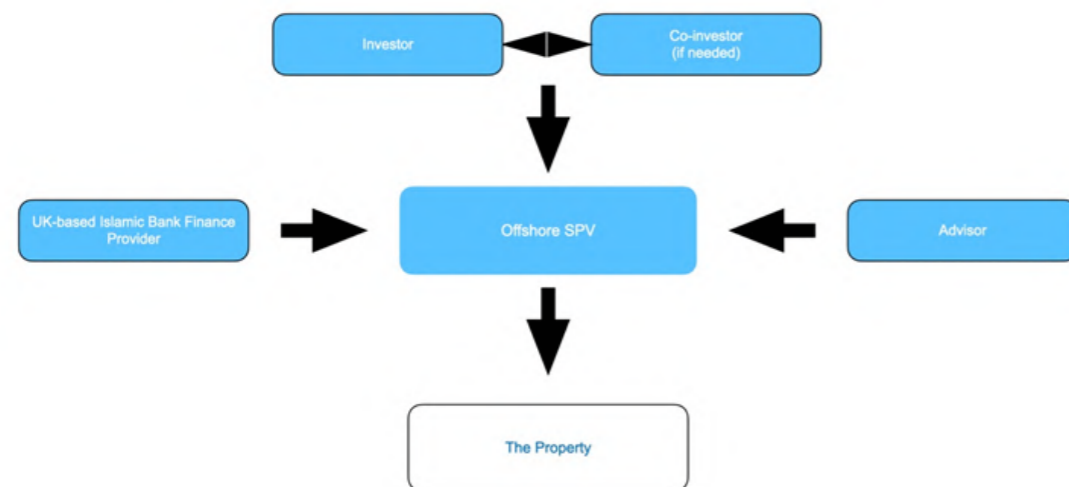
During the course of last fifty years, the Islamic financial sector developed into innumerable categories, including Islamic banking, Islamic insurance (takaful), other Islamic Financial Institutions, Islamic bonds (sukuk), and Islamic funds. The footprints of Islamic finance are not limited to only Muslim countries; it has also emerged as a strong contender in the US, UK, Ireland, Luxembourg, and the rest of Europe.

FIGURE 1.2  
AN ISLAMIC WEALTH MANAGEMENT SOLUTION STRUCTURED AROUND THE REAL ESTATE



In the UK, in particular, Islamic wealth management has been a focus of several financial institutions, including some fully-fledged Islamic investment banks set up by the Middle Eastern stakeholders.

FIGURE 1.3  
A UK-BASED OFFSHORE PROPERTY INVESTMENT STRUCTURE



QIB-UK, for example, offers a wide range of private banking services to local mass affluent and HNWI and to the Middle Eastern clients looking for diversification. Gatehouse Bank, another UK Islamic bank owned by Gulf investors, also offers Islamic wealth management solutions structured around real estate investments. Bank of London and the Middle East (BLME) also follows a similar strategy for Islamic wealth management.

ADIB UK, a subsidiary of Abu Dhabi Islamic Bank, also offers a range of advisory services to allow their Middle Eastern clients to build Shari'a-compliant real estate portfolios.

A typical Islamic wealth management solution structured around the real estate is depicted in Figure 1.2. Although we have used a UK example here but the structure is general as to represent such an Islamic wealth management around the world.

Such solutions are in general structured around an offshore SPV to ensure tax efficiency. A UK-based example is given in Figure 1.3.

Other asset classes used for Islamic wealth management include sukuk and Islamic funds. However, commodities as an asset class is better understood and preferred by a number of those who hold Islamic wealth.

### Commodity Funds as a Tool for Islamic Wealth Management

A joint pool of funds is created under this category to purchase commodities to resell them, and the profit generated from the sale is distributed on a pro-rata basis among the investors. In order to align the investment with Shari'a principles, following rules must be observed:

- The seller must own the commodity at the time of the sale.
- No forward selling is allowed except structured around salam.
- The commodities used must be halal.
- The seller must have physical or constructive possession of the commodity he wishes to sell. Constructive possession includes any act in which the risk of the commodity is passed on to the purchaser. For instance, if a seller does not have physical possession of a commodity but fears the risk of a price decline that could lead to an unprofitable reselling of the associated commodity, then the seller can resell the commodity.
- The commodity's price must be fixed and duly explained to the buyer to ensure the total elimination of gharar elements in the commodity trading.

### Future Trends in the Islamic Wealth Management Industry

Two important trends in Islamic fund and wealth management are SRI and FinTech. SRI is becoming more important for investors, while FinTech has the potential to revolutionise the industry and make it more efficient.

At the recently concluded COP28 in Dubai, the UAE-based banks, including Islamic banks, pledged US\$270 billion into green financing.

### Sustainable and Responsible Investment (SRI)

There is a natural synergy between Islamic finance principles and ESG, SRI, SDGs, green and impact investing. While these approaches use different terminology and address various concerns, they all share a common goal: to create financial systems that are more equitable, sustainable, and beneficial to society, the environment, and the economy. For instance, the issue of climate change provides a significant opportunity for green finance to finance environment-oriented projects worldwide, in line with government commitments to reduce carbon emissions and improve the sustainability of natural resources. The convergence of SRI and Islamic finance values offers a promising outlook for Shari'a-compliant SRI funds.

Malaysia's Islamic-SRI sector has garnered regulatory backing and cooperation from industry leaders, fostering a conducive environment. As a result, there is projected growth in the Shari'a-compliant SRI fund sector, fueled by rising demand from Islamic Fund Management and value-driven investors. Moreover, the sector's expansion is bolstered by mounting evidence that ESG-screened investments typically outperform the market.

### Conclusion

In recent years, Islamic wealth management has undergone notable trends and developments, reflecting the growing demand for financial solutions that align with Shari'a principles. While Islamic banking has long been a cornerstone of the industry, there is now a broader range of offerings, including Islamic insurance (takaful).

Additionally, the global nature of Islamic finance has led to the development of new markets and centres for Islamic wealth management. Traditionally concentrated in the Middle East and Southeast Asia, the industry is witnessing growth in regions like Africa, Europe, and the Americas. This expansion brings diverse perspectives, experiences, and financial needs that further enrich the industry's offerings.

The trends and developments in Islamic wealth management reflect a dynamic and maturing industry that is responsive to the evolving demands of ethical investors. The diversification of products, integration of technology, emphasis on responsible investing, and regulatory improvements collectively contribute to the sector's growth and impact.

As Islamic wealth management continues to evolve, it promises to provide individuals with meaningful financial solutions that align with their values and aspirations while promoting economic well-being and social good.

Shari'a scholars approve of Islamic investment as practised today and comply reasonably well with sources of Islamic principles as written in the Quran and Sunna. Islamic investments have many advantages over conventional investments.



The banner features a red and black background with a white and yellow crest on the left. The crest is a shield with a crown on top, containing a lion and the text 'CAMBRIDGE IFLP'. To the right of the crest, the text reads '8th CAMBRIDGE ISLAMIC FINANCE LEADERSHIP PROGRAMME August 11-16, 2024'. Below this, in white text on a red background, it says 'CLARE COLLEGE UNIVERSITY OF CAMBRIDGE'. At the bottom, in a white box, is the text: 'The Cambridge Islamic Finance Leadership Programme (Cambridge-IFLP) aims to prepare the next generation of outstanding leaders in Islamic Banking & Finance by providing them with unique mentoring opportunities, rigorous leadership training from renowned leaders, and industry-specific perspectives through case studies specifically written for this programme.' Below this box, it says 'Strategic Partners' followed by the logos for 'Maybank' and 'DDCAP Group™'.



8th  
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CHAPTER 02

# CURRENT STATE OF AFFAIRS OF WEALTH-HELD-BY-MUSLIMS

Wealth is the stock of goods and services previously produced but not consumed immediately, instead saved for future consumption. The global wealth is held by governments, private sector, and social sector endowments, trusts and foundations.

Amongst all faith groups or social classification based on religion, Christians hold the largest proportion of global wealth, estimated to be 55 per cent. Thus, out of US\$454.4 trillion held privately in the world, more than half is held by Christians. Muslims hold less than 6 per cent of this wealth.

In terms of geographical incidence of global wealth, there is no country in the world, which can come even remotely close to the United States of America. Although the richest person on the planet happens to be a French – Bernard Arnault (and his family) – with US\$211 billion worth, 7 out of the 10 richest persons in the world belong to the USA. Only one of them is non-Christian and he happens to be a Hindu – Mukesh Ambani from India – who has amassed an impressive wealth of US\$83.4 billion.

## Why the Wealth-held-by-Muslims is low?

The countries comprising the Organisation of the Islamic Cooperation (OIC) are predominantly poor. Even though most of the developing countries have recorded considerable improvements in poverty alleviation in the last decades, poverty rates are still high for a sizeable number of countries. Unfortunately, achievements in poverty alleviation in the last decades have been adversely affected by the COVID-19 pandemic. Poverty is one of the essential concerns for many OIC Member Countries. 21 out of 46 Least Developed Countries (LDCs) are members of the OIC.

Despite high incidence of poverty in the OIC countries, income disparities are acute. We observe pockets of segments with high incidence of wealth even in some of the least developed Muslim countries. While the countries in the GCC are a focal point for the incidence of wealth amongst Muslims, the countries like Indonesia, Turkey, Malaysia and even Egypt, Pakistan and Bangladesh



are interesting case studies. Despite the wealth differential, all the countries in the OIC block present interesting prospects for management of the wealth held by Muslims, and also for Islamic wealth management.

Those in wealth management business must be aware of such disparities and make business decisions accordingly. Table 2.1 compares the top 10 richest individuals in Saudi Arabia and Pakistan to give an idea of the scope of wealth management business in the two countries.

TABLE 2.1  
TOP 10 RICHEST INDIVIDUALS/FAMILIES IN SAUDI ARABIA AND PAKISTAN

Pakistan			Saudi Arabia	
SN	Wealthiest Individuals	Net Worth (\$)	Wealthiest Individuals	Net Worth (\$)
1	Mian M. Mansha	2.5 billion	Alanoud Badr	20 billion
2	Ehsan Ul Haq Bajwa	1.7 billion	Prince Al Waleed Bin Talal Al Saud	17 billion
3	Tariq Sayeed Saigol	900 million	Lubna Olayan	11.4 billion
4	Dewan Yousuf Farooqui	800 million	Mohamed Bin Issa Al Jaber	9 billion
5	Sultan Ali Lakhani	800 million	Mohammed Al Amoudi	8.3 billion
6	Seth Abid Hussain	780 million	Prince Sultan Bin M. Bin Saud Al Kabeer	6 billion
7	Sheikhani Family	470 million	Mohamed Al Issa	3.3 billion
8	Byram Avari	370 million	Muhammad Sulaiman Al Jasser	3.2 billion
9	Hussain Dawood	370 million	Abdullah Al Rajhi	2.5 billion
10	Abdul Razak Dawood	370 million	Sulaiman Al Rajhi	2 billion

Note: The Pakistani list includes only those who have their principal business and residence in Pakistan, to be consistent with the list of the Saudi billionaires. This has resulted in exclusion of the likes of Shahid Khan who is allegedly the richest Pakistani, but he lives in the USA and has his principal business based there.

Table 2.1 provides an interesting comparison. Considering the richest people in the two countries, the wealth management business in Saudi Arabia is roughly 10-times bigger than in Pakistan.

### What could be the comparison of potential?

GDP of Pakistan in 2023 was around US\$340 billion, while that of Saudi Arabia was over US\$1 trillion – roughly one-third bigger than Pakistan. Comparing the growth prospects in the two countries, it isn't difficult to convince any wealth manager to engage in Saudi Arabia and rather stay away from a country like Pakistan.

### How about Islamic wealth as opposed to the wealth held-by-Muslims in the two countries?

The stories in the two countries in this respect are similar (in terms of the above comparison) in contents and conclusions. Out of the top 10 wealthiest individuals and families in Saudi Arabia, it is only the Al Rajhi family that is meaningfully interested and involved in Islamic business and finance. Other families have only marginal interest and involvement in this respect. In Pakistan, Mansha family runs an Islamic bank and the Dawood family also has some exposure to Islamic

banking and finance. Thus, roughly one-tenth of the wealth management markets in the two countries are Islamic.

## Around one-tenth of the wealth-held-by-Muslims requires to be managed in a Shari'a-compliant manner.

Although we chose the two countries randomly for rough comparison, it reflects the state of affairs of Islamic wealth as part/percentage of the wealth-held-by-Muslims. It is fair to state that around one-tenth of the wealth-held-by-Muslims requires to be managed in a Shari'a-compliant manner.

After this teaser, we must go back to the basics to see how Islam treats wealth and what it requires to manage it.

### Wealth in Islam

Wealth in Islam is a tricky consideration. Although permitted to accumulate (through lawful means), it is nevertheless frowned upon, given the Islamic worldview. There are various Quranic injunctions that directly or indirectly discourage accumulation of wealth and its concentration in few hands. Examples include:

كى لا يكون دولة بين الاغنياء منكم

So that it may not become a fortune for the rich of you.. (Al Quran, 59:7)

ويل لكل هبزة لبرة- الذى جمع مالا وعدده

Woe to every slandered and backbiter, (and) to who has gathered wealth and counted it. (Al Quran, 104:1-2)

The economic institution of waqf allows accumulation of wealth but not in private sector. Coupled with the Islamic law of inheritance, waqf enables Muslims to benefit from wealth in perpetuity, if the ownership of wealth is blocked in a waqf. If waqf isn't employed, the concentration of wealth gets diluted from one generation to another. This aspect of wealth creation and distribution must be a consideration while developing modern Islamic wealth management solutions.

The consideration of wealth in Islamic history has varied. It seems as if the above reference to wealth accumulation hasn't been taken seriously by Muslim communities, as they attempted to remain actively involved in the five pillars of Islamic financial planning, i.e.,

- Wealth creation
- Wealth accumulation
- Wealth protection
- Wealth purification
- Wealth distribution

Wealth creation, for example, is a commendable activity. Wealth protection in fact is counted as one of the Objectives of Shari'a. Wealth purification - e.g., by way of paying zakat - is a religious duty. And, wealth distribution should be taken seriously in light of the above Quranic injunctions. Furthermore, a large number of very rich families have existed throughout the Muslim history – till today – and no one has objected to their wealth accumulation. In fact, the wealthiest person on the planet happened to be a Muslim.

Emperor Musa I (died 1332/37) of the West African empire of Mali from 1307 (or 1312) is considered as the richest individual in the known history of mankind but the exact extent of his wealth is unknown. What is known with a reasonable degree of certainty is that he accumulated wealth by taxing salt and commissioning of gold mining. His wealth is estimated to be US\$400 billion in the today's inflation-adjusted numbers. He was a devout Muslim who is remembered for the splendour of his pilgrimage to Makkah (1324). His religious credentials also include building of the Great Mosque at Timbuktu .

Before him, even amongst the companions of Prophet Muhammad (PBUH), there were some very rich individuals, notably Othman Bin Affan and Abdul Rahman Bin Auf. Dwelling into their wealth isn't a subject matter of this report.

## The establishment of Sulaiman Bin Abdul Aziz Al Rajhi Charitable Foundation is deemed to be among the largest endowments – perhaps the largest in nominal terms – in Islamic history.

However, the empirical treatment of wealth in Islam may imply that while wealth accumulation isn't something that goes well with the religious notion of piety, the Islamic economic doctrine doesn't stop anyone to accumulate wealth. Whatever be the Islamic moral stance on wealth accumulation, there is no ambiguity at all on the fact that wealth – once it has been accumulated – must be managed in compliance with Shari'a.

One remarkable contemporary example of the wealth-held-by-Muslims is the story of Sheikh Sulaiman Bin Abdul Aziz Al Rajhi. Before he donated all his known wealth to a charity, Sulaiman Bin Abdul Aziz Al Rajhi Charitable Foundation, he was considered as the wealthiest non-royal Saudi. The establishment of Sulaiman Bin Abdul Aziz Al Rajhi Charitable Foundation is deemed to be among the largest endowments – perhaps the largest in nominal terms – in Islamic history.

### Islamic Wealth

Islamic wealth is differentiated from the wealth held by Muslims. Islamic wealth is a sub-set of the wealth-held-by-Muslims, as it refers to only that amount of wealth that is held by pious Muslims who have acquired it through Shari'a-compliant means. It also covers the part of public sector wealth in the Muslim countries, which is earmarked to be kept and managed in accordance with the Islamic requirements (Shari'a-compliance). Figure 2.1 depicts decomposition of the wealth-held-by-Muslims into Muslim wealth and Islamic wealth, both in the public and the private sectors.

Box 2.1

Was the wealth held by Mohamed Al-Fayed – an Egyptian Muslim UHNW individual – an example of Islamic wealth? Obviously not! Islamic wealth, as mentioned in this chapter, must have been acquired not only lawfully but also in a Shari'a-compliant way. More importantly, the holder of Islamic wealth must deliberate to manage their wealth in a Shari'a-compliant way. Mohamed Al-Fayed, although being a Muslim, never claimed that he – or his family – observed Shari'a rulings on doing business and that he never intended to manage his wealth in a Shari'a-compliant manner.

Islamic wealth has an ethical dimension. Thus, not all wealth held by Muslims is Islamic wealth. As this chapter suggests, an estimated 10 per cent of the wealth-held-by-Muslims is Islamic wealth.

Under the influence of Islamic ethics, Muslims are advised and expected to guard their intentions, thoughts, words, and behavior while carrying out any activity in any sphere of life. Islam delineates a value-landed and ethical-based wealth management and business dealing system. On a purely theological basis, Islamic wealth acquisition and its management must refer to faith, explicit intention to do good with it, trusteeship and justice.

The ethical treatment of wealth is multifaceted. One dimension deals with the legality of wealth, i.e., whether the wealth has been acquired using legal means or otherwise. In a modern context, wealth concerns morality and sustainability, i.e., whether environmental consideration has been taken in view while obtaining wealth .

#### Are modern ethical considerations explicit in Shari'a?

The Islamic law is based on at least five higher objective – called maqasid al-Shari'a or the Higher Objectives of Shari'a (HOS). These include:

Preservation of

- Faith
- Life
- Wealth
- Intellect
- Progeny

The preservation of wealth – Islamic wealth management – therefore must not contradict with the preservation of faith, life, intellect and progeny.

### Islamic wealth management must not contradict with the preservation of faith, life, intellect and progeny.

A number of scholars have broadened and enriched the scope of HOS. Rashid Rida added to the five traditional HOS, the concept of reform and women's rights. Muhammad Al-Ghazali introduced the concept of justice and freedom. Yusuf al-Qardawi included human dignity and rights in the list of HOS. Ibn Ashur included concepts of equality, freedom, and discipline.

Box 2.1

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs) for fifteen years to end poverty in the world. It was a follow-up program to the Millennium Development Goals (MDGs) that had ended in 2015. The SDGs address economic development, environmental sustainability, and social inclusion issues. Broadly speaking, the SDG matrix comprises 9 social goals and 4 economic goals, suggesting the importance of social considerations over purely economic or financial aspects. Islamic finance under the broader umbrella of Islamic social finance and more specifically under Islamic wealth management must emphasise on the importance of SDGs, especially in improving the well-being of low-income people through



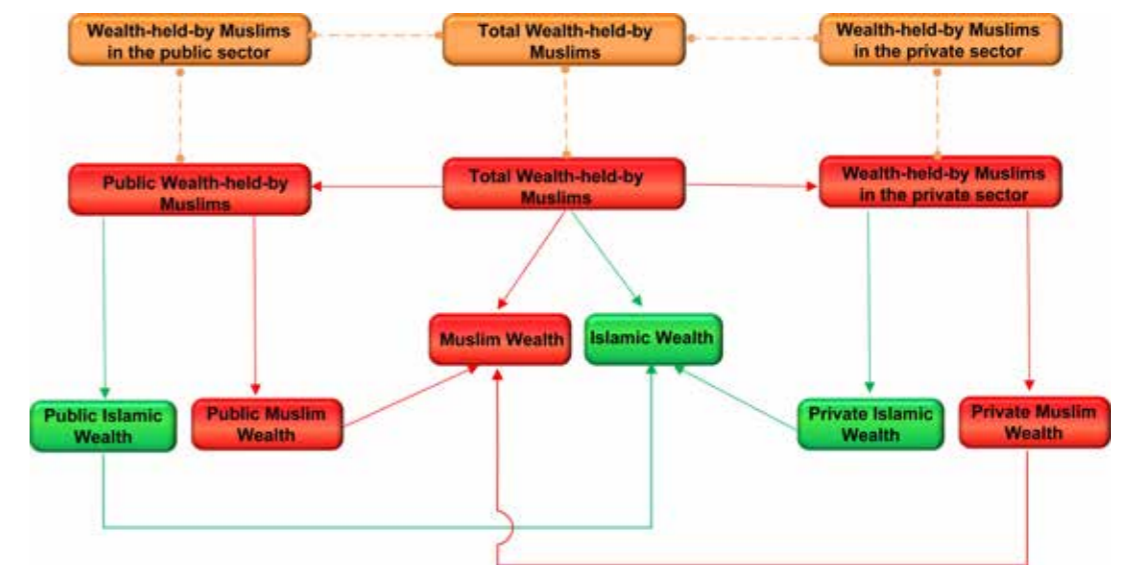
funding services such as zakat, Islamic philanthropy and waqf administration. Islamic wealth managers have a window of opportunity here.

One interesting example – in addition to the two cited examples in this chapter of Refugee Zakat Fund and Global Islamic Fund for Refugees is an endowment fund set up by Islamic Development Bank in 1997 – Awqaf Property Investment Fund (APIF). In 2005, the Islamic Solidarity Fund for Development (ISFD) was established to combat poverty and diseases, invest in human development, support microfinance, and establish solidarity villages. Islamic wealth managers must look into funds like APIF and ISFD to structure Islamic wealth management solutions linked to them to offer ethical and socially responsible solutions to HNW and UHNW individuals and families looking for Shari’a compliant wealth management solutions.

As mentioned earlier, not all the wealth-held-by-Muslims is Islamic wealth. In fact, around two-thirds of it isn’t Islamic at all. We estimate that only 10 per cent of the wealth-held-by-Muslims may be considered as Islamic wealth.

In most of the OIC countries, the public wealth is held and administered by those who are required to ruthlessly preserve it even if it doesn’t grow in real terms. The interest-based (fixed-return, capital protecting) products are the best option available to these custodians of wealth. Most of the governments and ruling families in the OIC countries feel absolutely comfortable with the

FIGURE 2.1 WEALTH-HELD-BY-MUSLIMS DECOMPOSED



conventional interest-based Islamic wealth management solutions, and hence, inciting demand amongst them for Islamic wealth management solutions is at best a long shot. It is the Islamic wealth that is relevant to this report, and we shall focus on the management of this segment of the wealth-held-by-Muslims.

Islamic wealth is held by individuals and families, businesses and corporates, social sector organisations, and governments and government-linked organisations. The primary focus of this report is on the Islamic wealth management for private investors (HNW and UHNW individuals and families), although occasional references to public sector Islamic wealth and that of the social sector organisations are unavoidable. Looking at the list of Muslim UHNW individuals and families, one may guess that only about 10 per cent of them would be interested in Islamic wealth management solutions.

**Total amount of Islamic wealth (required to be managed in a Shari’a-compliant manner) is US\$2.7 trillion.**

Total wealth-held-by-Muslims is around US\$27.2 trillion, out of which only 10 per cent, i.e., US\$2.7 trillion could be classified as Islamic wealth and the remaining – US\$24.5 trillion may be termed as

Table 2.2: Total Amount of Islamic Wealth

Wealth-held-by-Muslims (US\$ trillion)	=	Muslim Wealth (US\$ trillion)	+	Islamic Wealth (US\$ trillion)
27.2	=	24.5	+	2.7

just Muslim wealth. Thus:

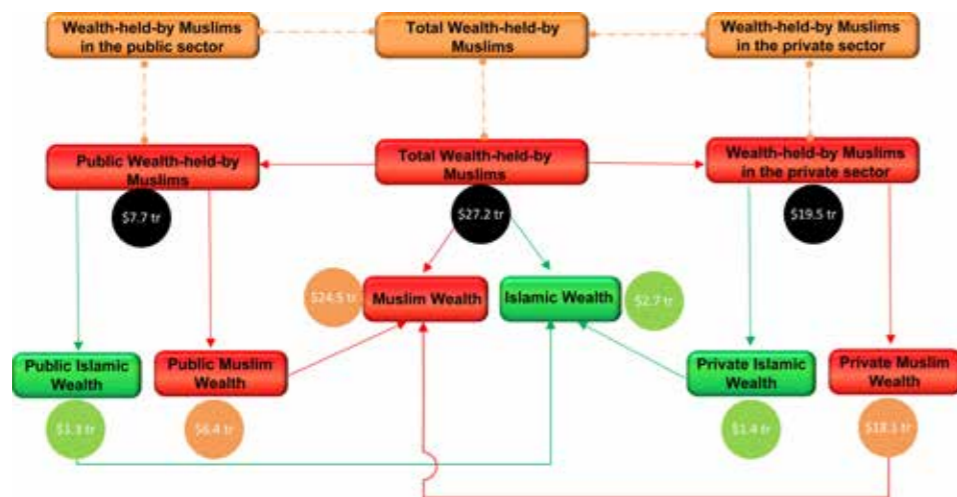
Out of US\$27.2 trillion, around US\$7.7 trillion (28.2 per cent) is held by the public sector organisations, like central banks, sovereign wealth funds (SWFs) and public sector pension

Table 2.3: Muslim Wealth - Private/Public Distribution

<b>Wealth-held-by-Muslims (US\$ trillion)</b>	=	<b>Public Wealth (US\$ trillion)</b>	+	<b>Private Wealth (US\$ trillion)</b>
27.2	=	7.7	+	19.5

funds in the Muslim countries. The remaining – US\$19.5 trillion – is in the private sector. Thus: As Figure 2.2 depicts, the wealth-held-by-Muslims is predominantly held in the private sector, and whether it is in publicly-owned or privately-held, only a fraction of it is at present managed in a Shari'a-compliant manner. Does it mean that there is only limited demand for Islamic wealth management?

Figure 2.2 WEALTH-HELD-BY-MUSLIMS AND ISLAMIC WEALTH DECOMPOSED IN NUMBERS



This question must be kept in mind, as the report will attempt to answer it subsequently.

### Incidence of Islamic Wealth

Where is Islamic wealth located and who hold it? While we have yet to address the part of the question on location, we by now have a fair idea of who hold it.

An obvious answer leads us to the richest Muslim countries and the rich Muslims living therein. There are only 12 countries in the OIC, with per capita income of more than US\$10,000 (see Table 2.4). Accepting the per capita approach may lead us to exclude some very important markets from the view of Islamic wealth management. This is equally true that the per capita approach

Table 2.4 GDP PER CAPITA AS AN INDICATOR OF INCIDENCE OF WEALTH

Country	GDP Per Capita (US\$)	GDP Per Capita (PPP) (US\$)
Qatar	68,997	133,357
UAE	39,802	70,143
Brunei Darussalam	33,623	86,873
Kuwait	30,109	68,822
Saudi Arabia	29,922	57,041
Bahrain	26,277	51,354
Oman	19,487	47,183
Maldives	13,902	21,354
Malaysia	12,240	32,673
Lebanon	11,775	19,987
Turkiye	11,602	29,741
Kazakhstan	10,165	28,254

leads us to a fairly accurate list of the countries with respect to Muslim or Islamic wealth. Based on our intelligence into the markets where Islamic banking and finance is significant in terms of size and proportion, we have no doubt that Saudi Arabia is the most important market with respect to the incidence of Islamic wealth. Other countries in the GCC also have a meaningful share of the entities, families and individuals who are religiously motivated and would prefer to use Islamic wealth management solutions.

### Saudi Arabia is the most important market with respect to the incidence of Islamic wealth.

When it comes to production of goods and services (i.e., income as opposed to wealth), Indonesia is the largest economy in the OIC block, but it doesn't fair well when it comes to incidence of Islamic wealth. Although the government of Indonesia has of late shown commitment to Islamic banking and finance, the incidence of Islamic wealth – as defined in this report – is rather limited therein. The neighboring Malaysia is a lot bigger market with respect to Islamic wealth and its management. Table 2.5 offers a comparison of publicly-held wealth in Malaysia and Indonesia.

Table 2.5 Comparison of Publicly Held Wealth in Malaysia and Indonesia

Country	The Amount (US\$ billion) with			Total
	Central Bank	Sovereign Wealth Fund(s)	Public Pension Fund	
Malaysia	113	111	282	526
Indonesia	135	10	62	207

The question arises how much of the publicly-held wealth in Malaysia and Indonesia is managed in a Shari’a-compliant way? This has been an enigma.

Since the start of this century, many Western financial institutions and asset and wealth managers have been lured by the staggering figures of wealth held by Muslims – privately and publicly – but many of these were disappointed. Not all the wealth-held-by-Muslims is Islamic, i.e., only a fraction of such wealth is required to be managed in a Shari’a-compliant manner.

## Not all the Wealth-held-by-Muslims is Islamic.

The size of Islamic wealth is admittedly not large. Pious Muslims are in general not rich. In other words, piety and wealth accumulation do not go well together. Exceptions are always there. This is in contrast to what we observe in other bigger faith group, i.e., Christianity.

Islamic wealth is held mostly by the affluent Muslims, some of whom continue to graduate to high net worth (HNW) and ultra high net worth (UHNW) communities.

Returning to the question on the geographical incidence of Islamic wealth, IWMR 2024 identifies

TABLE 2.6  
GEOGRAPHICAL LOCATION OF ISLAMIC WEALTH

Countries	Ranks	GDP Per Capita (PPP) (US\$)
Saudi Arabia	1	900
Malaysia	2	425
UAE	3	390
Qatar	4	270
Kuwait	5	110
Brunei Darussalam	6	95
Oman	7	85
Turkey	8	70
Indonesia	9	65
Nigeria	10	25
Other		265
Total		2,700

the following countries as the main geographical locations where Islamic wealth is held (Table 2.6).

### Identification of Shari’a-sensitive Muslim HNWs and UHNWs

The rich religious families in the Muslim world can easily be identified. The real problem isn't their identification but rather winning their trust and confidence that their wealth be managed in an authentically Shari’a-compliant manner.

In the absence of readily available Shari’a solutions offered by well-established wealth managers, such families turned to Shari’a scholars they liked or trusted. This gave rise to establishment of Islamic banks and financial institutions offering Shari’a-compliant wealth management solutions, among other things. This led to the rise of Shari’a scholars in Islamic finance. Many Shari’a scholars who were not even known in the mainstream Muslim communities became visible in Islamic banking and finance and are now considered gatekeepers to the Islamic wealth.

### Islamic Wealth Management

Wealth management involves furnishing advice to accredited investors and others who fall under the HNW and UHNW categories. The wealth management services are larger in scope than simple asset management, and may include:

- Investment management and advice, including retirement planning
- Accounting and tax services
- Review of health care and social security benefits
- Charitable giving plans
- Help with starting or selling business

Islamic wealth management refers to managing Islamic wealth held in both the public and private sectors. In this context, a wealth manager must have the following considerations and expertise:

- The Islamic rules or Shari’a requirements for investment management
- Efficient management of zakat liability
- Establishment of waqf and other endowments for charitable giving and Islamic philanthropy
- The Shari’a rules governing businesses, trade and commerce

As Islamic wealth management as a holistic business has yet to come into being, the HNW and UHNW Muslim individuals and families have started their own Islamic businesses in the form of Islamic banks and other financial institutions. These businesses provide Islamic wealth management solutions and services to external clients in addition to managing the wealth of the sponsoring families. Al Rajhi family of Saudi Arabia provides an example in this respect. It is a very well respected Saudi family known for the piety of the elders of the family. The four brothers – Mohammed Al Rajhi, Sulaiman Al Rajhi, Abdullah Al Rajhi and Saleh Al Rajhi – founded the business and kept the family business intact even until after two of them, i.e., Abdullah Bin Abdulaziz Al Rajhi and Saleh Bin Abdulaziz Al Rajhi, passed away. A snapshot of the Al Rajhi family business is given in Figure 2.3.

As Figure 2.3 clearly shows that the Al Rajhi family hasn't left any room for an outsider (Western) wealth manager to play a significant role in helping them manage their wealth in a Shari’a-compliant way. Today, the family runs (with significant shareholding) the largest Islamic bank in the world (outside Iran) with about US\$207 billion assets under management. It also owns an investment banking business – Al Rajhi Capital – to offer Shari’a-compliant wealth management solutions, among other investment banking services.

Al Rajhi Takaful allows them to play a role in wealth management through a cooperative insurance model. The family is futuristic in its approach, as it has started investing heavily in its FinTech businesses, namely urpay and neoleap.

FIGURE 2.3  
A SNAPSHOT OF THE AL RAJHI FAMILY BUSINESS

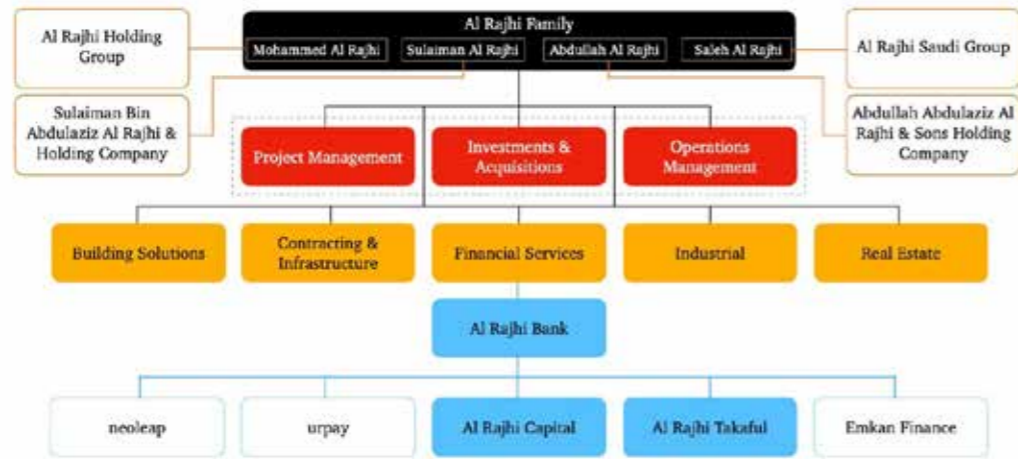
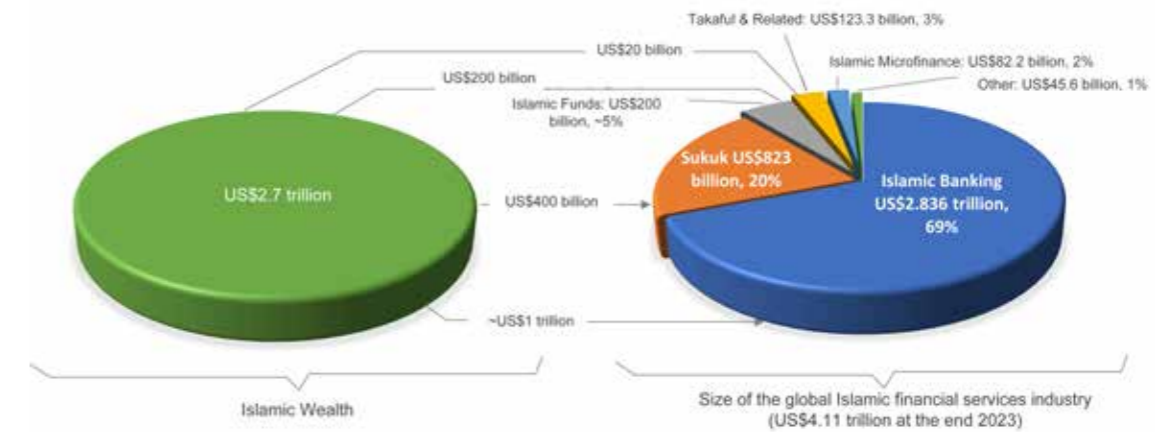


FIGURE 2.4  
ISLAMIC WEALTH AND THE GLOBAL ISLAMIC FINANCIAL SERVICES INDUSTRY



Any Western player interested in entering Islamic wealth management market in Saudi Arabia must talk to the Al Rajhi family, if it wishes to be taken seriously in the Saudi market.

The story isn't entirely different when it comes to other markets in the GCC or for that matter in the Far Eastern markets like Malaysia.

Malaysia is an interesting story with respect to Islamic wealth management. The state has taken it upon itself to create and manage wealth on behalf of Bumiputras – the Malay Muslims.

An excellent example of Islamic wealth management in Malaysia is Amanah Saham Bumiputra – an instrument that allows the government of Malaysia to create wealth for the benefit of Bumiputra by way of allowing them to save and then invest on their behalf in the Malaysian stock market. Amanah Saham Nasional Berhad – the fund manager – has RM283.02 billion (around US\$56 billion) under management, making it one of the largest Islamic asset managers in the world.

Those Western wealth and asset management players who are looking into getting their share of Islamic wealth management in Malaysia cannot ignore the likes of PNB.

### The Missing Link in Islamic Wealth Management

Figure 2.4 tells an intriguing story. Our estimates for the size of the global Islamic financial services put a figure of US\$4.11 trillion at the end of 2023. The global Islamic wealth as reported earlier is US\$2.7 trillion, out of which only US\$1.62 trillion is fed into the global Islamic financial AUM. Where is the remaining US\$1.08 trillion of Islamic wealth and who is managing it?

This missing link can only be partially explained by the existence of the likes of Al Rajhi family's comprehensive network of businesses. We believe that around US\$1 trillion of the Islamic wealth is being managed by the holders of this wealth in an unsystematic and unorganised manner.

Despite the existence (and apparent success) of the industry-building organisations like Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB), Islamic Financial Market (IIFM) and International Islamic Liquidity Management Corporation (IILM), we have yet to observe the emergence of a global think-tank for the industry to probe into the matters like this missing link.

One could have expected the Islamic Development Bank Institute to provide insight into this phenomenon but despite having access to impressive intellectual resources, it has somehow ignored this kind of vital areas to guide the industry. The market players must also be criticised for continuing to grow within their comfort zones (and benefit from the growing profitability on an annual basis) and conducting or commissioning genuinely innovative projects of research.

### Size of the Islamic Wealth Management Market

It is not unfair to say that the international players who, having been impressed by growth of Islamic banking and finance, decided to get engaged in providing Islamic wealth management solutions were disappointed, as the red-hot pot of Islamic money they tried to chase - wasn't there where they tried to search. Despite this dismal performance of the Islamic wealth management industry, many market observers remain optimistic about it.

## The global size of the Islamic wealth management market is no less than US\$54 billion

IWMR estimates that the global size of the Islamic wealth management market is no less than US\$54 billion. A major chunk of this market is being captured by the local and regional players, and by those Western players who have persevered in the market by maintaining their presence in the key markets in the GCC and Malaysia (and to some extent Indonesia).

### Roles of Zakat, Waqf and Philanthropy in Islamic Wealth Management

Zakat, being a compulsory levy, is relevant to Islamic wealth management. Waqf, while being an important historical instrument used by the Muslim wealthy for social causes, has decayed. Although there are ample examples of Muslims contributing to philanthropy, examples of Islamic philanthropy are mostly limited to establishment and supporting of religious establishments.

The likes of multilaterals like have started playing a role in zakat and waqf. The establishment of Refugees Zakat Fund and Global Islamic Fund for Refugees is a new area to which Western wealth managers may contribute to raise their own profiles in Islamic wealth management.

An excellent example of Islamic philanthropy is provided by arguably the richest Muslim in Malaysia – Syed Mokhtar Albukhary. His total contributions to philanthropy so far have exceeded US\$500 million. Albukhary Foundation, formally set up in 1996, had been involved in philanthropic activities well ahead of its establishment. Today, it has become an international organization with partnerships with other organisations around the world, including but not limited to the British Museum, the University of Oxford, and many more.

Chap 02: Current State of Affairs of Wealth held by Muslims Albukhary Foundation, along with Sulaiman Bin Abdulaziz Al Rajhi Fund, are two excellent examples of Islamic philanthropy. (An excerpt from the LinkedIn-based series, Islamic Economics Thought of the Day aptly asserts the importance of philanthropy in an Islamic economy (see Figure 2.5).) An Islamic wealth manager must study these two organisations to effectively advise their Islamic clients.

The subsequent chapters of the report will have additional focus on zakat, waqf and philanthropy.

FIGURE 2.5  
PHILANTHROPY IN AN ISLAMIC ECONOMY



Philanthropy – or Sadaqah – is central to an Islamic economy. Spending voluntarily (without feeling compelled to do so) on social causes is simply beautiful.

If the privileged segments of the society take care of the less privileged, it not only serves an economic purpose but is also helpful for creating social harmony.

Macroeconomic income equation in an Islamic economy must be written as:

$$Y = C + Ph + S$$

Given the explicit emphasis on philanthropy in an Islamic economy, it is only adequate to treat it explicitly in the income equation (rather than lumping it with consumption). Philanthropy has distinctly different macroeconomic implications than consumption, especially when it is properly institutionalised.

Philanthropy and Waqf are inter-connected, and are pro-development when used with strategic impact.

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CHAPTER 03

# SHARI'A COMPLIANCE IN ISLAMIC WEALTH MANAGEMENT

## Introduction

Wealth management shouldn't be taken as synonymous with Islamic financial management, as the latter may involve managing small sums of money in the form of savings for those who are not considered wealthy. Nevertheless, wealth management is an integral part of anyone who has acquired wealth through various means. Especially in this day and age, with uncertain economic conditions and skyrocketing inflation, it is of utmost importance that funds are properly allocated and managed, especially in line with the injunctions of Shari'a. At its very core, the concept of Islamic wealth management is based on striking a balance between the economic demands and spiritual aspirations of the individual. In this chapter, we will go through the various Shari'a compliance considerations to be adhered to in the wealth management process.

## Stages of Wealth Management

The process of wealth management can be broadly categorised into the following stages:

1. **Wealth Creation:** This stage comprises building and creating wealth. This is often achieved by income through salaries, wages, businesses, investments etc.
2. **Wealth Accumulation:** This stage primarily comprises of accumulation of wealth through investment of unspent savings in appropriate avenues. For example, investing monthly savings in a bank account or a money market fund.
3. **Wealth Protection:** This stage pertains to protection of accumulated wealth. For example, availing life insurance, obtaining fire insurance on house etc.
4. **Wealth Distribution:** This stage refers to distribution of wealth to heirs, beneficiaries or public. This is done through inheritance, gift, waqf etc.
5. **Wealth Purification:** This stage pertains to purification of wealth which may be achieved through zakat and charity.



Umayyad Gold Dinars

**First minted between AD 696-697, this piece is an early example of a purely Islamic coin, replacing pictorial depictions with Arabic inscriptions taken from the Holy Quran.**

**On April 4th, 2011, an Umayyad Dinar from the period 723 AD was sold for a whopping US\$4.662 million.**

Figure 3.1  
Stages of Islamic Wealth Management



The initial stages of wealth management cater primarily to the financial needs of the individual whereas the latter stages branch into the spiritual needs and objectives.

### Shari'a Compliance in Wealth Management

Since wealth management is a continuous exercise, it is every Muslim's duty to ensure that it is undertaken in line with the guidance of Shari'a principles. Below are some of the key areas to focus on during the wealth management cycle:

#### 1. Source of Funds

The foremost consideration for Islamic wealth management is that the source of funds should be from halal avenues. As mentioned in below hadith, one of the first questions to be asked on the day of judgement will be regarding the generation of wealth.

"The son of Adam will not pass away from Allah until he is asked about five things: how he lived his life, and how he utilised his youth, with what means did he earn his wealth, how did he spend his wealth, and what did he do with his knowledge." (Tirmidhi)

The importance of halal income can also be ascertained from the fact that once companion Sa'ad Ibn Abi Waqqas asked the Messenger of Allah:

"O Allah's Messenger pray for me to Allah that He makes me the one whose prayers are accepted." Upon this, the Holy Prophet (PBUH) commented, "O Sa'ad, make your food halal and your prayers will be accepted." (Al-Mujam Awsat, 6: 311)

In this backdrop, it should be ensured that one's livelihood is not created from Shari'a non-compliant avenues (especially salaries from conventional banks dealing in interest-based activities, conventional insurance firms, tobacco firms, gambling businesses etc.) as this is the foundational step for entire wealth management mechanism. In case of any doubt or confusion, individuals should seek guidance from Shari'a scholars regarding their source of income rather than relying on word of mouth or their own interpretation of Islam. It should be ensured that one's livelihood is not created from Shari'a non-compliant avenues (especially salaries from conventional banks dealing in interest-based activities, conventional insurance firms, tobacco firms, gambling businesses etc.) as this is the foundational step for entire wealth management mechanism.

This is a tricky aspect of due diligence in Islamic wealth management, as in most jurisdictions – Islamic and otherwise – there is no differentiation between halal income/wealth and lawfully earned income and acquired wealth. Income or wealth acquired through legal means is important and whether this is halal or haram isn't a consideration in the due diligence processes adopted by financial institutions, including Islamic banks and financial institutions. The latter have an emphasis on halal and haram when dealing with the institutions (in some cases) but they ignore this aspect when dealing with their customers of the liabilities side, i.e., investors in the investment accounts.

#### 2. Investment of Funds

Another important aspect that is severely ignored is the Shari'a compliance status of investments. Unfortunately, perhaps due to lack of awareness, individuals often keep their funds invested in interest-based instruments like conventional bonds (coupon-bearing / zero-coupon bonds), interest-bearing saving accounts or term deposits from conventional banks. It is of dire need to realise the consequences of such acts as the Holy Quran prohibits riba in strict and categorical terms:

"O you who believe, Fear Allah and give up what remains of your demand for Interest, if you are indeed a believer. If you do not, then you are warned of the declaration of war from Allah and His Messenger;" (Al Quran, 2:278)

An argument that is often presented in defence of such investments is the lack of alternative Shari'a-compliant instruments. However, this is not the case as the Islamic banking industry has globally increased to an assets size of US\$4 trillion having a presence in 76 countries with availability of a wide range of instruments including but not limited to checking accounts, investment certificates, sukuk, Shari'a-compliant mutual funds, Islamic REITs etc. Hence, individuals should ensure that their wealth is invested in halal and riba-free modes having a sound Shari'a governance and review mechanism. It is advised that thorough research is always conducted about the investee organisation regarding its Shari'a Advisor/Shari'a Board, availability of Shari'a Certificate on its products and level of Shari'a compliance in the organisation.

**Islamic banking industry has globally increased to an assets size of US\$4 trillion having a presence in 76 countries with availability of a wide range of instruments including but not limited to checking accounts, investment certificates, sukuk, Shari'a-compliant mutual funds, Islamic REITs etc.**

### 3. Shari'a Screening for Investment in Shares

For guidance of individuals, it is suggested to invest in shares listed on credible Shari'a-compliant indices (like KMI 30, KMI All Index in Pakistan). Some global Islamic indices include Dow Jones Islamic Market Index, MSCI World Islamic Index, FTSE Global Equity Shariah Index Series, and Kuala Lumpur Shariah Index (KLSI).

Box 3.1

For trading and investment in equity (shares), it should be ensured that the underlying organisation adheres to various Shari'a compliance filters and criteria. To cater for this, various bodies have issued Shari'a screening criteria that gauge non-compliance of subject scripts. For instance, the KSE Meezan Index (KMI) criteria which was formulated by joint efforts of PSX and Meezan Bank is as follows:

- Business of company: Core business to be halal and in line with dictates of Shari'a
- Interest-bearing debt to total assets: Should be less than 37 per cent
- Non-compliant investments to total assets: Should be less than 33 per cent
- Non-compliant income to total revenue: Should be less than 5 per cent
- Illiquid assets to total assets: Should be at least 25 per cent
- Net liquid assets to share price: Market price per share should be greater than net liquid assets per share

### 4. Importance of Budgeting

It is essential for all individuals to budget appropriately and keep track of their financial matters. This entails listing down the various Shari'a-compliant sources of funds, expenses to be incurred, zakat and charities to be distributed and allocating a limit to avoid overspending and excessive consumption beyond means.

### 5. Wealth Protection through Islamic Insurance

Wealth protection entails safeguarding and preserving the generated wealth through various financial products like insurance (general and life). However, conventional insurance products involve elements of riba (the prohibited interest), gharar (contractual uncertainty) and qimar (gambling) making the underlying contract Shari'a non-compliant. It must be ensured through proper due diligence that only Shari'a compliant insurance products (takaful) are opted and offered by an organisation with a Shar'ia advisor/Shari'a board in place to oversee and ensure compliance with Shari'a principles. Moreover, individuals often invest in funds claiming to guarantee 100 per cent profit and principal during the investment tenure which is against the concept of partnership in Islamic finance. Principal and profit cannot be guaranteed in partnership-based modes like musharaka and mudaraba. In fact, Islamic finance is based on the concept of risk sharing as opposed to risk transfer. Hence, it is of utmost importance to review such investee funds and their Shari'a compliance status before investment.

**Islamic finance is based on the concept of risk sharing as opposed to risk transfer. Hence, it is of utmost importance to review such investee funds (funds claiming to guarantee 100 per cent profit and principal) and their Shari'a compliance status before investment.**

### 6. Distribution through Zakat

Zakat is one of the five pillars of faith in Islam and every eligible Muslim must partake in it. It is a means of purifying income as the owner distributes a portion of wealth in society to the needy, helping in the circulation of wealth and simultaneously removing the greed and selfishness associated with it.

"[True] righteousness is [in] one who believes in God, the Last Day, the Angels, the Book, the Prophets and gives of their wealth, in spite of love for it, to relatives, orphans, the needy, the traveler, those who ask [for help], and for freeing slaves; [and who] establishes Prayer and practices regular charity". (Al Quran, 2:177)

However, despite the magnitude of funds involved, Shari'a compliance of such funds is sometimes unattended. It must be ensured by the individuals when donating zakat to a charitable organisation or NGO that they adhere to below checks:

1. Proper segregation of zakat funds from other charity funds
2. Investment of zakat funds in Shari'a-compliant avenues.
3. Usage of zakat funds in line with Shari'a principles
4. Supervision of activities under Shari'a advisor/Shari'a board

It is often seen that many reputed organisations do not have a proper Shari'a compliance mechanism in place; rendering their entire zakat activity in question. As individuals, it must be emphasised and ensured that all funds to be distributed as zakat are provided to organisations having a sound Shari'a compliance mechanism in place.

### 7. Income Purification through Charity

Like zakat, donations to charity must also be subject to Shari'a compliance checks. In case of donations to charitable organisations or NGOs below areas should be properly evaluated:

1. Proper segregation of charity funds from zakat funds
2. Investment of charity funds in Shari'a-compliant avenues
3. Supervision of activities under Shari'a advisor/Shari'a board

## Choosing a Wealth Management Product

Some of the key considerations for individuals while investing and choosing financial products are:

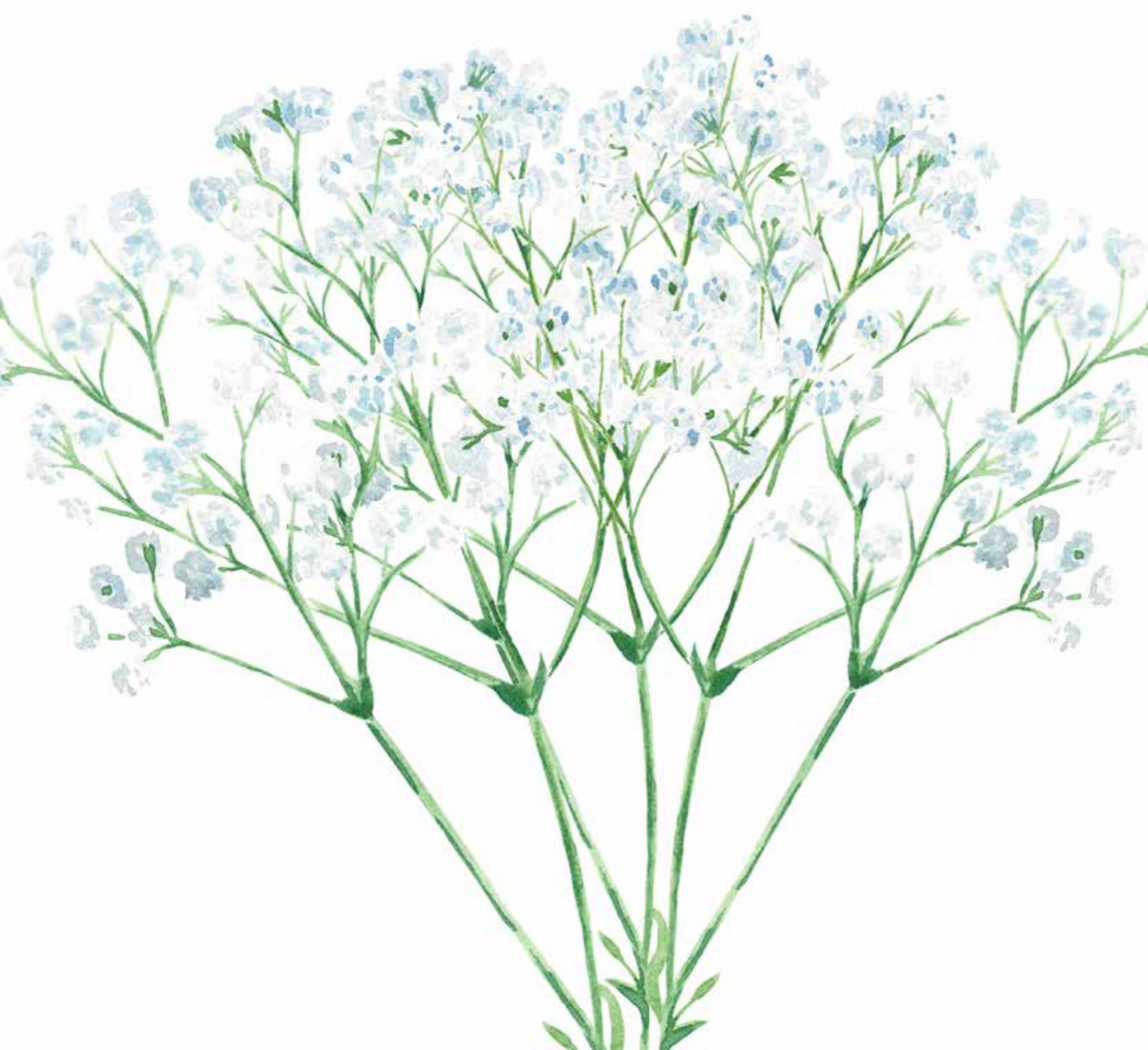
#### 1. Shari'a Compliance of Product

Oftentimes, people are not aware if the opted financial product is halal and in line with Shari'a guidelines. Hence, it is reiterated that we, as Muslims, should always obtain complete clarity regarding the underlying product structure and its Shari'a compliance before investing.

#### 2. Suitability of Product (risk-reward profile)

It is observed that people often end up opting for an investment product that is not in line with

لَيْسَ الْبِرَّ أَنْ تُوَلُّوا وُجُوهَكُمْ قِبَلَ الْمَشْرِقِ وَالْمَغْرِبِ وَلَكِنَّ الْبِرَّ مَنْ آمَنَ بِاللَّهِ  
وَالْيَوْمِ الْآخِرِ وَالْمَلَائِكَةِ وَالْكِتَابِ وَالنَّبِيِّينَ وَآتَى الْمَالَ عَلَى حُبِّهِ ذَوِي الْقُرْبَى  
وَالْيَتَامَى وَالْمَسْكِينِ وَابْنَ السَّبِيلِ وَالسَّائِلِينَ وَفِي الرِّقَابِ وَأَقَامَ الصَّلَاةَ وَآتَى  
الزَّكَاةَ وَالْمُؤْفُونَ بَعْدَهُمْ إِذَا عَاهَدُوا ۗ وَالصَّابِرِينَ فِي الْبَأْسَاءِ وَالضَّرَّاءِ وَحِينَ  
الْبَأْسِ أُولَئِكَ الَّذِينَ صَدَقُوا ۗ وَأُولَئِكَ هُمُ الْمُتَّقُونَ - البقرة : ١٧٧



their risk and return profile due to either lack of understanding or mis-selling by sales teams of the respective institution. Therefore, it is strongly advised to understand if the product aligns with the needs of the investor.

### 3. Hidden Costs, Commissions and Charges

When opting for a product, it is always recommended to understand the entirety of its features, including the various charges, costs and commissions associated with it.

Many times, products accompany hidden costs, charges and commissions resulting in lower yield and unnecessary deductions for the customer. The fees and charges can be broadly categorised in three types:

- Upfront deductions:** These are charged right at the onset (like front-end load, sales commission, bid-ask spread) resulting in lower cash value and longer payback period.
- Periodic fees:** These are charged over a period and may include management fee, takaful fee, maintenance or service fee
- Fees at maturity:** These are generally charged upon maturity or early encashment like backend load, premature encashment fee etc. Often these result in large deductions for the customer at the end of investment.

It is necessary to always ask the institution for an actual example of an investment with all included costs, charges and deductions to get a complete picture. More often than not, upon complete disclosure of all costs and charges, the product is no longer feasible for the individual.

### 4. Investment Horizon

Another important aspect is the tenure of investment compared with the breakeven or payback period. For instance, an investor is looking for a short-term product of approximately one year, whereas the product has a higher breakeven or payback period of around two years.

This scenario is very common, especially in bancassurance products (life insurance policies sold through bank counters) where the payback period is long term but the customer is often not aware of the same and expects breakeven on a shorter tenure.

### 5. Liquidity

Liquidity is also a critical consideration for investors when making investment decisions. Some investments offer high liquidity (real-time or same day) like income or money market mutual funds whereas assets like gold or real estate are relatively less liquid.

Investors should properly consider the liquidity costs as per their needs before opting for the respective investment. Having a significant quantity of funds locked up in illiquid assets may not be ideal for an investor with liquidity needs.

### Conclusion:

Keeping in view the above factors, individuals should always assess their investment requirements and properly evaluate the nature of assets and their underlying features before proceeding ahead. The onus also falls on the sales team of the investee organisation to analyse the customer profile and pitch products in line with their suitability, tenure and liquidity needs after complete disclosure.

### Case Study: Meezan Kafalah

Meezan Kafalah is a unique and one-of-a-kind proposition for individuals offered by Meezan Bank providing both income generation and wealth protection features. The product provides a regular stream of income (based on the concept of mudaraba) along with life takaful coverage, making it an ideal proposition for medium to long-term savers looking for enhanced protection.

### Underlying Shari'a Mode

- a. **Mudaraba:** Customer (as rab-ul-maal) invests its funds with the Bank (as mudarib). Funds are allocated to a deposit pool, which is invested strictly in Islamic modes of finance. The Bank calculates the profit of pool every month and the net income of the pool is distributed between the Bank (mudarib) and the customer (rab-ul-maal) on the basis of predetermined profit sharing ratio and weightages.
- b. **Wakala:** The customer appoints Meezan Bank as his/her wakeel (agent) to obtain takaful cover whereby the Bank may collect takaful contribution i.e. takaful expense amount from the customer, arrange takaful and charge wakala fee for facilitating takaful coverage.

### Industry Norm: High Commissions and Delayed Break-evens

Due to the widespread distribution network of banks, insurance companies enter into an alliance with them to market their life insurance products. This is commonly referred to as bancassurance where insurance products are sold from bank counters on behalf of insurance companies through an agency agreement.

Although this alliance may result in a win-win situation for both parties, it often ends up with a longer break-even period for customers due to the heavy commissions involved. For perspective, during the initial years, a significant portion of customer contributions or premiums (going as high as 40 per cent ) are allocated as bank's commission and hence, not invested resulting in longer breakeven periods sometimes stretching beyond three years. This can often lead to reputational and service issues for banks as customers are generally unaware of such arrangements, especially in cases of premature encashments.

### Features of Meezan Kafala

- **100 per cent allocation from day one:** Unlike insurance products offered by banks through the bancassurance model, all customer installments in Kafala are 100 per cent invested in mudaraba from day one. This is extremely beneficial for customers with cash values in a much better shape as compared to the industry.
- **Affordability:** Investment plans for Kafala start as low as PKR 2000/- per month.
- **Tenure:** Plans available from 3 years to 15 years.
- **Flexible payment options:** Monthly, Quarterly, Annual, Lumpsum

- **Breakeven period:** Unlike the industry norm where breakeven periods generally start after two or three years, Meezan Kafalah offers positive cash value from the very first month.
- **No upfront deduction or hidden charges like Bid Offer Spread, Management fee, service fee**
- **Takaful cost charged at actual:** Being an agent of customer, Meezan Bank procures takaful coverage at a very nominal cost, charged at actual to the customer.
- **Flexible exit option:** Easy exit at any time during investment tenure. A five per cent wakala fee to be charged upon premature encashment. May be waived as per bank's discretion after three years of investment.
- **Leading takaful coverage:** Upto PKR15 million with 100 per cent additional claim on death

### Features of Kafala

As opposed to the traditional life insurance products at offer, Meezan Kafalah offers a unique proposition, providing the income benefits of a regular savings plan with no hidden or upfront costs, an earlier break-even period, an easy exit option and enhanced protection through an economical takaful coverage.

The product can be considered a decent fit for middle to senior-aged customers looking for a combination of savings and protection.

## CHAPTER 04

# RISK MANAGEMENT AND DIVERSIFICATION IN ISLAMIC WEALTH MANAGEMENT - SAFEGUARDING ASSETS AND VALUES

As with any form of wealth management, Islamic wealth management carries certain risks that need to be identified, assessed, and managed effectively. This chapter delves into the key aspects of risk management and diversification in Islamic wealth management, highlighting the principles and tools employed to safeguard assets while adhering to Islamic ethical guidelines.

To appreciate the importance of risk management and diversification in Islamic wealth management, it will be helpful to have a view on some of the Islamic finance transactions that went bad and their impact on investors and Islamic wealth managers.

Islam encourages the act of accumulating and distributing wealth as long as the method of earning, possessing and disposing of wealth is in line with the Shari'a. Thus, a significant risk facing an Islamic wealth manager in Shari'a is a non-compliance risk. In Islamic wealth management, risk management involves identifying and avoiding investments that do not align with Shari'a principles. This is obviously in addition to all the tools and considerations relevant to conventional wealth management.

To manage this risk, Islamic financial institutions set up Shari'a supervisory committees/boards comprising scholars and experts who guide and certify the conformity of investment products and transactions to Islamic principles. To ensure effective adherence to Shari'a guidelines, they develop comprehensive Shari'a governance frameworks (SGFs) and employ robust techniques and conduct regular audits.

The ethical foundation as laid through the Shari'a principles of fairness, transparency, and ethical conduct, guides Islamic wealth management. It seeks to create wealth in a way that benefits both the individual and society as a whole. With these principles in mind, risk management and diversification become essential tools for achieving financial stability and maximising returns while adhering to Islamic principles.

Islamic finance promotes risk-sharing and profit-loss-sharing arrangements, such as mudaraba and musharaka (partnership). These contracts ensure that risks and rewards are distributed among investors and entrepreneurs, fostering a more equitable and transparent investment environment. By sharing risks, the potential losses are distributed among the parties involved, reducing individual exposure.

Islamic financial institutions emphasise the importance of robust governance and risk management frameworks to identify, assess, and manage risks effectively. This includes implementing comprehensive risk management policies, conducting thorough due diligence, and employing risk mitigation strategies such as insurance, hedging, and prudent investment practices.

## Principles of Islamic Wealth Management

Success in managing the risk in Islamic wealth management is dependent on the principle of asset allocation. This is a crucial aspect of Islamic wealth management. It refers to the method of allocating wealth into assets that one believes will generate the highest returns while minimising risk. There are critical considerations for asset allocation from an Islamic wealth management perspective.

### Shari'a Compliance

Islamic wealth management requires that all investments be Shari'a-compliant and accordingly allocate investments for such types of assets. Asset selection is the process of choosing specific assets to invest in. Islamic wealth management requires that all investments be Shari'a-compliant, but it also emphasises the importance of investing in assets that align with the investor's values and beliefs. This means that investments must be made in assets that are permissible under Islamic law.

**To manage this risk, Islamic capital investment entities set up Shari'a boards composed of scholars and experts who guide and certify the conformity of investment products and transactions to Islamic principles. To guarantee adherence to Shari'a guidelines, these institutions employ robust governance structures and conduct regular audits.**

### Risk Tolerance

Risk tolerance is an essential factor that can affect asset allocation in Islamic Wealth Management. A higher risk tolerance can lead to a higher allocation of equity-based investments, while a lower risk tolerance can lead to a higher allocation of fixed-income investments.

The risk tolerance is not a fixed attribute and may change over time due to various factors such as investment tenor, financial capacity, and industry segment. Therefore, it is essential to review and adjust the asset allocation strategy regularly based on the investor's changing risk tolerance. A life cycle approach is one of the common methods used to determine an individual's risk tolerance. This approach considers investment goals and time horizons to determine the appropriate asset allocation strategy.

### Asset-backed Investments

Islamic wealth management is based on principles that emphasise the importance of making investments in tangible assets. This means that investments are only made in assets that have intrinsic value, such as real estate, commodities, and infrastructure projects.

The reason for this is that tangible assets are less prone to fluctuations and are considered to be more secure investments as compared to speculative activities.

The avoidance of speculative activities is a fundamental principle of Islamic wealth management. Instead of investing in conventional stocks, bonds, or other securities that may not have intrinsic value, Islamic wealth management focuses on investments that are backed by tangible assets. This approach ensures that investments are tied to something that has real value, which helps to reduce the risk of financial bubbles. Islamic wealth management methodology prevents the two main causes of the financial crisis, excessive leverage, and speculative activities.

Moreover, investing in tangible assets has several benefits. For instance, real estate is a tangible asset that provides a steady stream of rental income and appreciation in value over time. Similarly, commodities like gold, silver, and oil have been considered valuable for centuries. Infrastructure projects such as highways, bridges, and airports are also examples of tangible assets that can provide stable returns.

### Diversification

Diversification is an essential aspect of asset allocation. It involves spreading investments across different asset classes, to minimise risk. Diversification also helps to ensure that the portfolio is not overly exposed to specific asset classes.

Diversification is a key risk management strategy in Islamic wealth management. By spreading investments across different asset classes, sectors, and geographic regions, the risk of concentration is minimised. This approach enables investors to mitigate the impact of market volatility and potential losses in any single investment.

Given the significance of the diversification aspect of risk management in Islamic wealth management, more focus will be given to this aspect. Diversifying investment portfolios helps to spread risks and reduce the impact of potential losses. Islamic wealth management aims to create diversified portfolios that include a mix of different asset classes such as equities, real estate, commodities, and sukuk. Proper Islamic wealth management can reduce the risk of concentration in a single investment and safeguard clients' wealth by diversifying their investments across different sectors and asset classes.

Islamic wealth managers tend to diversify by going beyond just spreading investments across different asset classes. They rather diversify investments across different geographic regions and industries. This approach has helped them to reduce exposure to specific risks associated with a particular region or industry.

In addition, Islamic wealth management should take into account the ethical and social impact of their investment decisions when creating diversified portfolios. Accordingly, Islamic wealth managers should invest in businesses and initiatives that have a positive impact on society and are aligned with Islamic values. These values include fairness, transparency, and responsibility. Wealth managers aim to build portfolios that promote sustainable development and contribute to the betterment of society. This approach not only should help to mitigate risks but should also guarantee that investments comply with the principles of Islamic Shari'a.

Mitigating diversification risks in Islamic wealth management involves employing a range of strategies to minimise the potential negative impact of concentrated investments. Here are some crucial steps to mitigate diversification risks.

### Conduct Thorough Research and Due Diligence

Before making any investment decisions, an Islamic wealth manager must conduct thorough research and due diligence on the asset or Islamic investment opportunity to ensure that the investment opportunity is halal (lawful). For instance, modern Shari'a scholars have provided general rules for Islamic investors to evaluate or screen whether the shares of a particular

company are permissible for investment. There are two types of stock screening approaches such as qualitative and quantitative screens. Most scholars opine that the interest-related income of a company should not be more than 5 per cent of its total income, and the company's monetary assets should have a minimum ratio of 51 per cent to total assets to make an investment permissible. This methodology provides better diversification benefits compared with their conventional counterparts. This is because the limit of interest-based leverage would lead to lower systemic risks of Islamic stock indices.

The above is in addition to the standard evaluation of its potential risks and returns, market conditions, and the credibility of the investment issuer. This includes analysing their financial performance, track record, and reputation in the market. They need to check the issuer's previous records, check customer reviews, and analyse their financial statements to get an idea of their credibility and accountability. This analysis helps identify potential risks associated with each investment and ensures that they align with Shari'a principles.

Islamic wealth managers, like their conventional counterparts, must regularly review and assess the portfolio's performance and keep track of the performance of investments, ensuring they align with the investment objectives, Shari'a guidelines and risk tolerance. Periodic adjustments and rebalancing of the portfolio can help mitigate risks by adjusting the asset allocation based on changing market conditions and the performance of individual investments.

### Optimal Asset Allocation

One of the challenging aspects of Islamic asset management is asset allocation, given the lack of diversity in Shari'a-compliant products. Nonetheless, proper asset allocation is crucial for building a robust investment portfolio. To achieve this, it is important to diversify the investment portfolio by allocating investments across various asset classes, such as equities, real estate, and commodities that align with Islamic jurisprudence principles. Also, sukuk are considered a unique Islamic investment product, which play a vital role in asset allocation for Islamic wealth management.

It allows diversification and involves direct asset ownership. Sukuk is an alternative to conventional bonds and can be used to achieve diversification goals while adhering to Islamic principles and guidelines. This helps reduce the risk of exposure to any single asset class, as different asset classes perform differently under different market conditions. For instance, while equities may perform well during periods of economic growth, they may suffer during economic downturns. On the other hand, real estate investments may provide stability during volatile market conditions. While some commodities may suffer during the economic downtrend, this was evident by the severe drop in oil prices during the COVID-19 pandemic. At the same time, other commodities, such as gold, may be a safe haven during times of market uncertainty.

### Geographic Diversification

Islamic investment in a geographically diversified portfolio helps mitigate risks associated with a single region or country. Allocate funds with stable economies, regulatory frameworks, and political stability across various countries or regions.

This approach spreads the investment risk and reduces exposure to specific economic or political factors that may affect a particular region. Investment managers need to consider when choosing

countries/regions, including economic and political stability, maturity of the Islamic finance industry, and availability of suitable Shari'a-compliant investment options. Regions that offer opportunities for Islamic investment are also worth considering. Some regions may have more established Islamic finance industries, while others may offer more growth potential. Investment managers must also look at the track record of returns in specific regions or countries to help them make informed investment decisions.

### Industry Diversification

Islamic wealth management requires industry diversification across various Islamic stock markets, asset classes, and sectors. Diversification helps to ensure that investments are spread across different areas to reduce risks and comply with Islamic principles and guidelines. A coherent framework for wealth management is essential to achieve these objectives.

To achieve diversification, it is crucial to balance investments across different industries. Concentrated exposure to specific sectors can lead to a higher risk of losses. Therefore, investing in sectors that have a low correlation with each other is recommended. This means that downturns in one industry can be offset by positive performance in others, reducing the overall impact of a single industry's performance on the portfolio.

By diversifying investments across different sectors, asset classes, and Islamic stock markets, it is possible to reduce the risk associated with concentrated exposure to a specific industry. This strategy enables investors to take advantage of the positive performance of different industries and asset classes. Additionally, having a clear framework for wealth management helps to ensure that investments comply with Islamic principles and guidelines.

### Risk Management Techniques

Effective risk management plays a crucial role in the success of any financial institution. Islamic wealth management employs specific risk management techniques to mitigate risks and uncertainties while adhering to Shari'a-compliant practices. These techniques include musharaka, mudaraba, takaful, and wa'ad.

**Musharaka**, known as partnership financing, is a technique where two or more parties pool their investment to fund a project. In this technique, all parties share the profits or losses of the investment according to a pre-agreed ratio.

**Mudaraba**, on the other hand, is a partnership where one party provides the capital while the other party provides the expertise. In this technique, the profits are shared between the two parties according to a pre-agreed ratio, while the capital provider bears the losses.

**Takaful** is a cooperative insurance technique that involves pooling the resources of multiple participants to provide mutual protection against losses. In this technique, all participants contribute to a common fund, and in the event of a loss, the fund is used to compensate the affected participants.

Additionally, **wa'ad** is a promise or guarantee technique used in Islamic finance to manage the risks associated with future uncertainties. It involves setting up an agreement between two parties

to buy or sell an asset at a future date and price. This helps to protect the parties from potential losses due to price fluctuations. By utilising these specific risk management techniques, Islamic investors can share risks, pool resources, and manage future uncertainties within the scope of Shari'a-compliant practices. This, in turn, helps to mitigate potential risks associated with specific investments or contracts.

**Seek professional advice**

In order to effectively manage diversification risks in Islamic wealth management, it is highly recommended to seek the guidance of professional advisors, wealth managers, or Islamic finance experts with specialised knowledge and experience in this field. These experts can offer valuable insights into the intricacies of Islamic wealth management, perform a thorough analysis, and assist in developing a comprehensive and well-diversified portfolio that aligns with specific goals and risk tolerance. Engaging with these experts ensures that investments are optimised to meet the financial needs and objectives while also mitigating potential risks and maximising returns.

**Conclusion**

In conclusion, risk management and diversification are crucial elements of Islamic wealth management. Islamic finance principles emphasise the importance of ethical and responsible investing, which includes managing risks effectively and diversifying investment portfolios. By implementing robust risk management strategies and diversifying investments across different asset classes, regions, and industries, Islamic wealth managers can protect their clients' wealth while adhering to Shari'a principles.

Risk management and diversification in Islamic wealth management differ from conventional wealth management in that they are guided by Islamic principles, which prohibit interest-based transactions, speculation, and investments in industries that are harmful to society. Islamic wealth management also places a greater emphasis on social responsibility and ethical investing, which can help prevent the unequal distribution of wealth in society. By investing in socially beneficial economic activities and adhering to Islamic principles, Islamic wealth management can promote economic justice and equitable distribution of wealth.

Mitigating diversification risks in Islamic wealth management requires careful consideration of asset allocation, geographic and industry diversification, implementation of risk management techniques, regular portfolio review, and seeking professional advice. These strategies help minimise concentration risk and promote long-term stability and growth within the framework of Islamic finance principles.

Islam encourages the accumulation of wealth, but it should be done responsibly, compassionately, and with consideration for others. Muslims should use their wealth to create positive change in society and help those in need, leading to a more equitable distribution of wealth.

To attain material prosperity through wealth creation within the framework of Islamic principles, it is essential to note that wealth creation should not be attained through the production of non-essential or morally questionable goods and services; wealth creation should not widen the social gap between the rich and the poor by promoting conspicuous consumption; and wealth creation should not harm the present or future generations by degrading their moral or physical environment.



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## CHAPTER 05

# CHALLENGES & OPPORTUNITIES IN ISLAMIC WEALTH MANAGEMENT INDUSTRY

## An Interview with Faizal Bhana



## FAIZAL BHANA

Director - Middle East, Africa and India, Jersey Finance

Faizal Bhana is a UK qualified lawyer and for many years has worked and advised, and is a trusted advisor to institutions, corporates and families across the Middle East, Africa and India. He specialises in banking and finance and has advised corporates, family offices and families including on their international investment and holding structures. He is responsible for developing the strategy for Jersey Finance's engagement in Africa, the Middle East and India. He is focussed on his key markets, regularly travelling to all these countries, liaising and working with key stakeholders, including public and private institutions, corporates and families, building long-term mutually beneficial relationships.

Faizal Bhana graduated with a first class in his undergraduate Law (LLB) Honours degree and a distinction in his postgraduate (MSc) degree in Islamic Banking and Finance, both from top tier UK-based universities. He is a regular contributor and an international speaker, providing thought leadership at both public and private engagements across the Middle East and Africa. A regular contributor to both regional and national publications across the Middle East and Africa, he has been interviewed on various platforms including the BBC, CNBC, Bloomberg, CGTN, Arab News, Gulf News and various other leading global and regional media outlets.

Faizal Bhana is a member of the invitation-only prestigious TheCityUK's Middle East and Africa sub-groups, which provide strategic direction to the TheCityUK and its membership on its activity relating to the financial and related professional services (FRPS) industries in the Middle East and Africa markets. Additionally, he also sits on the Financial and Professional Services and Investment focus groups for the Riyadh Group for British Business in Saudi Arabia, one of the largest British Business Groups globally, and in 2023, he was nominated to the Financial Services Task Group, the Saudi financial services focused working group of the Saudi British Joint Business Council (SBJBC).

Faizal Bhana has a passion for mentoring young, dynamic and promising entrepreneurs globally, having successfully mentored over several years for HRH King Charles' charities, the Prince's Trust and Mosiac, and MBA students from the prestigious, and world-leading business school, the Saïd Business School at Oxford University. Additionally, he also mentored select NexGen UHNW family members from his region, supporting and guiding them as they take on more responsibility and positions of leadership within their global family businesses.

### Interview

These responses aim to provide an overview of both the opportunities and challenges in Islamic wealth management, incorporating insights from both Islamic finance and a wider, more general financial services perspective.

Further, the Jersey-specific considerations aim to contextualise the broader discussions on Islamic wealth management within the framework of the Jersey IFC's landscape. Also included are comments and considerations from a GCC perspective, along with relevant examples where applicable. These comments provide a nuanced perspective on how the GCC influences and shapes the opportunities and challenges across the Islamic wealth management spectrum. The practical examples, meanwhile, aim to provide actionable insights from both an Islamic finance and a Jersey perspective.

**Disclaimer:** The following is only intended to provide a general overview of trends, research and white papers on the subject matter. It does not constitute, and should not be treated as, legal or wealth management advice.

### **How is the Islamic finance industry linked to Islamic wealth management, and have they developed apace?**

Recent times have seen a significant increase in the integration of Islamic finance, and associated Shari'a principles, into wealth management practices. Naturally, the GCC has taken an instrumental role in the development of the Islamic finance sector, not least of all led by major institutions such as the Qatar and Dubai Islamic banks. Notably, both the Qatar National Bank's Islamic subsidiary, QNB Al Islami, and Standard Chartered Bank's Islamic subsidiary, Saadiq, have played significant roles in promoting Islamic wealth management.

While large Islamic finance institutions in the GCC and Malaysia are well-equipped to meet such demands, other international finance centres (IFCs) further afield may find themselves on the backfoot if they haven't considered developing their wealth management offering to include Shari'a-compliant structures.

**IFCs like Jersey are undoubtedly seeing greater demand for financial services that align with Shari'a principles.**

IFCs like Jersey are undoubtedly seeing greater demand for financial services that align with Shari'a principles. It stands to reason, therefore, that those jurisdictions wishing to remain relevant within the Islamic finance landscape are increasingly needing to keep pace with developments in Islamic wealth management specifically - particularly from an education and product offering perspective.

Our experience has been that Jersey has been and continues to be distinctly well-placed to support Islamic wealth management, not least as a result of its deep expertise stretching back some six decades in the facilitation of cross-border investment and wealth management. Such a global outlook means the jurisdiction has a good track record in driving innovation, pivoting to market dynamics, and more specifically aligning private wealth services that adhere to Shari'a principles.

### **How do you assess the regulatory environment governing Islamic wealth management?**

Continuously evaluating the regulatory framework is essential to ensuring transparency and adherence to Islamic principles in wealth management. In recent times, the evolution and international standardisation of regulations has contributed significantly to the stability of Islamic wealth management and instilled confidence in the offering. Meanwhile, GCC countries have taken a proactive stance when it comes to enhancing regulatory frameworks that stay true to Shari'a principles, with standout examples from institutions such as the Central Bank of Bahrain.

**GCC countries have taken a proactive stance when it comes to enhancing regulatory frameworks that stay true to Shari'a principles, with standout examples from institutions such as the Central Bank of Bahrain.**



In addition, concerted collaborative efforts have done much to create a more uniform compliance framework with this continued approach being instrumental to strengthening the foundation of Islamic wealth management.

From a Jersey perspective, the Island has long been known for its high regulatory standards overseen by its regulator, the Jersey Financial Services Commission (JFSC) and this is no different when it comes to the Islamic finance sector. Such robust oversight coupled with clear, regulatory frameworks has proven particularly attractive to Islamic investors seeking a safe harbour and a well-regulated platform for facilitating global transactions.

### **Can you enumerate the skills, product range, and services in use or required in future to serve the Islamic wealth management field?**

Without question the growth we have seen in the Islamic wealth management space, including the diversity of products and rise in innovative services, has placed a distinct focus on the need for specialist skills. Inevitably the increased use of technology has also supported an increase in the type of offering but also market penetration. This technology-driven innovation will continue to be a major focus for the industry in meeting the specific needs of the Islamic investor community over the coming years.

Such services, solutions and products, however, must keep pace with an evolving environment, with particular attention paid to education and training to ensure Islamic finance professionals develop the requisite skills and product offerings to meet their clients' needs, within the context of the wider environment. Here, again, the use of technology will again be critical. It is an approach that GCC financial institutions have embraced, with institutions such as the Dubai Islamic Bank, with its diverse product and service offering aimed at HNWIs looking for Shari'a-compliant service, setting the bar.

**Dubai Islamic Bank, with its diverse product and service offering aimed at HNWIs looking for Shari'a-compliant service, setting the bar.**

For its part, Jersey's financial institutions have taken a pioneering approach to providing Shari'a-compliant products, evidencing its commitment to catering for diverse global needs and providing an inclusive offering, backed up by an impressive skill set and deep knowledge of the sector including the use of financial technology as needed - particularly when it comes to support services such as fiduciaries, administrators and corporate service providers.

### **How can Islamic wealth reduce inequalities in Muslim countries to bring them to par with their Western counterparts?**

There is much potential for the deployment of Islamic wealth principles to play a significant role in addressing socio-economic inequalities, to narrow the gap between countries with sizeable and growing Muslim populations who haven't traditionally had access to innovative financial

solutions and those countries where financial products and services have kept at pace with global developments, and to serve to emphasise ethical and inclusive investment practices more widely.

GCC countries have already taken significant steps to reduce inequality, not least through the strategic allocations of sovereign wealth funds and principles such as zakat, whereby Muslim citizens allocate a certain proportion of their wealth to charitable causes each year as a matter of course.

We have also seen examples at an institutional level of efforts to improve parity; the Kuwait Investment Authority, for instance, ensures its ethical investments align with Shari'a principles while also contributing to broader societal development.

**The Kuwait Investment Authority, for instance, ensures its ethical investments align with Shari'a principles while also contributing to broader societal development.**

Western countries can also play a meaningful supporting role – a stance Jersey has adopted for some time through its international hub offering which facilitates ethical and inclusive investment practices that chime with Islamic wealth management. Structures such as Shari'a-compliant philanthropic funds offered through IFCs like Jersey can be a source for good, by attracting Islamic wealth specifically aimed at addressing global inequalities.

### **Do you think there should be a central global authority to make Islamic wealth a global financial platform used for development, research and peacebuilding?**

Certainly, it is worth exploring the feasibility of a central authority with a remit to enhance the influence of Islamic wealth on development, research, and innovation at a global level. Similarly, there appears to be an appetite for the creation of an international body tasked with ensuring consistency across the sector. However creating yet another global authority for the sake of having a specific focus may not necessarily be a solution, especially where there are existing multi-lateral global Islamic finance organisations that could very easily support the developments required. What is needed is consensus, realisation of the need for the focus in this space with its potential and then strong leadership to drive this initiative.

Ultimately, it's a question of cooperation. We have already seen collaboration within the GCC and further afield leading to a strengthening of the Islamic wealth proposition globally, with organisations like the Islamic Corporation for the Development of the Private Sector (ICD) - part of the Islamic Development Bank Group - fostering international collaboration for Islamic wealth initiatives.

However, existing multilateral organisations like the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) could take a more forthright role through their research and development to highlight further opportunities.



From our point of view, as a reputable IFC, Jersey can be a supportive partner through its collaboration with global authorities, which can go some way towards strengthening the position of Islamic wealth. Further, with the Island's vast experience in being a first adopter of global regulatory standards, Jersey can position itself as a knowledgeable hub for the development of Islamic wealth management standard setting.

**What challenges do Islamic financial institutions face in replacing conventional methods of managing wealth with those of Islamic wealth? What kinds of product development, perspective, and motivation have been acquired to meet the challenge?**

There are a number of challenges for Islamic financial institutions looking to shift from conventional wealth management to one which adheres to Islamic principles. However, product innovation, nurturing a cultural paradigm shift and encouraging diversified investment strategies can all play a crucial part in shifting the focus from this transition being a challenge, to opening up a world of opportunity.

Government-level policies such as Saudi Arabia's Vision 2030 have the potential to play a significant role in accelerating progress in this regard, providing a high-level showcase for how conventional and Islamic principles can sit alongside each other. In addition, encouraging research

and development among Islamic finance institutions will be critical in addressing and supporting product innovation specifically.

Further, offering incentives to institutions operating in international jurisdictions to explore Shari'a-compliant options could prompt greater innovation in the sector. IFCs like Jersey, for instance, can play a supportive part by fostering greater understanding of Islamic wealth management among professionals and clients, and providing platforms that can house conventional and Islamic wealth solutions in an integrated and complementary way.

**A lot has been written on how Islamic wealth can make the achievement of SDGs possible; some countries and Islamic banks have put their weight behind these ideas as well, but it lacks the vigour that could make it an essential part of the development framework. How can we remove this anomaly?**

Addressing the gap in vigour in making Islamic wealth integral to the Sustainable Development Goals (SDGs) requires strategic partnerships, awareness campaigns, and active participation from a number of corners.

Stakeholders, not least of all multilateral global organisations like the IDB and ICD, can be supportive by integrating Islamic wealth practices into their development frameworks, while strategic partnerships can amplify the impact of Islamic wealth on achieving SDGs.

Such partnerships are already being used by GCC countries to promote Islamic wealth's contribution to SDGs, while institutions like the Abu Dhabi Islamic Bank are making strides in aligning activities with sustainable objectives.

From an IFC perspective, Jersey has in recent years worked extensively to position itself as a leader in the environmental, social and governance (ESG) arena, making it an attractive jurisdiction for sustainable finance solutions, generally. Drawing on this, and backed up by its Islamic finance capabilities, this has meant it has also been able to support specifically the socially responsible objectives of Islamic investors and families. This positioning means Jersey financial institutions can play a vital role in galvanising understanding and gaining momentum when it comes to aligning Islamic wealth strategies with the SDGs.

As the industry body representing Jersey's IFC, our commitment to driving innovation and delivering insight in sustainable finance saw us launch an SDG Alignment Tool for finance firms in Jersey. The tool provides finance professionals with access to practical learning opportunities which will build their knowledge on the UN's SDGs, how the economic activities they are involved in are connected to the SDGs, how they can optimise financing for positive SDG alignment and identify actionable insights relevant to sectoral roles which can be shared across their businesses. The tool ultimately accelerates the movement of capital towards the SDGs.

### **Are you satisfied with the marketing plans to target High Net Worth Individuals in Islamic countries?**

For marketing strategies aimed at HNWI in Islamic countries to be successful, they must focus on customisation, transparency and alignment with Shari'a principles. Further, such strategies must have the capacity to evolve with a rapidly developing environment in order to reach and meet the needs of this particular demographic – and in particular being mindful of the shifting needs of the next generation.

Institutions like the Emirates Islamic Bank private banking services have already taken steps in this direction and offer HNWI clients fully personalised Shari'a-compliant services. That bespoke, flexible approach is key.

### **Emirates Islamic Bank private banking services offer HNWI clients fully personalised Shari'a-compliant services**

Meanwhile, quality jurisdictions like Jersey that offer regulatory excellence coupled with a deep understanding of ethical and Shari'a-compliant wealth management solutions, have proved attractive for HNWIs looking for a tailored offering but from a stable base, and as such can play a role in those marketing efforts.

### **What role can the OIC play in making Islamic wealth a parallel pool of resources to initiate the culture of research and development in Muslim countries, the lack of which we often talk and hear about?**

The Organization of Islamic Cooperation (OIC) can play a pivotal role in fostering research and development by facilitating collaboration, providing resources, and promoting a culture of innovation in Muslim countries.

Already, GCC nations actively engage with the OIC to drive collaborative initiatives for research, development, and innovation in Islamic wealth while support from institutions such as the Saudi Arabian Monetary Authority demonstrate a real commitment from the region to advance Islamic finance globally.

Supportive IFCs like Jersey can play their part by working collaboratively with the OIC and its associated countries to offer expertise and resources to plug any gaps from a wealth management perspective. However, such a cohesive approach will require significant commitment and resource mobilisation from the OIC if it is to support the sector in realising its potential as a specialised stand-alone sector for Islamic wealth development and research. But there is no doubt, the potential to nurture a progressive and exciting culture of research and development is very real indeed.

### **Many financial guidelines on wealth management are restricted to furthering the interests of the people in charge of the wealth; how can this perspective be enhanced to benefit the society under the rubric of maqasid-al-Shari'a?**

Integrating Maqasid-al-Shari'a principles into financial education and wealth management frameworks ensures alignment with broader societal goals. It is a stance the GCC region has placed particular emphasis on in recent times. For instance, the Bahrain Islamic Bank integrates Maqasid-al-Shari'a principles into its wealth management strategies to take into account the broader societal implications of financial decisions.

Wealth management experts and HNWI/UHNW stakeholders can showcase their commitment to ethical wealth management by also aligning with Maqasid-al-Shari'a, thereby attracting investors seeking a mature, values-driven financial hub such as Jersey.

### **How far are Islamic financial institutions prepared to go to enable the wealth generated in the Islamic world to become a source of economic and social revival, especially in African countries?**

There is definitely potential for Islamic financial institutions to proactively contribute to the economic and social revival of countries, particularly in Africa, through strategic investments and partnerships.

Collaboration with local stakeholders and targeted investments, in particular, can unlock the potential of Islamic wealth in fostering development while financial institutions can contribute to economic and social revival in African countries by strategically channelling Islamic wealth into impactful and sustainable development projects. Such activity is already being undertaken by GCC financial institutions, with investments in African infrastructure projects through the Qatar Islamic Bank and their associated contribution to economic and social development, being a good example.

Of course, there is always room for further development and establishing Islamic social impact funds that can be highly targeted and channel wealth into projects that foster economic and social revival in targeted regions would be an effective means of accelerating progress.

### **Is it possible to align the SDGs with Islamic wealth management to benefit humanity rather than only Muslims? Is it in line with Sharia? Are Muslims trained to think along these lines? Can you quote any example of such opportunities?**

Aligning Islamic wealth management with the UN's Sustainable Development Goals (SDGs) is absolutely feasible; it necessitates identifying opportunities for investment that can contribute to global development beyond just Muslim-majority regions.

There is, however, much work to be done in educating Islamic finance professionals on the SDGs and on the promotion of projects that provide symbiosis between Islamic values and global sustainability goals.

Progress is being made in this space though. For instance, the Saudi-based Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) actively supports SDG-aligned projects, showcasing a commitment to ethical wealth management.

### **The Saudi-based Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) actively supports SDG-aligned projects, showcasing a commitment to ethical wealth management.**

Where there are successes like this, these should be held up and used as examples of SDG-aligned Islamic wealth initiatives that can serve as blueprints for broader adoption.

Jersey's SDG Alignment Tool, designed specifically for finance professionals in Jersey, is one example of how forward-thinking IFCs can promote greater awareness of the issues and what IFCs can do to mobilise private finance in line with the UN's SDGs for all, both those that are looking for Shari'a-compliant solutions and those that are not necessarily aligned with Shari'a-principles.

### **How is Fintech positioned to create opportunities for Islamic wealth management, and what kind of challenges is the industry facing?**

Fintech has the potential to play a pivotal role in creating diverse opportunities for Islamic wealth management, not least of all through digital innovation that focuses on enhancing financial inclusion and efficiency.

However, there are several challenges where there is potential for FinTech and Shari'a principles to collide, in particular when it comes to the navigation of different regulatory landscapes, ensuring compliance with Shari'a principles within technological solutions, and building trust in digital financial platforms.

As is often the case, the key to overcoming such barriers involves effective collaboration with FinTech firms and institutions so that Islamic wealth management is considered from the get-go and not as a 'bolt-on' afterthought. Embedding FinTech thinking at the heart of Islamic wealth solutions is critical.

It follows that GCC countries wishing to successfully maximise the potential of FinTech in supporting Islamic wealth management will need to evolve their own FinTech hubs with a focus on research, development, innovation and Shari'a-compliant solutions of their own. This is an approach recently adopted by the Dubai International Finance Centre (DIFC), which alongside the Dubai Financial Services Authority (DFSA) sandbox is positioning itself as a FinTech hub for digital innovation.

Again, there is symbiosis with Jersey here as an IFC that has adopted an ambitious digital strategy with FinTech at its core and, alongside its reputation for offering a well-regulated and stable environment, is well-equipped to offer a supportive role in the development of innovative FinTech-driven wealth management solutions.

### **Do you find any alignment possible between industrial development and Islamic wealth management?**

GCC nations have already made strides in strategically aligning industrial development with Islamic wealth management focussed on Shari'a principles.

We can see a clear example of this with the Saudi Public Investment Fund which has invested in Shari'a-compliant technology and renewable energy, demonstrating a fusion of industrial development with ethical wealth management.

And, with such strategic investments having the potential to make a significant contribution to sustainable development, particularly in the renewable energy sector, there is a vested interest in supporting alignment that progresses GCC countries' wider sustainability ambitions.

### **When we talk of Islamic wealth, the names that come to mind are from GCC countries. Why don't Asian countries other than Malaysia and Indonesia figure in? What kind of opportunities await Islamic wealth in Asia, and how can they be garnered?**

There are undoubtedly untapped opportunities for Islamic wealth management services beyond the GCC, particularly across the Asia region. Such opportunities have the potential to diversify the geographical footprint of Islamic wealth while supporting HNW clients outside of the GCC region to access services and investments that are Shari'a-compliant, and further establishing Islamic wealth management principles alongside existing more conventional approaches to wealth management.

To date, there have been a number of strategic partnerships that have progressed these ambitions; Kuwait Finance House, for example, recently paired with operations in Malaysia and Indonesia, highlighting a cross-regional approach that is aimed squarely at tapping into Asia-based opportunities in Islamic wealth.

Targeting Asian markets beyond Malaysia and Indonesia, however, will require a tailored strategy and quality IFCs, like Jersey, with their depth of experience in supporting cross-border capital flows, can play an instrumental part in supporting the development of partnerships with regional institutions beyond the GCC region's borders.

It's worth noting that Jersey's forward thinking IFC has deep and well-established ties in Asia. Jersey Finance has on the ground presence in Shanghai, Hong Kong and Singapore. This is designed to serve the entire Asia region, where our award-winning industry is very active in supporting the development of finance, including Shari'a-compliant finance.

### **How do you rate Muslim investors regarding their exposure to Sharia-compliance and their willingness to make their wealth a source of greater benefit, such as do they think of investing in climate change as a stakeholder?**

Encouraging Muslim investors to consider social impact and support ethical investment opportunities aligned with Shari'a principles offers a significant opportunity to progress ESG and wider sustainability endeavours, particularly those set around climate change.

#### **Shari'a principles offers a significant opportunity to progress ESG and wider sustainability endeavours, particularly those set around climate change**

For such ambitions to be realised, however, promoting ethical investment - whether that be via campaigns, forums or institutions - is vital to increase awareness, appetite and understanding when it comes to embracing sustainability goals. Financial institutions, in particular, have a role to play in pioneering platforms that connect Muslim investors with responsible investment opportunities that meet Shari'a principles.

Meanwhile, promoting a broader perspective on the positive societal impact wealth can have when directed to social causes can foster a culture of responsible investing - a perspective recently cultivated by the Abu Dhabi Investment Authority's commitment to sustainable investments. Such an approach stands to support and encourage GCC investors to prioritise Shari'a-compliant investments, with an increasing focus on environmental impact, such as climate change initiatives.

In research commissioned by Jersey Finance in 2023 focussed on the next generation of HNW and UHNW families specifically in Saudi Arabia, the overwhelming importance of both Shari'a-compliance and wider Ethical considerations when making investment decisions was a key finding. This showcases the mindset of the next generation of business leaders and owners and the importance they place on Shari'a-compliance and ethical investment.

### **Is there any opportunity to overcome climate finance challenges with Islamic wealth at the native level?**

Islamic wealth, with its emphasis on ethical, Shari'a-compliant investing, absolutely has the potential to address climate finance challenges by promoting sustainable and environmentally friendly projects.

The broad prominence and commitment to green finance and sustainability principles, in particular, speaks very clearly to Islamic investors seeking environmentally conscious investment opportunities with the leveraging of such principles having the potential to enact meaningful climate change.

GCC nations are already cognisant of putting wealth to good use and understand the power of Islamic wealth in turning the tide on the environmental harm trajectory. It is a mindset we have seen at the institutional level with one example being the Islamic Development Bank's development of the Green Sukuk designed to support climate-friendly projects.

### **How is debt management related to wealth management? Is there any relation between the two?**

Integrating Islamic debt management principles into wealth management strategies can ensure financial stability and ethical practices. Doing this, however, requires the examination of the relationship between debt and wealth management, with a particular eye on the impact of debt on long-term growth and stability.

Debt management strategies must also adhere to Shari'a principles, which will ensure ethical considerations are taken into account. It is an approach supported by GCC nations which foresee vast potential for growth, innovation and development if the right balance is struck.

### **What is the potential of Islamic wealth in terms of growth and development? Tell us about the opportunities one can expect if the full exposure to Islamic wealth is somehow acquired.**

Realising the full potential of Islamic wealth requires strategic planning, global collaboration, and continuous innovation in financial products and services. But if multiple stakeholders can bring those different ingredients to the table, the opportunities for growth and development are vast, ranging from world-leading infrastructure projects and sustainable investments, to tackling climate change and promoting social cohesion.

To reach this endgame, though, collaborative initiatives, such as global Islamic wealth forums, need to be fully utilised to foster innovation and unlock the full potential of Islamic wealth.

Quality IFCs, like Jersey, can play their part by acting as neutral, independent financial hubs with the ecosystem and capabilities to offer the stability, regulatory platform and expertise to transact securely and attract global Shari'a-compliant investments.

### **How challenging is creating Islamic wealth as a parallel wealth creation platform?**

Establishing Islamic wealth as a parallel wealth creation platform necessitates overcoming regulatory hurdles, fostering awareness, and addressing commonly held misconceptions.

Key to overcoming the challenges, however, will be collaborative efforts between financial

institutions, governments, and communities which will be essential to navigating the unique regulatory considerations and fostering awareness of Shari'a-compliant options.

Further challenges will be observed in addressing cultural nuances and dispelling misconceptions at the same time as promoting the benefits of an Islamic wealth management platform. This will require investment in research to fully understand attitudes and behaviours relating to Islamic wealth, to establish robust educational programmes and facilitate awareness campaigns that can break down some of the remaining barriers, shine a light on the myths and promote the benefits.

At a government and institutional level, further efforts will also be needed to address regulatory challenges and the positioning of Islamic wealth management in order to create certainty and foster confidence among investors.

None of these challenges are insurmountable, though, and as the GCC moves forward in establishing itself as a hub for Islamic finance and wealth management, by working together across institutions, governments and globally, the region will secure its reputation as a leader in this field, extend its reach into other markets and play a key role in ensuring Islamic wealth management can maintain its upwards maturity curve.



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## CHAPTER 06

# ROLE OF TECHNOLOGY IN ENHANCING THE DELIVERY AND ACCESSIBILITY OF ISLAMIC WEALTH MANAGEMENT SERVICES

## Playing for the next billion customers

Wealth management business is facing a future marked by fundamental repositioning. Digital adoption is no longer an option but a reality. Every four out of five customers now prefer digital channels. In 2022, an estimated US\$8 billion was invested in wealth-tech segment. This is expected to grow by 20-30 per cent per annum over the foreseeable future.

Traditionally, the Middle East and Southeast Asia have been the hubs for Islamic wealth management (IWM) and the focus was towards the top of the wealth scale. Minimum investment levels of US\$ three to five million made wealth services inaccessible to the mainstream.

**Era of exponential technologies is an opportunity to reinvent wealth firms. .... From a broader Shari'a lens, a connected financial ecosystem allows for effortless channelising of wealth into productive, higher return asset classes**



The era of exponential technologies is an opportunity to reinvent wealth firms, to scale to new and untapped markets, via fresh business models, creating access to a wider variety of asset classes that were not available traditionally, bringing down the cost to serve and hence minimum investment levels, while managing risks more dynamically. This shift in paradigm demands a refresh of the scope and scale of wealth that is managed in conformity with Shari'a principles. For example, it is now practical for everyday individuals to save and invest via their favourite apps and in a manner aligned to their financial lifestyle.

From a broader Shari'a lens, a connected financial ecosystem allows for effortless channelising of wealth into productive, higher return asset classes. One example is the concept of fractional ownership of real estate assets, enabled via platform play, that allows even small investors to own property and benefit from potential capital gains. A striking feature, as a result, is the entry of new customers such as mass affluents, growing affluent, women of wealth, expatriates and Gen-Zs that require Islamic wealth services. This adds to an already sizeable base of High Net Worths (HNWs), family offices and foundations. Credible estimates suggest an estimated one billion new customers across Shari'a-conscious markets would need Islamic wealth services over the next decade.

Both the HNW individuals as well as these new customer segments expect intuitive, digital wealth services. As a result of this expectation, the basis of competition for wealth firms has changed. Wealth managers offering Shari'a solutions will have to work hard to capture the wallets of the next billion. We believe there are six distinct digital innovations that will be at the heart of this effort. These include:

- Digital customer acquisition
- Platform ecosystem
- Artificial intelligence

- Embedded finance
- Open finance, and
- Robo-advisory

**First, the Shari’a lens**

Preservation of wealth is one of the fundamental and universal principles of the Shari’a. Three key dimensions of preservation of wealth are through protection of ownership, through acquisition and development, and by protecting from risk of loss.

IWM, as a new discourse to understanding the economy, is challenged to provide new outlooks and fresh, more effective solutions to economic challenges. Specifically, a breakthrough beyond a narrow legal compliance perspective, to a broader fulfilment of financial and ethical objectives that fully embraces the digital era, will ensure IWM’s continued relevance to its audience.

Digital identity, smart contracts, fractional ownership, tokenisation of assets, virtual asset exchange, data rights, compliance assurance across multiple ecosystem partners servicing specific financial products, open finance, and much more, are contemporary themes with direct relevance for our IWM professionals, Shari’a scholars, bankers and academia.



**The basis of competition has changed for wealth firms**

There are eight disruptive forces that have the potential to shift the competitive landscape of the financial ecosystem. These are equally relevant for Islamic wealth firms:

- 1. Cost Commoditisation:** Wealth firms will accelerate the commoditisation of their cost bases, removing them as points of competition and creating new grounds for differentiation. For example, digital KYC (know your customer) will reduce the cost of customer acquisition for all.
- 2. Profit Redistribution:** Technology and new partnerships will enable firms to bypass traditional value chains, thereby redistributing profit pools. For example, customers will be able to effortlessly move money between bank deposits and mutual funds.

- 3. Experience Ownership:** Power will transfer to the owner of the customer interface; pure product manufacturers must therefore become hyper scaled or hyper focused. For example, customers of a particular robo-distributor will be able to purchase funds from a wide range of companies, but likely have limited awareness of the assets in their portfolio.
- 4. Platforms & Connected Ecosystems:** Platforms that offer the ability to engage with different financial institutions from a single channel will become the dominant model for the delivery of wealth services. Platforms will act as a storefront, allowing retail customers to purchase products from multiple competing vendors of asset management services.
- 5. Data Monetisation:** Data will become increasingly important for differentiation, but static data sets will be enriched by flows of data from multiple sources combined and used in real-time. Institutions are starting to collect real-time data flows in order to utilise advanced analytics and target customers who change their behaviour (and needs) over time.
- 6. Bionic Workforce:** As the ability of machines to replicate the behaviours of humans continues to evolve, financial institutions will need to manage labour and capital as a single set of capabilities. The public face through which customers interact with wealth firms will be AI, similar to the AI now dominating interactions between customers and tech firms.
- 7. Systemically Important Techs:** Wealth firms and banks increasingly resemble, and are dependent on large tech firms to acquire critical infrastructure and differentiating technologies. Firms are investing in the collection and analysis of customers’ data enabling cross-selling – “a little bit like how Amazon suggests what you might like to buy next.”
- 8. Financial Regionalisation:** Diverging regulatory priorities and customer needs will lead financial services in different regions of the world down distinct paths. FinTechs will face serious obstacles to establishing themselves in multiple jurisdictions, even as technology theoretically lowers barriers to entry.

Tellingly, individuals will be taking more responsibility for their investments, robo-distribution will be a compelling tool for customer engagement, scaling the delivery of investment advice will require fewer resources, middle-office and back-office functions need to be highly automated or externalised, and the increasing significance of low-cost products will put focus on quick scaling for product manufacturers.

Clearly, inaction is not an option. The boardroom agenda needs to account for this new mindset, or make way for innovators even if with less experience.

**Digital customer acquisition to help scale borders**

Digital onboarding is a process in which new customers are taken through a series of steps, preferably on their mobile, to collect information and to familiarise themselves with the offerings of the wealth firm.

Wealth firms win or lose a big chunk of their potential customers depending on the experience they offer when initially onboarding customers. In several instances, six out of every 10 customers who download the application end up not opening the account. This has mostly to do with non-intuitive workflows, the hybrid of digital/manual processes, and the lack of modern, simple technologies that fall short of the experience expected by customers. A holistic approach can help.

Firstly, it needs to be acknowledged that the regulatory and business assumptions from yester years are no longer relevant in the traditional shape and form. Financial institutions can achieve the required regulatory and business objectives through a much simpler, few-clicks approach. Functionalities such as auto-fetch data, auto-populate data, save and resume across devices, dynamic workflows, and simplified terms & conditions have revolutionised the onboarding experience, bringing down cost to acquire customers by up to 80 per cent.

Secondly, the wealth firms now have a real-time view of which step of their onboarding process is a bottleneck and causing the customers to abandon the journey. Prompt follow-throughs usually could help reduce abandonment by 50-60 per cent.

The data captured during the onboarding process goes a long way in retaining and cross-selling to customers. Only a few firms, however, have achieved the digital maturity to smartly apply these insights, hence leading to high customer attrition.

But the real art of possible is the borderless wealth services, and it has arrived.

A case in point is Kuwait Finance House Bahrain. The bank has innovated advanced digital onboarding to scale its business across GCC and without the significant costs involved. Bringing together a blend of banking, regulatory, design and technology expertise, KFH Bahrain has been able to build a unified GCC financial market for 55 million GCC nationals. A first of its kind. Many of these regional customers are actively investing in digital assets beyond their home markets in a matter of few clicks, a privilege not available previously..

### Platform-led approach to building Islamic wealth firms

Low code platforms that leverage the power of micro-services and are cloud-first are the future for wealth firms. They allow for dramatic reduction in the cost-to-run and cost-to-change, while significantly reducing dependencies on the technology teams. The control is back with the business, which allows for hyper-personalisation and hyper-scaling at a fraction of the traditional cost and time.

Platform play allows wealth management firms to access a broader range of investment expertise, products and strategies. They can offer clients access to a diverse set of asset classes, including compliant stocks, sukuks, real estate, alternative investments, and international markets.

The shift to multiple-provider platforms as a channel to distribute and trade is gradually emerging across geographies and throughout a wide range of financial products. Wealth management platforms that offer the ability to engage with different financial institutions from a single channel will become the dominant model for the delivery of financial services.

Further, technology is also allowing customers to easily switch between products in different value chains, migrating profit pools to new organisations. For example, wealth firms are proposing alternatives to savings accounts, making the shift effortless, and moving customers from bank



deposits. Platforms often come with advanced technological tools and analytics that help wealth managers make more informed investment decisions. These tools can include portfolio optimisation, risk management, and performance reporting, which can enhance the overall quality of service. The big decision for incumbents is transformation of existing business versus setting up a new digital brand.

Implications are several. Product differentiation is critical where institutions do not control the sales/distribution channel. Platform owners will need to become capable ecosystem managers, balancing the needs of the product manufacturers with customer demand. Platforms will naturally capture market data from all participants, adding to the platform owner's market power. Platform owners and product owners will need to address open questions about the liability of products placed on platforms.

Through platforms, wealth management firms are able to create customised investment solutions for their clients. They can use client data and preferences to tailor portfolios and financial plans to individual goals, risk tolerances, and time horizons. Products will need to be stand-alone profitable to be sustainable in a platform environment (no more loss leaders). Improved price comparability will favour large incumbents where product specific economies of scale exist.

Uncertainties around who is the responsible party will need to be resolved in both B2C and B2B markets for issues such as product suitability and liability.

### AI as the leading edge

The application of artificial intelligence (AI) in the Islamic wealth management industry is still in its early stages, but there are several use cases that are gaining prominence. Some common AI use cases in Islamic wealth management include:

- 1. Shari'a Compliance Screening:** AI can assist in the automated screening of investment opportunities to ensure they comply with Islamic finance principles. AI algorithms can identify and flag non-compliant investments or businesses based on financial statements, business activities, and other relevant data.

2. **Robo-Advisory Services:** Robo-advisors powered by AI algorithms can create Shari'a-compliant investment portfolios tailored to individual clients' risk profiles and financial goals. These robo-advisors automate the portfolio creation and rebalancing process to maintain compliance.
3. **Portfolio Optimisation:** AI can help optimise investment portfolios by selecting the most suitable Shari'a-compliant assets and asset allocations based on historical data, market trends, and individual client preferences.
4. **Natural Language Processing (NLP):** NLP technology can be employed to analyse and extract insights from Islamic finance documents, reports, and news to aid in investment decision-making and market analysis.
5. **Customer Support and Chatbots:** AI-driven chatbots can assist clients in understanding Islamic finance principles, investment options, and account-related inquiries. They can provide 24/7 support and answer common questions.
6. **Compliance Monitoring:** AI can continuously monitor investment portfolios for compliance with Shari'a principles and provide real-time alerts if any investments become non-compliant.
7. **Data Analytics and Insights:** AI can analyse large volumes of financial and market data to provide valuable insights and predictions that can inform investment strategies aligned with Islamic finance principles.
8. **Personalised Financial Planning:** AI-driven financial planning tools can create customised financial plans for clients, taking into account their financial goals, risk tolerance, and Shari'a-compliant investment preferences.

These AI use cases are helping the Islamic wealth management industry better serve clients who seek to align their investments with Islamic finance principles while benefiting from the efficiencies and insights that AI technology can provide.

### Open banking for wealth management

Open banking can significantly enhance the delivery and accessibility of Islamic wealth management solutions in several ways:

1. **Access to Financial Data:** Open banking allows wealth management providers to access a client's financial data from various accounts and institutions with their consent. This comprehensive financial overview enables wealth managers to make more informed decisions and create tailored wealth management strategies.
2. **Personalised Financial Insights:** Open banking platforms can analyse a client's financial data to provide personalised insights, such as budgeting recommendations, investment opportunities, and debt management strategies. This can help clients make better financial decisions.
3. **Automated Account Aggregation:** Open banking enables automatic aggregation of all financial accounts, including bank accounts, investment accounts, and financing, into a single dashboard. Clients can easily monitor and manage their entire financial portfolio in one place.
4. **Enhanced Financial Planning:** Open banking platforms can offer financial planning tools that use real-time data to help clients set and track their financial goals. These tools can provide actionable advice on saving, investing, and optimising financial decisions.
5. **Efficient Investment Management:** Wealth managers can access real-time data on a client's

financial situation, enabling them to adjust investment strategies in response to market changes, financial goals, or risk tolerance.

6. **Customised Investment Portfolios:** Open banking data can be used to create investment portfolios tailored to individual clients' financial goals and risk tolerances, providing a personalised wealth management experience.
7. **Real-Time Reporting:** Clients can access real-time reports on the performance of their investment portfolios and financial accounts, making it easier for them to stay informed and make timely decisions.
8. **Financial Inclusion:** Open banking can help address financial inclusion by providing individuals who were previously underserved with access to wealth management solutions. It allows clients with accounts at various financial institutions to benefit from professional advice and services.

In summary, open banking enhances the delivery and accessibility of wealth management solutions by providing a holistic view of a client's financial situation, specific ethical and Shari'a preferences (e.g., some clients may not be comfortable with certain financial instruments such as organised tawarruq), enabling personalised financial advice, and streamlining the wealth management process.

### Embedded wealth management

Embedded finance can play a pivotal role in enhancing the delivery and accessibility of wealth management services by integrating financial services into non-financial platforms, making them more readily available to a wider audience. Here's how embedded finance strengthens the Islamic wealth management industry:

1. **Seamless Integration:** Wealth management services can be seamlessly integrated into various non-financial platforms, such as e-commerce websites, mobile apps, or even social media. This allows users to access wealth management services without needing to visit a dedicated financial institution or platform. Every consumer brand, hence, can (and will be) evolving into a wealth services platform.
2. **Accessibility for the Unbanked and Underbanked:** Embedded finance can reach individuals who are unbanked or underbanked, offering them access to basic wealth management services via platforms they are already using. This can help address financial inclusion challenges.
3. **Lower Barriers to Entry:** Embedded finance often comes with lower barriers to entry, such as lower minimum investment requirements. This makes wealth management services more accessible to a broader range of clients.
4. **Personalisation and Convenience:** Wealth management services integrated into everyday platforms can provide personalised financial advice and investment opportunities that align with individual users' financial goals and preferences. Users can conveniently manage their finances from a single platform.
5. **Democratised Investing:** Embedded finance can offer fractional investing and micro-investment options, allowing users to invest small amounts of money in diversified portfolios or specific assets, making wealth management more accessible to those with limited funds.
6. **Data Integration:** Embedded finance can leverage user data from non-financial platforms to provide personalised financial insights and recommendations, making wealth management services more relevant to individual users.

7. **Risk Assessment and Diversification:** Embedded wealth management services can assess user risk profiles and offer diversified investment options that align with their risk tolerance, all within the platform they use regularly.
8. **Cost-Effective Services:** Embedded finance often comes with competitive pricing and fee structures, making wealth management services more cost-effective for users.

Incorporating Islamic wealth management services into non-financial platforms through embedded finance can bridge the gap between traditional financial services and the everyday lives of users. It allows for greater accessibility, personalisation, and convenience while meeting users where they already spend their time, making it easier for a wider audience to engage with and benefit from wealth management services.

### Robo-advisory brings focus to growing affluents

Robo-advisory refers to the use of automated algorithms and technology to provide wealth advisory services to clients. The primary purpose of robo-advisory is to offer investment advice and portfolio management.

Robo-advisors analyse a client's financial situation, risk tolerance, and investment goals, and then they recommend and manage a diversified portfolio of investments based on this information. The recommendations are typically based on algorithms and may not involve human financial advisors.

Robo-advisory platforms often have limited human interaction, if any, and are designed for clients seeking automated and cost-effective investment solutions. Robo-advisory services can play a significant role in delivering and enhancing the accessibility of Islamic wealth management services in several ways:

1. **Accessibility and Inclusivity:** Robo-advisory platforms can make Islamic wealth management services more accessible to a broader range of clients, including those who may not have had easy access to these services in the past. Traditional wealth management services often have high minimum investment requirements, making them inaccessible to many individuals.
2. **Automated Shari'a Compliance:** Robo-advisors can integrate Shari'a-compliant investment guidelines into their algorithms.
3. **Diversification and Risk Management:** Robo-advisors use modern portfolio theory to create diversified investment portfolios that align with a client's risk tolerance and investment objectives.
4. **Goal-Based Investing:** Robo-advisors can incorporate goal-based investing, allowing clients to set specific financial objectives in line with Islamic finance principles. This helps clients save for specific financial goals while ensuring compliance with their financial values.
5. **Affordable Fees:** Robo-advisory firms typically charge lower fees compared to traditional wealth management services. Their fee structures are often more transparent and straightforward, making it easier for clients to understand the costs associated with managing their investments.
6. **Automated Portfolio Management:** Robo-advisors use algorithms to create and manage investment portfolios, reducing the need for human advisors. This automation lowers labour

costs, enabling robo-advisory firms to provide cost-effective solutions to a larger client base.

7. **Scalability:** Robo-advisory firms can efficiently serve a large number of clients without significantly increasing their operational costs. This scalability allows them to pass on cost savings to their clients.

Robo-advisory firms offer several advantages, but they also have limitations and drawbacks that potential clients should consider:

1. **Limited Complex Financial Planning:** Robo-advisory platforms are primarily designed for investment management. They may not offer comprehensive financial planning services that address more complex financial situations, such as estate planning, tax strategies, or specific life events.
2. **Risk of Overlooking Unique Circumstances:** Robo-advisors rely on algorithms and client-provided information to make investment decisions. However, they may not fully account for unique or unusual financial circumstances that may require a personalised approach.
3. **Market Volatility Challenges:** While robo-advisors use risk tolerance assessments, they may not always be effective in protecting portfolios during extreme market volatility or Black Swan events. Clients may experience substantial losses during market downturns.
4. **Cookie-Cutter Approach:** Robo-advisors use standardised investment algorithms, which can result in a somewhat one-size-fits-all approach. Clients may not have as much flexibility in customising their investment strategies to unique goals or preferences.

In conclusion, robo-advisory services can help democratise Islamic wealth management by using technology and automation to offer accessible, cost-effective, and Shari'a-compliant solutions to a broader segment of the population. For other customers requiring more sophisticated advice, it is usually preferred to have a hybrid model which is digital-first and augmented by expert human advice.

### The way forward

Given the strong business case for a digital-first Islamic wealth management business, it is surprising to see the dearth of meaningful initiatives in this space. I imagine a future where the masses will be able to build simple, diversified portfolios with a few clicks.

Where I will get an automated advice from my bank, via a nudge or a chatbot, that I can move my money for a short period to a higher yield product, delivering an extra return on my idle funds in the current or saving account.

Where interoperability is established between products and institutions, giving me access to international markets for managing money in a Shari'a-compliant manner, through a single enhanced robo-advisory system.

Where growing affluents can get started on their real estate investments much earlier in their lives through fractional ownership of as minimum as, say US\$100.



**So what needs to be done?**

Given the current state of maturity of the wealth firms and incumbent banks in this space, the following 5 themes are a practical way forward for the industry:

1. Banks and wealth firms to significantly improve their capabilities in robo-advisory (e.g., cash flow management). Initially, the focus has to be on winning the trust of customers by offering low-risk products with pre-defined outcomes
2. Significant investment is required to introduce intuitive customer experience and distribution via mobile channels. The importance of data will lead to a focus on third-party data sharing arrangements
3. Build inter-operability between products and institutions, and across markets, via system integration
4. Build partnerships to externalise middle and back office functions, in order to preserve margins
5. For regulators, the need is to interpret and regulate behaviours of algorithms and AI in the retail area, especially regarding recommendations.

Final point. The human advisor will still be crucial when differentiating products, especially for HNW customers, but the role of such advisors will shift in leading firms from product selection to a focus on customer engagement, emotional intelligence and decision support.

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## CHAPTER 07

# ISLAMIC WEALTH MANAGEMENT IN ESSENCE

### Introduction

Wealth management involves safeguarding, enhancing, and planning for the transfer of one's assets to future generations employing various strategies to meet these objectives. The investment choices of investors are often determined by the financial system they have faith in. Capitalist principles prioritise profit maximisation, while those following Islamic finance seek ethical investments that do not compromise the social, environmental, or economic rights of others.

Wealth transfer in Islamic principles is based on the circulation of money to benefit everyone and prevent exploitation that may arise from wealth concentration. Islamic teachings emphasise the importance of financial planning. Muslims are encouraged to spend voluntarily in the way of Allah through Infaq; at the same time, excessive spending is discouraged. Those indulgent in excessive spending are considered an ally of the devil. Shari'a law requires Muslims to not only create, disburse, or accumulate wealth but also to preserve its purity. These principles form the foundation of Islamic Wealth Management. Quran says:

"Believers! Many of the rabbis and monks wrongfully devour mankind's possessions and hinder people from the Way of Allah. And some amass gold and silver and do not spend it in the Way of Allah. Announce to them the tidings of a painful chastisement (9:34) on a Day when they shall be heated up in the Fire of Hell, and their foreheads and their sides and their backs shall be branded with it, (and they shall be told): "This is the treasure which you hoarded for yourselves. Taste, then, the punishment for what you have hoarded." [9:35]

Islam offers a variety of methods for transferring wealth, such as Faraidh, which deals with inheritance; Wasiyya, which allows for property to be bequeathed while still respecting inheritance rights; Waqf, which involves donating assets or property for charitable or community purposes; Hiba, which is a voluntary gift to another person, Luqata, which is taking custody of the lost property and keeping it if unclaimed after three weeks, Umra' ruqa, which grants lifetime ownership of property to another person and is transferred to the guarantee on the death of the owner, and Zakat, which is a mandatory wealth tax for all Muslims. The Islamic faith advocates for a principled and moral approach to handling finances and engaging in commerce.



Al Quran, 9:129

## Ethic driven wealth management

There are various aspects to consider when discussing the ethics of Islamic wealth. However, most important is the owner's conduct that plays a role in the ethicality of their wealth. If individuals meet their financial obligations and responsibilities to their dependents and participate in charitable and social activities, their wealth can be considered ethical. Otherwise, their wealth may have negative consequences in this life and the hereafter. Islamic wealth management involves more than financial management. It is a discourse on ethics, values, and faith in the goodness of human beings and their welfare.

Zakat and waqf, are two instruments used for social causes by the wealthy. The success of these instruments is notable, specially since the establishment of the Refugees Zakat Fund and Global Islamic Fund for Refugees. Among philanthropic endowments Mohd Albukhari Foundation and the Sulaiman Bin Abdulaziz Al Rajhi Fund stand out. Albukhari Foundation during the last 27 years since it's inception has contributed US\$500 million.

## An Overview of Islamic Wealth Management Industry

The Islamic financial services industry crossed the US\$4 trillion mark at the end of 2023. Of the US\$2.7 trillions of global Islamic wealth, only US\$ 1.62 trillion has been transformed into Islamic finance AUM. Islamic wealth management market controls having a significant share is above US\$54 billion.

## Shari'a Compliance consideration in wealth management

In Islamic wealth management, it is of utmost importance that the source of funds must be from halal avenues. As mentioned in the following hadith, one of the primary questions that will be asked on the day of judgment pertains to the generation of wealth. The son of Adam will not pass away from Allah until he is asked about five things: how he lived his life, how he utilised his youth, with what means did he earn his wealth, how did he spend his wealth, and what did he do with his knowledge. (Tirmidhi)

Therefore, it's essential to verify that one's revenue stream adheres to Shari'a-compliant guidelines. This entails avoiding earning income from conventional banks that engage in interest-based transactions, preferring Takaful to conventional insurance companies, and detesting investing in tobacco enterprises, gambling establishments, and the like. This serves as the bedrock of the entire wealth management process. Similarly, it is crucial to take note of the Shari'a compliance status of investments, a factor often overlooked. Owing to a lack of awareness, some individuals may channel their funds into interest-based instruments such as conventional bonds (coupon-bearing / zero-coupon bonds), interest-bearing savings accounts, or term deposits from conventional banks. It is essential to comprehend the ramifications of such actions, as the Holy Quran explicitly prohibits riba:

"O you who believe, Fear Allah and give up what remains of your demand for Interest, if you are indeed a believer. If you do not, you are warned of the declaration of war from Allah and His Messenger."(Quran,2:278). Contrary to popular belief, the notion that investing in non-Shari'a-compliant instruments is a necessity due to a lack of alternatives is unfounded. The global Islamic banking industry has expanded significantly with an asset size of US\$3.8 trillion, operating in 76 countries and providing a variety of investment options such as checking accounts, investment

certificates, sukuk, Shari'a-compliant mutual funds, and Islamic REITs that comply with Shari'a law. As a result, individuals have access to a diverse range of investment opportunities that align with their beliefs.

When investing in equity (shares), it's crucial to verify that the organisation one is investing in is Sharia-compliant. Several Shari'a screening criteria have been developed to assess the non-compliance factor. For instance, in Pakistan, the KSE Meezan Index (KMI) criteria were developed through the collaborative efforts of PSX and Meezan Bank. Moreover, many global Islamic indices are now available for investment, such as the KMI 30 and KMI All Index in Pakistan, the Dow Jones Islamic Market Index, the MSCI World Islamic Index, the FTSE Global Equity Shariah Index Series, and the Kuala Lumpur Shariah Index (KLSI).

The objective of Islam is to prepare individuals for a responsible life in all aspects. The Quran provides detailed guidance regarding financial conduct, advising Muslims to live within their means and refrain from adopting a lifestyle that may be challenging to sustain in the long run. Living modestly and within budgetary restraints is recommended, rather than relying on debt. Protecting your wealth involves preserving it through various financial products such as general and life insurance. However, conventional insurance products may include elements such as riba, maysir, and qimar, which make the underlying contract Shari'a non-compliant. Islamic finance is based on risk-sharing rather than risk transfer. Therefore, reviewing the compliance status of such investee funds with Shari'a law is important before investing.

## Risk Management

Risk management and diversification are essential components of Islamic wealth management. Islamic finance principles highlight the significance of ethical and responsible investing, which includes managing risks efficiently and diversifying investment portfolios. By implementing robust risk management strategies and diversifying investments across different asset classes, regions, and industries, Islamic wealth managers can safeguard their clients' wealth while adhering to Shari'a principles.

The approach of risk management and diversification in Islamic wealth management varies from conventional wealth management in that it is guided by Islamic principles, which prohibit interest-based transactions, speculation, and investments in industries that are harmful to society. Islamic wealth management also emphasises social responsibility and ethical investing, which can help prevent the unequal distribution of wealth in society. By investing in socially beneficial economic activities and adhering to Islamic principles, Islamic wealth management can promote economic justice and equitable distribution of wealth.

Mitigating diversification risks in Islamic wealth management requires careful consideration of asset allocation, geographic and industry diversification, implementation of risk management techniques, regular portfolio review, and seeking professional advice. These strategies help minimise concentration risk and promote long-term stability and growth within the framework of Islamic finance principles. Islam encourages wealth accumulation, but it should be done responsibly, compassionately, and with consideration for others. Muslims should use their wealth to create positive societal change and help those in need, leading to a more equitable distribution of wealth.

## Role of AI in IWM

Technology is no longer considered a luxury, but a necessity. It plays a crucial role in expediting

processes, refining their utility, and generating real-time data that facilitates decision-making on both the demand and supply sides. With the inclusion of generative artificial intelligence, the process of selecting the right investment opportunity could become as easy as a walk in the park. There are several benefits that can be drawn from using AI in IWM:

1. **Shari'a Compliance Screening:** Automated screening of investment opportunities by AI can ensure compliance with Islamic finance principles by identifying non-compliant investments.
2. **Robo-Advisory Services:** Robo-advisors equipped with AI algorithms have the capacity to create customized investment portfolios that comply with Shari'a principles and the financial objectives of the clients.
3. **Portfolio Optimisation:** By analysing historical data, market trends, and individual client preferences, AI offers a solution to identify the most suitable Shari'a-compliant assets and asset allocations.
4. **Natural Language Processing (NLP):** NLP technology can be used to analyse Islamic finance documents, reports, and news to aid investment decision-making and market analysis.
5. **Customer Support and Chatbots:** AI-powered chatbots can provide 24/7 support for clients seeking to understand Islamic finance principles, investment options, and account-related inquiries by answering common questions.
6. **Compliance Monitoring:** AI can monitor investment portfolios for Shari'a compliance and provide real-time alerts for non-compliance.
7. **Data Analytics and Insights:** AI can analyse financial and market data to provide insights for Islamic finance investment strategies.
8. **Personalised Financial Planning:** AI financial planning tools create customized plans for clients based on their financial goals, risk tolerance, and Shari'a-compliant investment preferences.

## Challenges and Opportunities

The deployment of Islamic wealth principles has the potential to address socio-economic inequalities and bridge the gap between countries with growing Muslim populations who haven't had access to innovative financial solutions. GCC countries have already taken significant steps to reduce inequality, including the allocation of sovereign wealth funds and the implementation of principles like Zakat, which requires Muslim citizens to allocate a certain proportion of their wealth to charitable causes each year.

Efforts to improve parity have also been seen at an institutional level. For example, the Kuwait Investment Authority ensures that its ethical investments align with Shari'a principles while also contributing to broader societal development. However, there are several challenges for Islamic financial institutions looking to shift to wealth management that adheres to Islamic principles. Encouraging product innovation, nurturing a cultural shift, and promoting diversified investment strategies can all play a crucial role in making this transition easier.

Government-level policies, such as Saudi Arabia's Vision 2030, has the potential to accelerate progress by showcasing how conventional and Islamic principles can coexist. Encouraging research and development among Islamic finance institutions will also be critical in supporting product innovation. Furthermore, offering incentives to institutions operating in international jurisdictions to explore Shari'a-compliant options could prompt greater innovation in the sector. International Financial Centres like Jersey can play a supportive role by fostering a better understanding of Islamic wealth management among professionals and clients and providing platforms that can provide Islamic wealth solutions.

The Organisation of Islamic Cooperation (OIC) has a significant role to play in promoting research and development in Muslim countries by enabling collaboration, providing resources, and fostering a culture of innovation. Currently, the Gulf Cooperation Council (GCC) nations are actively involved in collaborative initiatives for research, development, and innovation in Islamic wealth through engagement with the OIC. Furthermore, the support from institutions such as the Saudi Arabian Monetary Authority demonstrates a genuine commitment from the region to advance Islamic finance on a global scale.

Incorporating the principles of Maqasid-al-Shari'a into financial education and wealth management frameworks is essential for ensuring that financial decisions align with broader societal objectives. The GCC region has placed significant emphasis on this approach, as exemplified by Bahrain Islamic Bank, which has integrated these principles into its wealth management strategies to consider the wider societal implications of financial decisions. By adhering to Maqasid-al-Shari'a, experts in wealth management and stakeholders in the HNW/UHNW category can exhibit their commitment to ethical wealth management. This approach is likely to appeal to investors who seek a mature, values-driven financial centre like Jersey.

## Conclusion

Conventional economics and Islamic economics have different views on economic issues. Conventional economists believe that human desires are limitless, while resources are limited, and the solution is to increase supply. In contrast, Islamic economists believe Allah has provided enough resources, but economic challenges arise due to mismanagement, insufficient effort, and unbridled human desires. This theory is appreciated for its equitable approach that considers social, economic, and spiritual aspects of human existence. To achieve material prosperity through wealth creation within the framework of Islamic principles, it is essential to note that wealth creation should not be achieved by producing unnecessary or morally questionable goods and services. Wealth creation should not widen the social gap between the rich and the poor by promoting conspicuous consumption, and it should not harm the present or future generations by degrading their moral or physical environment.



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# CAMBRIDGE ISLAMIC FUNDS PROGRAMME



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**Islamic Wealth Management Report (IWMR)** highlights the current state of the global Islamic wealth management industry along with the future trends. Our contributors are industry thought leaders as well as experts who provide a wealth of expertise, analysis, and experience. The upcoming 3rd edition of IWMR 2023 presents a comprehensive view of the Islamic wealth management industry and is a compendium of insights and knowledge, making it essential reading for wealth managers and all those who seek a better understanding of Islamic wealth management.



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**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

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**"We are deeply honoured to receive the Cambridge Leadership Award for Islamic Asset Management, recognising our commitment to excellence and adherence to Islamic finance principles. This prestigious accolade highlights our dedication to catering to client requirements, by providing them Shari'a Compliant products. Our SNB Capital North America Index Fund being recognised as the Best Islamic Equity Fund in Saudi Arabia for 2024 further reinforces our mission to empower investors in the Kingdom by providing them with the necessary investment tools, products, and confidence to build wealth and prosperity. Our 'Future Confident' outlook encompasses our unwavering dedication to meeting the unique needs of our clients."**

SNB Capital provides top-line financial and consultancy solutions to institutional and retail investors, and its main business activities are:

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Cambridge Institute of Islamic Finance

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Amana Income Fund, Amana Growth Fund, Amana Developing World Fund, and Amana Participation Fund may be appropriate for investors interested in avoiding investment in companies engaged in activities such as banking, pornography, gambling, and alcohol. The Income Fund seeks current income and preservation of capital by following an equity-income investment strategy, while the Growth Fund and Developing World Fund seek long-term capital growth. The Participation Fund invests primarily

**“We are honoured to receive the Pioneer in Islamic Equity Funds Management Award 2024 for Saturna Capital, and the Best Islamic Fund in the World 2024 for the Amana Growth Fund from the Cambridge Islamic Funds Award (CIFA) 2024,” said Ms. Jane K. Carten, president of Saturna Capital Corporation. “It is a true honour to be recognized for our commitment and dedication in providing Islamic mutual fund products. The Amana Mutual Funds Trust is the longest-running Islamically acceptable mutual fund in the United States. This award is in recognition of the hard work of our crewmembers in the United States and in Kuala Lumpur. Saturna Capital will continue to be committed to providing best in class portfolio management to benefit our clients for a better future.”**

as essential in forming portfolios of high-quality companies that are better positioned to reduce risk and identify opportunities. We believe that companies proactively managing business risks related to ESG issues make better contributions to the global economy and are more resilient.

At Saturna, we believe in making your investment dollars work hard for you and that your interests always come first. Saturna strives to not only offer the best investment opportunities from mutual funds to IRAs, but to match those sound investments with superior customer service.

in notes and certificates issued for payment by foreign governments, their agencies, and financial institutions in transactions structured to be in accordance with Islamic principles (e.g., sukuk, murabaha, and wakala). The Amana Funds are the largest Islamically acceptable mutual funds in the US.



**HSBC Asset Management's contribution to bringing authenticity and credibility to Islamic asset management is widely known and respected. HSBC Islamic Global Equity Index Fund serves as a benchmark for impressive performance in terms of risk-return profile for asset managers around the world. No wonder it has such an impressive AUM, which is confirmation of the confidence and trust the investors hold in it.**

**Dr Humayon Dar**

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## **Best Islamic Global Equity Fund in the World (Ex-USA) 2024**

### HSBC Islamic Global Equity Index Fund

Designed for Shari'a-compliance, the HSBC Islamic Global Equity Index Fund aims to replicate the Shari'a-compliant index whilst being overseen by an independent Shari'a Committee. The fund provides exposure to global equities, holding the largest 100

stocks traded globally that pass rules-based screens for compliance with Islamic investment guidelines. The fund fully physically replicated and aims to invest in all the constituents in the same proportion as the index.

**"Thank you Cambridge Islamic Fund Awards! This award represents the recognition that we at HSBC Asset Management are truly doing something good to help Muslim investors. Our aim is to provide the Muslim community with the same range of investment options that their non-Islamic peers have."**



# Azimut Global Sukuk Fund: Awarded Best Islamic Sukuk Fund in the World 2024 by Cambridge IFA

## Best Islamic Sukuk Fund in the World 2024

### Azimut Islamic Global Sukuk

Azimut Group, founded in 1989 and listed on the Milan stock exchange since 2004, is one of Europe's leading independent asset managers. As of December 2023, Azimut manages and advises total assets of around USD 100bn.

Azimut manages investment funds and provides innovative investment solutions across asset classes and markets, with investment capabilities in 18 countries. Azimut Group currently has more than 1,400 employees, of which 200+ are investment professionals based around the world and with an

private markets GP staking fund, ESG-compliant public and private markets funds, and many more. Azimut provides cross asset expertise, from developed to frontier markets. Investing across asset classes and markets with experts on the ground globally, Azimut is uniquely positioned to provide a holistic investment view based on global macroeconomics and extensive local research and experience. This is made possible by our global integrated team, underpinned by global investment committees, a disciplined investment process and robust operational structures.

**"This award is a testament to Azimut's 10 years of commitment to Islamic investors and to global sukuk investing. Our strategy has delivered outperformance and showcased the resilience of our investment team. They have weathered various investment cycles and some previously rarely seen adverse market conditions. It is an honour to accept the award on behalf of our team and Azimut, and we are grateful to the Awards Committee of Cambridge Islamic Funds Awards for the recognition of Azimut's achievements."**

average of 20+ years of investment experience, thereby combining global reach with local expertise.

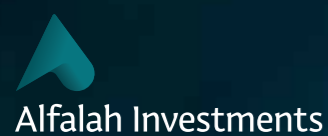
Since 2010, Azimut has grown internationally, expanding to key markets such as the Middle East, China, Latin America and the US. Through its expansion, it has also broadened its asset class offering, and today boasts unique products such as one of the world's largest global sukuk funds, a

Azimut is entrepreneurial and innovative, adapting to fast changing markets in order to develop attractive and pioneering investment opportunities for its clients. Azimut strives to deliver sustainable growth for its investors, servicing institutional, corporate and wholesale clients.

Islamic investing ★ Asset management ★ Investment solutions

Azimut is an independent, global group in the asset management, wealth management, investment banking and fintech space, serving private and corporate clients, with registered offices in Italy, Australia, Brazil, Chile, China (Shanghai), Hong Kong, Egypt, Ireland, Luxembourg, Mexico, Monaco, Portugal, Singapore, Switzerland, Taiwan, Turkey, UAE and USA.

[www.azimut-group.com](http://www.azimut-group.com)



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## Weaving financial wellness through Shariah

At Alfalah Investments, we transcend traditional asset management by taking it to the next level, ensuring that every financial decision for our Islamic portfolio aligns with the ethical standards of Shariah. As an AM1-rated Fund Manager, acknowledged for the highest management quality, we steadfastly uphold the principles of trust, transparency, and prosperity.

Your wealth, whether in our conventional or Islamic portfolio, is not just an investment; it's a sacred commitment to nurture and elevate, taking your financial aspirations to new heights

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## Best Islamic Money Market Fund in Pakistan 2024

Alfalsh Islamic Rozana Amdani Fund  
Alfalsh Asset Management Limited

Alfalsh Asset Management Limited (AAML) was incorporated in 2004 and is sponsored by Abu Dhabi Group and Bank Alfalah Limited, a AA+ rated bank with over PKR 2 trillion in deposits and presence through over 1,000 branches across Pakistan and internationally. We are licensed by the Securities and Exchange Commission of Pakistan (SECP) to launch and manage open-ended mutual funds and offer investment advisory services. AAML is a licensed Pension Funds Manager (to launch and manage Voluntary Pension Schemes), Private Funds Manager (to launch and manage Private Equity & Venture Capital Funds) and Real Estate Investment Trust (REIT) Manager.

generations to come and guiding our clients' towards a future where wealth isn't just elevated but sustained - ensuring a prosperous legacy for them and their loved ones.

As an AM1-rated company, recognized for the highest management quality by VIS Credit Rating Co.Ltd., we are committed to upholding the principles of trust, transparency, and prosperity.

Our clients' wealth is not just an investment for us; it's a sacred commitment to nurture and elevate, taking their financial aspirations to new heights.

**"We are honoured at the esteemed recognition of Alfalah Islamic Rozana Amdani Fund as the Best Islamic Money Market Fund in Pakistan 2024 by the Cambridge Islamic Funds Awards (CIFA). This prestigious acknowledgment reflects our firm commitment to Islamic principles and prudent financial management. It is an honour to be celebrated by such a distinguished platform. I extend my heartfelt gratitude to our dedicated team and valued investors, for it is their unwavering trust and support that propelled us to this pinnacle. We humbly accept this prestigious accolade and look forward to continued success in advancing Islamic finance."**

We are more than financial advisers; we're architects of financial success. With a strategic focus on optimizing wealth, we go beyond conventional management, propelling our clients' wealth to new heights. As a strategic partner in the evolving landscape of wealth creation, we understand the unique needs, ambitions, and challenges of investors. Beyond monetary value, our commitment encompasses financial freedom, legacy building, and quality of life; fortifying the foundation for

### About the Fund:

The Alfalah Islamic Rozana Amdani Fund (AIRAF) is meticulously designed to achieve the dual purpose of delivering competitive returns while satisfying investors' liquidity requirements. By strategically investing in low-risk and highly liquid Shari'a-compliant money market instruments, our fund aims to generate daily dividends, ensuring that investors benefit from both stability and attractive financial yields.

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Together, let us help you grow your investments to achieve your financial goals, and build the future you envisioned.



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## Cambridge Islamic Funds Awards (CIFA) 2024

- Cambridge Excellence Award for Islamic Asset Management in Malaysia 2024
- Best Sukuk Fund in Malaysia

## Asia Asset Management Best of the Best Awards 2023

- Best Pension Fund Manager, Malaysia (6 consecutive years)
- Best Bond Manager, Malaysia (4 consecutive years)
- Best Sukuk Manager, Malaysia (3 consecutive years)
- Best ESG Manager, Malaysia
- Best Institutional House, Malaysia
- Best ASEAN Awards: Best Application of ESG

## InsuranceAsia News Institutional Asset Management Awards 2023

- Best Islamic Fund Manager
- Insurance Fund House of the Year, Malaysia (6 consecutive years)



AmInvest Management Berhad | 9860 005272 (154432-A) | AmIslamic Funds Management Sdn. Bhd. | 0080 1029135 (830464-T)



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**Growing Your Investments in a Changing World**

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## Best Sukuk Fund in Malaysia 2024

### AmAl-Amin Fund

AmIslamic Funds Management Sdn Bhd ("AIFM") was established in Malaysia on 25 August 2008 to be a dedicated Islamic investment solutions provider, which offers a comprehensive and innovative range of Shari'a-compliant funds and provides investment management services on all Shari'a-compliant assets, namely equity, Sukuk, fixed income and money market funds, as well as private retirement schemes. AmInvest is the brand name for AIFM.

We have proven expertise in managing global assets such as global sukuk and Islamic equity. As

Disclaimer: Past performance is not an indication of its future performance. Investments in the fund(s) involves risks including the risk of total capital loss and no income distribution. Investors are advised to read and understand the contents of the Prospectus/Disclosure Document/Information Memorandum, including any supplementary(ies) made thereof from time to time ("Prospectuses/Disclosure Documents/Information Memorandums") and its Product Highlights Sheet ("PHS"), obtainable at [www.aminvest.com](http://www.aminvest.com), before making an investment decision. The Securities

**"We are honoured to receive the Cambridge Excellence Award for Islamic Asset Management in Malaysia. This reflects AmInvest's\* unwavering commitment to ethical and Shari'a-compliant financial practices. Our dedicated team and innovative strategies have propelled us to the forefront of the industry. Winning the award for AmAl-Amin as the Best Sukuk Fund in Malaysia, further underscores our expertise in navigating the dynamic landscape of Islamic fund management. We remain steadfast in our pursuit of excellence, continually raising the bar for Islamic fund management in Malaysia."**

of December 2023, our total Islamic asset under management (AUM) is at MYR9.5 billion and 48 per cent (MYR4.6 billion) out of the total Islamic AUM is invested in foreign assets, consisting of MYR1.4 billion worth of Islamic equity funds and MYR3.1 billion worth of Sukuk.

Our expertise as an Islamic funds manager is recognised and validated through various awards received for outperformance against peers. Some of the awards are Best Sukuk Manager, Malaysia for 3 consecutive years, Islamic Institutional House of the Year, Malaysia for 2 consecutive years and Best Islamic Fund Manager.

One of our best performing Islamic funds is AmAl-Amin, an Islamic fixed income fund that aims to provide investors with a regular stream of "halal" monthly income by investing in Islamic money market instruments and Sukuk. AmAl-Amin was launched in year 2001 and it is Malaysia's first Shariah-compliant money market fund.

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**\*Note:** AmInvest is the brand name of AmInvest is the brand name for the fund management business of AmFunds Management Berhad and AmIslamic Funds Management Sdn. Bhd.

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Faysal Funds (Faysal Asset Management Limited) is a subsidiary of Faysal Bank Limited (FBL), a AA rated commercial bank sponsored by Ithmaar Bank, Bahrain. FBL is holding 99.99% shares of Faysal Funds. Faysal Funds was incorporated in Pakistan under the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company and is licensed by the Securities and Exchange Commission of Pakistan to carry out asset management and investment advisory services.

Faysal Funds is an Investment Manager that delivers structured and customized professional investment solutions to its domestic and international clientele. As the fastest growing asset management company (AMC) in the industry with management quality rating of **AM2++** by VIS Credit Rating which denotes 'very good management quality', Faysal Funds has achieved strong and consistent growth over the past years and is presently managing total assets of over **PKR 133 Billion** as of 31 Dec, 2023. We offer a comprehensive range of Shariah compliant investment solutions and advisory services, catering to the financial needs of individual and institutional investors. Faysal Funds has a strong management team and a research based investment structure geared towards providing quality service to its clients.

**Faysal Asset Management Ltd.**  
West Wing, 7th floor, Faysal House, ST- 02, Shahr-e-Faisal, Karachi, Pakistan.

**Karachi**  
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Email: [customerservices@faysalfunds.com](mailto:customerservices@faysalfunds.com)

**Lahore**  
92 21 38657973

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92 21 38657944

Also Available on



## Best Performing Islamic Fund in Pakistan 2024

### Faysal Islamic Cash Fund

Faysal Funds (Faysal Asset Management Limited) is a subsidiary of Faysal Bank Limited (FBL). FBL holds 99.99 per cent shares of Faysal Funds. Faysal Funds was incorporated in Pakistan under the Companies Ordinance, 1984 on August 6, 2003, as an unlisted public limited company and is licensed by the Securities and Exchange Commission of Pakistan to carry out asset management and investment advisory services.

Our endeavors are directed towards facilitating our clients with investing in multiple asset categories to diversify risk prudently while capitalizing on the ever-shifting financial and real-economy dynamics within Pakistan.

With more than 20 years of sturdy operational performance behind it, Faysal Funds operates a structured product suite that comprises 27 Collective Investment Schemes (3 Equity, 3 Asset Allocation, 6

**"We are incredibly honored to receive prestigious awards at Cambridge Islamic Funds Awards (CIFA) 2024. It is a testament to the hard work, dedication, and talent of our entire team. This recognition validates our commitment to excellence and innovation in the mutual fund industry of Pakistan. We will continue to strive for excellence and lead the way. Thank you to the award committee for this incredible honor."**

Faysal Funds is an Investment Manager that delivers structured and customized professional investment solutions to its domestic and international clientele.

Income, 1 Aggressive Income, 1 Sovereign Income, 4 Money Market, 3 Capital Protected), including 3 Voluntary Pension Schemes and 4 CPPI Plans.



**Islamic money market funds are many, but mostly they are managed by Islamic banks or by someone on their behalf. SNB Capital stands out as a non-bank Islamic financial institution managing an Islamic money market fund of significant size. I congratulate the fund manager for reviving this accolade from Cambridge Institute of Islamic Finance and Cambridge Islamic Funds Awards.**

**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

## Best Islamic Equity Fund in Saudi Arabia 2024

### SNB Capital North America Index Fund

SNB Capital North America Index Fund is an open-ended investment fund which aims to achieve capital growth over the long term. The Fund seeks to replicate as closely as possible, before expenses, the performance of the MSCI North America Islamic M-Series Index (Net Total Return USD).

Principal Investment Strategies:

- The Fund primarily invests in the stocks of large-medium cap listed North American companies.
- The Fund's investments will be concentrated in the stocks of companies listed on US and Canadian markets.

of its assets in the stocks included in the index, with the investment weight in each share that is approximately equal to its weight in the index or by using a representative sample, provided that the Fund's investments in the securities of a single issuer shall not exceed 20 per cent of Fund's net assets value, and that the Fund shall not hold more than 20 per cent of its net asset value in any class of securities issued by one single issuer. In addition, the Fund Manager will manage the changes that may occur in the index components. Excess cash balance may be held in cash or in Sharia compliant money

**"We are deeply honoured to receive the Cambridge Leadership Award for Islamic Asset Management, recognising our commitment to excellence and adherence to Islamic finance principles. This prestigious accolade highlights our dedication to catering to client requirements, by providing them Shari'a Compliant products. Our SNB Capital North America Index Fund being recognised as the Best Islamic Equity Fund in Saudi Arabia for 2024 further reinforces our mission to empower investors in the Kingdom by providing them with the necessary investment tools, products, and confidence to build wealth and prosperity. Our 'Future Confident' outlook encompasses our unwavering dedication to meeting the unique needs of our clients."**

- The Fund is managed pursuant to an index-linked passive strategy that is designed to trace the performance of MSCI North America Islamic M-Series Index (Net Total Return USD), which is an index based on an the average free float adjusted market capitalisation weighted index to measure the performance of Shari'a compliant large and medium cap segment companies that are listed in the US and Canadian markets. The Fund aims to achieve a performance similar to that of the index through investing all or most

market funds that invest in money market and Murabaha and/or invested in Murabaha transactions without charging Unitholders an extra fee. In case the Fund would invest in Murabaha transactions, the maximum exposure of the Fund to any counterparty is 10 per cent of the net asset value of the Fund.

- The Fund will not invest in other securities than those mentioned above.

# Camissa

||khamis sa: “place of sweet waters”, is inspired by the streams that flow down Table Mountain

Unconventional thinking

For more information about our outperforming Shariah-compliant unit trust fund range, contact your financial adviser or visit: [www.camissa-am.com](http://www.camissa-am.com)



Camissa Asset Management (Pty) Limited is a licensed financial services provider

## Best Islamic Equity Fund for Superannuation in South Africa 2024

### Camissa Islamic Balanced Fund

Founded in 2001, we are a specialist investment firm that manages funds across the risk spectrum for sophisticated institutional and private investors. We think deeply and independently, constantly pursuing excellence and superior performance for our clients.

Through our disciplined investment process, our company culture – which encourages and enables clear differentiated thinking – and freedom to apply our skills to portfolios that are not constrained by size, we are able to add prodigious value to our clients.

Drawing on our investment experience and harnessing our diverse skills contributes to superior investment thinking. Ultimately, this leads to excellent results for our investors.

will be invested in a wide variety of domestic and international asset classes such as equity securities, sukuk and listed property, within the constraints of the statutory investment restrictions for retirement funds. The fund is managed in accordance with our investment process, with several additional filtering layers implemented.

We offer a number of Islamic unit trust funds that are managed in accordance with Shariah-compliant investment guidelines established by leading global Islamic institutions. The guidelines conform to universal ethical and socially responsible principles. These options and the remaining stocks are evaluated according to a series of financial ratio filters. Our funds are mindful of the avoidance of interest or riba.

**"We are delighted and honoured that our Camissa Islamic Balanced Fund has been awarded the Best Islamic Equity Fund for Superannuation in South Africa 2024. Camissa Asset Management is committed to the Shariah compliant asset management industry in South Africa and providing investors with Shari'a compliant investment opportunities that can compete with conventional investment opportunities. We have a solid 10-year track record of outperformance in this space in South Africa and we offer a suite of funds that cater for Muslim investors across the investment risk spectrum in a transparent and client-centric manner. The CIFA award will assist us in achieving these objectives and is deeply appreciated."**

The Islamic Balanced Fund is a Shari'a-compliant fund that aims to provide steady long-term returns and capital growth. It seeks to provide a moderated exposure to volatility in the short term. This fund

Our funds are managed by a portfolio manager with extensive investment experience and supported by a highly respected Shari'a Advisory and Supervisory Board.

"...enjoining the good..." (Quran 3:104)

Active investing to reflect your values



Saturna Global Sustainable Fund



Saturna ASEAN Equity Fund

**NO** Sales charge  
**NO** Redemption charge  
**NO** Transfer fee



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**Disclaimer:** Investors are advised to read and understand the contents of the Funds' prospectus (dated 11 October 2023 for Saturna ASEAN Equity Fund and dated 25 September 2023 for Saturna Global Sustainable Fund) and its Product Highlights Sheets, obtainable at our offices and our website ([saturna.com.my](http://saturna.com.my)), before investing. The prospectus has been registered with the Securities Commission Malaysia which takes no responsibility for its contents. Investors should also consider the fees and charges involved. The price of units and investment returns may go down as well as up. Past performances of the Fund are not an indication of the Fund's future performances. Units will only be issued upon receipt of the application form accompanying the prospectus. There are risks involved with investing in unit trust funds. Some of these risks associated with investments in unit trust funds are market risk, non-compliance risk, performance risk, operational risk, country risk, currency risk, liquidity risk, sustainability risk and reclassification of Shariah status risk. For further details on the risk profile of the Fund, please refer to the Risk Factors section in the prospectus.

### Best Sustainability Oriented Strategy Islamic Equity Fund in Malaysia 2024

Saturna Global Sustainable Fund  
Saturna Sdn Bhd

Saturna Sdn. Bhd. is the wholly-owned Malaysian subsidiary of US-based Saturna Capital Corporation, resulting from the 2010 purchase by Saturna Capital of Alpha Asset Management located in Kuala Lumpur. Saturna Sdn Bhd holds an Islamic Fund Management Licence ("IFML") with the Malaysian Securities Commission and is an adviser/fund manager to the Saturna ASEAN Equity Fund, the Saturna Global Sustainable Fund, and is a technical adviser to the SAM Global Equity Dollar Fund in Indonesia.

did not impose sales charge for our unit trust funds. Together we help individuals and institutions to build wealth and preserve capital.

Our deep-rooted belief in value investing shines through in the quality of our investments. We don't follow trends, we analyse opportunities. Our broad experience distinguishes Saturna in the investment business.

**"Receiving the Cambridge Islamic Funds Awards (CIFA) 2024 for "Best Sustainability Oriented Strategy Islamic Equity Fund in Malaysia 2024" is a profound recognition of our commitment to sustainability and responsible investment practices.**

**We believe that investment has a crucial role to play in shaping a better future for our planet and society. This award underscores the significance of integrating environmental, social, and governance considerations into every aspect of our investment process. We are honored to be acknowledged for our efforts, and we remain steadfast in our pursuit of a more sustainable and equitable world. Thank you to our employees, partners, and stakeholders for their unwavering support in this journey."**

In collaboration with our global investment team, Saturna Sdn Bhd manages several successful shariah-compliant strategies that incorporates Environmental, Social & Governance (ESG) criteria.

Saturna champions the cause of responsible investments. The group has been engaging with the United Nations under the UN PRI (Principles for Responsible Investment) and is also a signatory with this organisation to promote responsible investments globally. As an ESG investment firm, we incorporate ESG across all our funds and mandates. We believe, and academic research has shown, that companies demonstrating solid ESG/Shari'a characteristics tend to be lower risk and better candidates for higher long-term value creation.

Our global headquarters in Bellingham, WA sits between the Pacific Northwest's major cities (Seattle and Vancouver, BC). Employees in the Bellingham, Los Angeles, Henderson (Nevada), and Chicago metropolitan areas service clients across the U.S. Saturna Capital is internationally recognised as adviser to the Amana Mutual Funds Trust, the oldest and largest family of funds in the US that follow principles of Islamic Finance. Saturna Kuala Lumpur is the only asset manager in Malaysia that



**Franklin Templeton stands out as a Western fund manager with an impressive track record of ethical investing and in Islamic asset management. I felicitate the management for this richly deserved accolade.**

---

**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

## Best Emerging Islamic Technology Fund 2024

### Franklin Shariah Technology Fund

Franklin Templeton offers clients a gateway to investment excellence backed by a global organization and delivered through a consistent, coordinated client experience. Among the world's largest asset managers, with offices in major financial markets, Franklin Templeton serves clients in more than 150 countries and manages more than \$1.5 trillion in assets, as of 31 December 2023. Having broadened capabilities by attracting leading public and private market investment managers to the firm, Franklin Templeton's specialist investment managers

offer extensive capabilities in fixed income, equity, alternatives, and multi-asset solutions. This unique business model combines the benefits of global strength with the specialisation of autonomous investment teams each with differentiated investment philosophies. This allows each team to leverage the resources and scale of a global firm where it makes them stronger, and remain true to their discipline. For more information, please visit [www.franklintempletonme.com](http://www.franklintempletonme.com)

**"We are delighted to be recognised by CIFA for business excellence in Shari'a-compliant investments. At Franklin Templeton, we provide our clients a gateway to investment excellence, backed by a global organisation and delivered through a consistent, coordinated client experience. As a trusted global leader in Shari'a capabilities, we bring decades of investment expertise and a wide range of innovative solutions. With our long-standing presence in the Middle East and dedicated investment professionals on the ground, we are well-positioned to identify the most promising opportunities for our clients, both locally and globally."**



**We Create  
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- **Investment Solutions**



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## Best Islamic Fund Manager in Nigeria 2024

### Lotus Capital Limited

Lotus Capital Limited is a leading Islamic asset management company in Africa, and the pioneer of Islamic Finance in Nigeria. Over the last 17 years, Lotus has consistently contributed to the growth and development of the Nigerian Islamic Finance Industry and Capital Market through various initiatives involving financial inclusion, product innovation, regulatory transformation through advocacy and public education.

Lotus is considered as the industry expert with local and practical hands-on experience in deploying shariah compliant products in Nigeria. We are

tracks the performance of publicly quoted Shari'a compliant companies. The led to the first Shari'a compliant equities exchange traded fund, the Lotus Halal Equity Traded Fund - ETF. In 2016, we also launched the first Shari'a compliant fixed income fund in Nigeria, the Lotus Halal Fixed Income Fund.

We have a globally renowned Shariah Board which enhances our credibility and cements our industry leadership. We also work with various partners to ensure we have a wide reach across Nigeria and beyond our borders.

**"Lotus Capital Limited is happy to receive the Cambridge Islamic Funds Award for the Best Islamic Fund Manager in Nigeria. As a pioneer in the Islamic financial services industry in Nigeria, it is indeed heartwarming that Lotus continues to thrive as the market leader. This award is a testament to the hardwork and commitment of the Lotus team as well as the trust and support of our clients. Even as we thank Cambridge IFA for this honour, we are certainly not resting on our oars. Our clients can continue to count on us to provide the excellent service they have come to associate with the Lotus brand."**

committed to building long-term wealth for our clients by providing viable halal investment solutions and aligning their finances with their values.

In 2008, Lotus launched the first Shari'a compliant mutual fund in Nigeria, the Lotus Halal Investment Fund. This set the tone for a series of firsts, as we went on to partner with the Nigerian Exchange to create the first Islamic Index in 2014 which

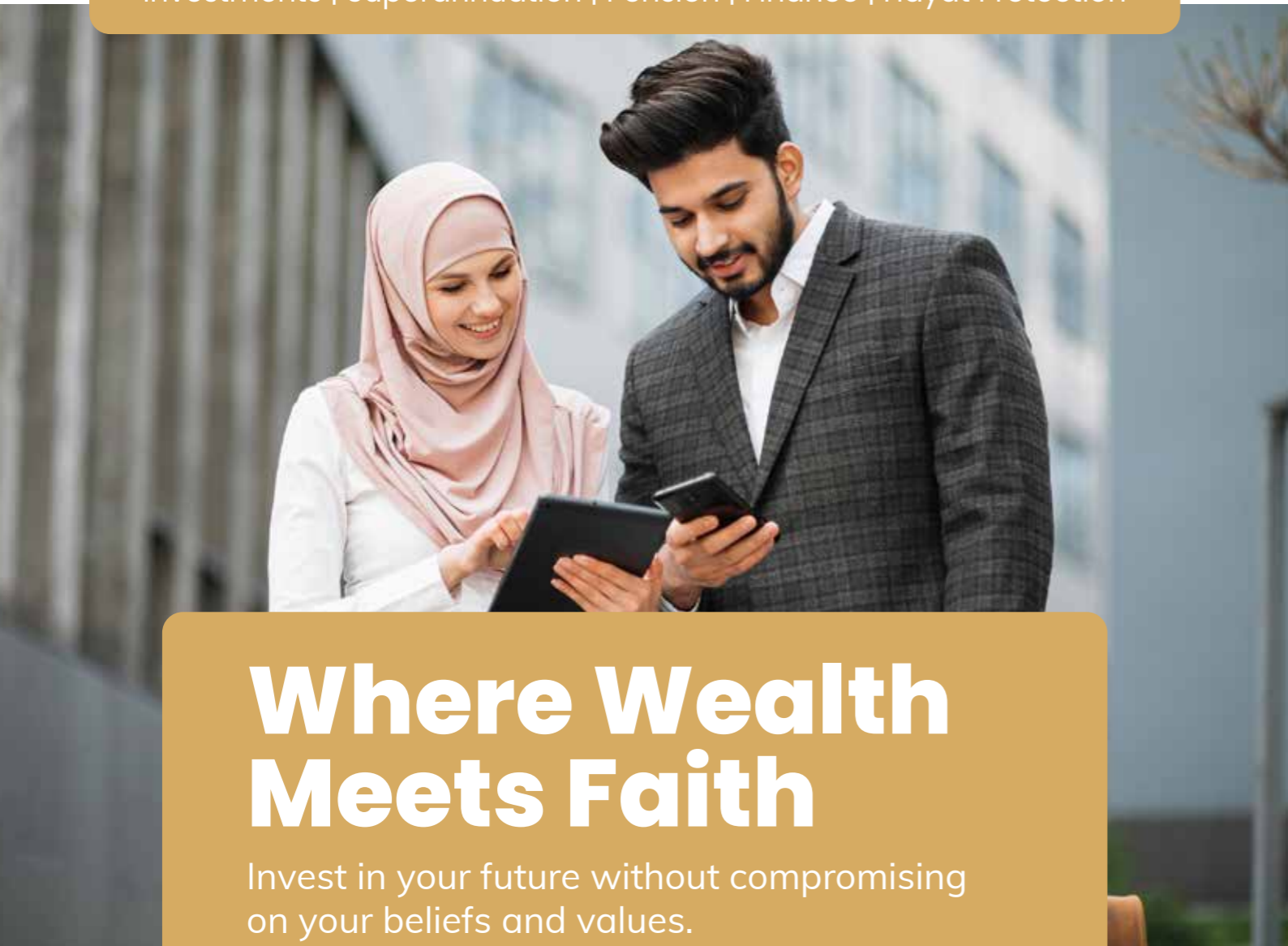
The Lotus Economic Empowerment Scheme which grants cost free financing to women owned businesses, has been in operation for 4 years.

In recognition of our industry leadership, Lotus Capital recently received 2 awards at the 2023 African International Conference on Islamic Finance for the Islamic Leadership Award and the Best Performing Islamic Fund.



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## Best Islamic Asset Manager in Australia 2024

### Hejaz Asset Management

Hejaz is a leading financial institution that delivers a broad range of Islamic financial services across investment management, superannuation services, financial advice, and lending to a large and diversified client base that includes corporations, financial institutions, and individuals. Founded in 2014, the firm is headquartered in Melbourne,

Australia and maintains a presence all around the world. Hejaz seeks to create a sustainable, intergenerational, Islamic financial ecosystem to comprehensively cater to the financial, social, and economic needs of the Global Muslim community.



**Islamic money market funds are many, but mostly they are managed by Islamic banks or by someone on their behalf. Alpha Capital stands out as a non-bank Islamic financial institution managing an Islamic money market fund of significant size. I congratulate the fund manager for reviving this accolade from Cambridge Institute of Islamic Finance and Cambridge Islamic Funds Awards.**

**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

## Most Outstanding Islamic Money Market Fund 2024

### Alpha Murabaha Fund

Alpha Capital Company ("Alpha") is a leading capital market institution, headquartered in Riyadh and licensed by the Capital Market Authority to conduct Asset Management and Alternative Investments services. The firm has more than SAR10 billion in client assets under management and advisement. Its clients include government entities, local and international institutional investors, leading family offices, and ultra-high-net-worth individuals.

Alpha was established in Q1 2018 with a clear vision to become a leading investment management company, comparable with best-in-class firms within the developed markets.

We also adopt a structured approach when screening and identifying investment objectives and building solid convictions and investment thesis towards them. After building our positions, we constantly review our investment thesis and actively contribute to value creation; we dedicate the time and effort in order to understand what is changing or what needs to be changed so that the market acknowledges the company's intrinsic value. When possible, we tend to have a constructivist approach with the management of such companies in order to trigger value unlocking and/or assess the probabilities of such needed changes happening in the future.

**"It is our pleasure to be selected by the Cambridge Islamic Funds Awards (CIFA) as Most Outstanding Islamic Money Market Fund 2024. The achievement of this milestone is a clear reflection of the unique model that Alpha Capital is based on, which takes into account alignment of interests and objectives between the company's shareholders, clients, and the working teams, as well as having a solid governance model that resonates well with best international practices, supported with Shari'a aware culture. Having a talented team with diverse expertise across multiple areas spanning both the public and private market has contributed to a working environment characterized by enthusiasm, creativity, and a passion to outperform. We are proud that Alpha Murabaha Fund enjoys a consistent track record of performance excellence since its inception, and we are committed to upholding this standard of excellence in the future."**

Our team retains the ability, experience and proven track record across various strategic investments with solid execution capabilities.

We are value investors who employ a long-term view, and we are driven by fundamentals. We additionally employ a multi-staged investment process, augmented with solid governance framework. These investment approaches are based on our investment team's solid experience across multiple strategies and asset classes. Our teams have managed to generate superior and consistent generation of alpha over the last few years.

Additionally, alignment of interest and sustainability of performance are core to us; a significant proportion of Alpha's proprietary capital are invested in the products it offers. Furthermore, we apply stringent risk management practices, supported with an independent compliance and risk reviews.

We believe that our set-up and the dedication of our people combined with the intense effort they give & the talents they share will continue as one of the key drives to our success.



## CELEBRATING EXCELLENCE

GIG Takaful Hayah Islamic Money Market Fund - Makaseb has been awarded the Best Emerging Islamic Money Market Fund in Egypt by Cambridge IFA!

**BEST  
EMERGING**  
ISLAMIC MONEY MARKET  
FUND IN EGYPT 2024

We are proud of this recognition. GIG Takaful Hayah Islamic money market fund - Makaseb, sponsored by GIG and managed by NI Capital, has earned its investors the highest returns of an Islamic Money Market Fund in Egypt in 2024.

This reward underscores our ongoing commitment to excellence and highlights the robust demand for Islamic financial products.

Explore more at [www.nicapital.com.eg](http://www.nicapital.com.eg)



### Best Emerging Islamic Money Market Fund in Egypt 2024

Makaseb GIG Islamic Fund - Takaful Hayah  
Managed by NI Capital Investment Holding

Makaseb Fund is a multi-version Islamic Shari'a-compliant fund sponsored by GIG Egypt - Takaful Hayah, one of the largest and most trusted insurance companies in Egypt, with cumulative returns. This fund is efficiently managed by NI Capital, the investment arm of the National Investment Bank, establishing its credibility in the Islamic finance sector through collaboration with esteemed entities.

Primarily focused on the Money Market Fund, Makaseb aims to attain a daily cumulative return aligned with low-risk investment instruments adhering to Islamic Shari'a principles. These

an ideal choice for individuals and businesses seeking Shari'a-compliant cash management solutions.

Makaseb Fund benefits from the expertise of NI Capital as a leading Egyptian financial service holding company. Established in 2015 under the National Investment Bank, NI Capital operates independently, offering diverse financial solutions to meet the specific needs of various clients, ensuring compliance with industry standards regulated by the Financial Regulatory Authority (FRA).

**"We are delighted to receive the Cambridge Islamic Fund Award for GIG Takaful Hayah Islamic money market fund (Makaseb). We are proud of this recognition that reflects our commitment to performance excellence in managing clients' funds as measured by attaining highest returns and liquidity. I would like to thank our investors for their trust and support, and our asset management team for their outstanding performance and dedication."**

instruments, including treasury bills, bank deposits, repurchase agreements, financing sukuk, and savings certificates, provide high liquidity, allowing investors to transact daily.

A noteworthy aspect of the Makaseb Fund is the tax-exempt status of returns on its Islamic Shari'a-compliant certificates. Investors also benefit from no fees associated with the purchase or redemption of certificates. Moreover, initial issuance certificate holders receive life insurance coverage, enhancing the overall attractiveness of the fund. This makes it

NI Capital's comprehensive services include investment banking advisory, private equity, asset management, and brokerage. The organization boasts a seasoned management team with backgrounds in international and local blue-chip companies, as well as regional investment banks. This wealth of experience positions NI Capital to effectively manage and execute mandates of varying complexities, solidifying its role in the financial landscape.



**UNHCR's jointly set up Global Islamic Fund for Refugees, with Islamic Solidarity Fund for Development, is a major breakthrough in Islamic finance. Given the ubiquitous conflicts in the Muslim world and resultant displacement therein, this fund is a timely development. In fact, it should have been set up long time ago. I congratulate the initiators for setting up such a fund of huge importance and significance.**

**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

## **Best Emerging Islamic Fund for Humanitarian and Relief Causes 2024**

### **The Global Islamic Fund for Refugees**

Recent UNHCR reports indicate that the number of people forced to flee has crossed 114 million due to conflict, violence, human rights violations, persecution, and climate change. Displacement crises are particularly grave in OIC/IsDB member states, which together produce and host the largest number of refugees and displaced people globally.

Considering the increasing needs resulting from forced displacement and the scarcity of resources, the UN High Commissioner for Refugees (UNHCR), the UN refugee agency, and the Islamic Solidarity Fund for Development (ISFD), the poverty alleviation arm of the Islamic Development Bank (IsDB), have partnered on this unique innovative financing initiative to provide sustainable solutions to address this crisis, in both funding and operational terms.

The GIFR was launched on 22 September 2022 on the margins of the United Nations General Assembly in New York, as an innovative Shari'a-compliant endowment and funding tool. It aims

to enhance humanitarian response to forced displacement and unlock new funding channels to provide sustainable resources for UNHCR programs that benefit refugees, other displaced people, and host communities in IsDB member states. Focus areas include education and job creation programs, health, water, sanitation and hygiene, shelter, climate action, and emergency response.

The target size of the Fund is US\$500 million, with ISFD and UNHCR each contributing US\$50 million as a launch capital. The co-founders are tapping into their large client base to maximize funding and increase capital. Contributions to GIFR will generally be invested in low-risk investments that align with principles of Islamic finance and/or Sharia (Islamic) law.



**Saudi Venture Capital Investment Company has since its inception been providing excellent Islamic asset management and advisory services in Saudi Arabia. It is certainly a valuable addition to an already rich Islamic asset and fund management industry within the Saudi capital market. I am delighted to see it emerging as an important player in this important segment of Islamic finance in Saudi Arabia. Congratulations!**

**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

## **Best Emerging Islamic Asset Management and Advisory Firm in Saudi Arabia 2024**

**Saudi Venture Capital Investment Company**

Saudi Venture Capital Investment Company is a leading Sharia-compliant investment firm registered in Saudi Arabia and licensed by the Saudi Capital Market Authority (CMA). We offer a wide range of financial services and investment opportunities. With our experienced team, extensive network, and commitment to ethical practices, we are well-

and value-added financial services. Our DNA is to make a positive impact to our investors and clients by delivering high-performing investments ethically and responsibly. We prioritise transparency, ethics, and compliance in all our operations, ensuring that our clients' investments are managed in accordance with Shari'a principles.

**"I am thrilled and honoured to announce that our company, Saudi Venture Capital Investment Company has emerged as the winner of the prestigious Cambridge Islamic Funds Forum and Awards 2024. This recognition is a testament to our unwavering commitment to excellence and innovation in the field of Islamic finance and Shari'a-compliant investments. Our dedicated team has worked tirelessly to create innovative Shari'a-compliant investment solutions that align with the principles and values of Islamic finance. We are grateful to the distinguished panel of judges for recognizing our efforts and rewarding our dedication."**

**This great achievement further strengthens our position as an emerging player in the Islamic finance industry. We are committed to continuing our mission of providing ethical and sustainable investment opportunities for our clients, while upholding the principles of Islamic finance. We would like to express our gratitude to our clients and stakeholders for their trust and support. This achievement would not have been possible without their continued faith in our expertise and services. As we move forward, we remain committed to maintaining the highest standards of integrity, transparency, and innovation. We look forward to continuing our journey in shaping the future of Islamic finance and making a positive impact on the global financial landscape."**

positioned to navigate the ever-changing market landscape and deliver superior results for our clients. We offer our clients a broad range of superior services and unique investment opportunities across a number of promising asset classes in the Saudi and MENA markets. In addition to its own capital, the company possesses an exceptional capability to build a consortium of investors from its shareholders/clients. In this respect, we offer an array of financial services including Advising and Arranging Investments, Asset Allocations, IPO Advisory, Private Equity Funds, Private Credit and Sukuk Advisory and Structuring. We seek deliver generating investments to help drive return and create diversification for our investors.

In today's dynamic and ever-evolving market, Saudi Venture Capital Investment Company places great importance on staying ahead of the curve. We continuously monitor market trends, conduct thorough research, and leverage our extensive network to identify attractive investment opportunities. Our experienced team of professionals carefully assesses each opportunity for its potential return and risk profile, ensuring that our clients' investment objectives are met. At Saudi Venture Capital Investment Company, we understand the importance of trust and accountability. We are committed to fostering long-term relationships with our clients, built on a foundation of transparency, integrity, and professionalism. As a trusted partner, we strive to exceed expectations and create value for all stakeholders.

Saudi Venture Capital aspires to be a leading Shari'a-compliant provider of high-performance investments



# GII

**[YOUR PARTNER FOR GROWTH]**

**GII is a leading Shari'ah-compliant global alternative investment company with over \$4.5 billion of assets under management**



**Founded  
in 2014**



**Growth of 4x in the  
first ten years**



**\$600M+  
Returns and  
Exit Proceeds**



## **Best Emerging Islamic Alternative Investment Manager in the UAE 2024**

GII

Gulf Islamic Investments Group (GII) is a leading Shari'ah-compliant global alternative investment company, founded in 2014 in the United Arab Emirates by Mohammed Alhassan and Pankaj Gupta.

With over US\$4.5 billion of assets under management currently, GII seeks to achieve superior, sustainable returns and long-term value for its investors and shareholders by investing in curated growth and income-generating opportunities.

GII believes in 'innovation with a purpose', and works to build the sustainability of the ecosystem in which it operates. Under the leadership of a committed management team, and supported by prominent shareholders from the Arabian Gulf region, GII deploys private capital across diverse alternative asset classes, including real estate, private equity and venture capital.

GII's client network includes UHNWIs, family offices, banks, institutions, and sovereign wealth funds in the GCC and Asia. It manages assets in the USA, northern Europe, the Arabian Gulf and India.

Its recent investment and asset management activities include:

- Taking a majority stake in Saudi Arabia's AIMeswak Dental Clinics with AlJadwa Investments, and expanding AIMeswak's presence into the UAE's Abu Dhabi emirate;

- A significant equity stake in Abeer Medical Company, the largest affordable healthcare services provider in the Kingdom of Saudi Arabia, in a deal valued at an estimated SAR 600 million;
- The acquisition of a leading Saudi food processing company in Jeddah (which is awaiting final regulatory approval);
- The development of The Lucan building, a boutique property in London's Royal Borough of Kensington & Chelsea, through its wholly-owned real estate arm GRID Properties;
- Acquiring two senior care homes in Germany, as part of a EUR500 million senior living fund;
- Powering the creation of EPIK Foods, a powerful new dining, catering and meal plan consortium, comprising a diverse UAE-based portfolio of dine-in restaurants, virtual brands, meal plan and catering services;
- The launch of "Green Corp", a new business creation platform to initiate and develop sustainable agricultural, aquaculture, food processing and production projects across the Gulf Co-operation Council (GCC) states; and
- Exiting real estate investments in the UAE (Amity School in Dubai) and the UK (a high-tech factory in Celtic Springs, south Wales).



# Best Consultancy Firm for Islamic Asset Management in the Middle East 2024

KPMG in Qatar earn prestigious recognition at the Cambridge Islamic Funds Awards 2024.



Inspire Confidence. Empower Change.

Follow us on:



## Best Consultancy Firm for Islamic Asset Management in the Middle East 2024

KPMG in MESAC

KPMG in Qatar is a leading provider of Audit, Tax, and Advisory services, seamlessly merging local insights with international experience and industry specialization. Our diverse team of over 300 professionals, representing 40+ nationalities, delivers services grounded in global best practices, tailored to the unique local context. With a robust presence in Qatar for over 40 years, KPMG stands as one of the largest and most esteemed professional services firms in the country.

**a. Audit:** In Qatar's evolving market, confidence in the reliability and integrity of financial information is paramount for stakeholders. Our auditors provide a robust, independent, and informed opinion on clients' financial information, empowering them to make decisions with confidence.

**b. Tax:** Our highly skilled and experienced Tax professionals at KPMG in Qatar collaborate with clients to develop corporate structuring and

**"We are honoured to be recognised as the Best Consultancy Firm for Islamic Asset Management in the Middle East 2024. This award is a testament to our teams across the region and their commitment to delivering excellence for our Islamic Finance clients. Our rigorous approach to serving Shari'a-compliant businesses, coupled with our focus on quality, professional development, and strong client relationships, ensures we deliver value added solutions across a range of advisory services. This award reinforces our dedication to fostering long-term, trust-based partnerships with our clients, and motivates us to continue setting the standard in Islamic finance."**

KPMG in Qatar brings together local knowledge, global experience, and industry-specific expertise, customized to the nuances of the local market. At KPMG, our commitment to quality, integrity, and client success drives our actions. We inspire confidence and empower change in all aspects of our work, earning the public's trust through professional and personal conduct.

tax strategies. These strategies not only ensure compliance but also prepare businesses for future developments in tax regulation, instilling confidence and reassurance.

KPMG's global network offers specialized professional services, and in Qatar, we specialize in Audit, Tax, and Advisory. Our unique local focus, combined with access to international resources, distinguishes us. In each domain:

**c. Advisory:** In the face of significant challenges posed by a rapidly changing economic landscape, our Advisory professionals assist clients in navigating uncertainties in a pragmatic and sustainable manner. Through helping organisations mitigate risks and seize opportunities, we drive positive, sustainable change for clients, our people, and society at large.

## Best Shari'a Advisory Firm for Islamic Asset Management in Malaysia 2024

Amanie Advisors

**19 YEARS**  
**WE ARE GROWING IN OUR PROFESSION**

*“Shariah knowledge and algorithm that we have been putting on the center stage has led our line of thinking and decisioning that is robust, coherent and systematic”*

Amanie is an independent global Shari'a advisory firm founded on the core values of integrity, transparency, commitment and accountability.”

Amanie was founded in 2005 by the internationally renowned Shari'a scholar, Tan Sri Dr Mohd Daud Bakar and is supported with an international Shari'a Supervisory Board which consist of four (4) international renowned Shari'a scholars. In addition, the firm is backed by experienced team comprises of diverse professionals backgrounds (Shari'a, Investment Banking, Legal, Accounting and Auditing, Economics, Capital Market, Fund Management) across offices in Kuala Lumpur (Malaysia), Dubai (UAE) and Nursultan (Kazakhstan).

licensed Islamic asset management companies globally with more than 100 Islamic funds and private mandates ranging from unit trust funds, equity funds, fixed income funds, money market funds, private funds, private REITS, infrastructure funds, and etc. In addition, Amanie advises various Shari'a-compliant exchange traded (ETFs) funds which including gold ETF and digital asset funds.

Our role not end there; we extend our advisory services to the custodian companies to ensure the Shari'a compliance throughout the Islamic asset management industry.

Having a vast experience in delivering Shari'a advisory services, has allowed us to remain at the

**“The CIFA award that we receive today is not only a win for Amanie Advisors, but also a win for all Amanie Advisors' clients far and wide who have placed their unwavering trust in us – “ubuntu” I am because you are. Amanie Advisors have likewise learned a lot from our clients as they push and challenge us to be better from time to time. It is our hope for this award to not be the last; Amanie Advisors look forward to continuing these mutual relationships and forging new ones.”**

Since 2005, Amanie has acquired nearly nineteen (19) years of experience in the Shari'a advisory role for the Islamic asset management industry and to date, Amanie has acted as Shari'a Adviser to the

edge of the market in understanding our clients' needs, which challenges us to be better from time to time.

Build your business with the best Shariah Adviser

**AMANIE ADVISORS SDN BHD**



+603-2161 0260



contact@amanieadvisors.com



Level 13A-2, Menara Tokio Marine Life, 189,  
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LEADING FRONTIER IN ISLAMIC FINANCE  
SHARIAH ADVISORY

## By Your Side, Ensuring You

# Live Your Best Life

Incorporated on 29 November 1984, Takaful Malaysia is the pioneer of Islamic insurance in Malaysia, offering an extensive and affordable range of family and general takaful solutions to meet customer protection needs. As a leading Islamic insurance company in Malaysia, Takaful Malaysia is committed to helping people achieve their ambitions of a brighter and more financially secure future.



## Best Takaful Company in Malaysia for Managing Investment Portfolio 2024

Takaful Malaysia

Takaful Malaysia, formally known as Syarikat Takaful Malaysia Keluarga Berhad, the first takaful operator in Malaysia, was incorporated on 29 November 1984. As a pioneer in the Malaysian takaful industry, Takaful Malaysia continues to lead the local takaful industry in various business portfolios. Takaful Malaysia provides takaful solutions and financial security to more than three million customers through its comprehensive and affordable range of family and general takaful products. Takaful Malaysia and its wholly-owned subsidiary, Takaful Malaysia Am, operate through the Takaful Malaysia brand with a combined network of branches in 24 locations nationwide.

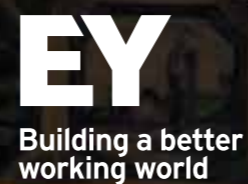
Takaful Malaysia is committed to adopting sustainable practices as part of its business strategy to operate efficiently and increase its growth curve. Takaful Malaysia is a constituent of the FTSE4Good Index Series. In its continued efforts to improve financial performance, Takaful Malaysia is dedicated to adopting the principles of environmental, social and governance ("ESG") and recognizing the importance of ESG in its business operation.

Staying competitive in the takaful and insurance industry, Takaful Malaysia continues to capture the next wave of growth and propel its leading position to maintain a strong foothold in the family takaful

**"We are honoured to receive the award for the Best Takaful Company in Malaysia for Managing Investment Portfolio in 2024. This recognition underscores our commitment to excellence in managing investments in line with Shari'a requirements and stakeholder expectations. This accolade signifies our success as a leading Islamic financial institution and motivates us to set higher standards in providing Shari'a-compliant products and services. I would like to extend my gratitude to our talented team, whose unwavering efforts have propelled us to this remarkable achievement. While we celebrate this success, we remain steadfast in our commitment to delivering value to our stakeholders."**

With a portfolio of family and general takaful businesses, multi-channel distribution capability, strategic partnerships, customer-centric products and services, strong digital capabilities and brand equity, Takaful Malaysia is committed to helping people achieve their ambitions of a brighter and financially more secure future. The extensive range of products and services offered by Takaful Malaysia, including its business practices and strategies, are aligned to generate a sustainable impact on the economy, community, and environment.

business, expand its general takaful business and seize market opportunities to grow its business in the years to come. Takaful Malaysia emphasizes building a long-term sustainable business in delivering value to stakeholders.



## How will you invest in the future of investing?

It starts with an international finance center at the heart of Europe, connecting all financial industries, old and new.

[ey.com/lu/wealth-asset-management](https://ey.com/lu/wealth-asset-management)

## Best Audit Firm for Islamic Asset Management in Luxembourg 2024

EY Luxembourg

EY is a global network of firms with a top-down approach, geared by a dual principle of global consistency and local empowerment. EY is a global leader in assurance, tax, transaction and advisory services.

We have more than 395,000 professionals based in more than 850 offices in over 150 countries. We operate EY as a global business with one shared strategy, led and overseen by a single management team.

companies, Luxembourg and European public institutions, commercial and industrial firms.

Our financial services practice includes key sectors: banking & capital markets, insurance, wealth & asset management, real estate, infrastructure, private equity, private debt and asset servicing. Our Luxembourg office has sector-specific expertise and is fully dedicated to serving the financial services industry.

**"The Luxembourg financial center offers a diverse range of financial services to connect investors and markets around the world. Luxembourg's ecosystem and regulatory toolkit is perfectly equipped to address the needs of both conventional and Shari'a-compliant investment structures and strategies. EY Luxembourg has a market leading team in the field of the conventional and Shari'a-compliant fund industry and is deeply engaged in developing thought leadership and market intelligence in these areas. Given the growing appetite for ethical and sustainable finance, I strongly believe Shari'a-compliant investment strategies hold great potential in the asset management industry, with Luxembourg positioned to play a vital role in this evolution."**

Our Luxembourg office, founded in 1973 as Ernst & Whinney, is organized around key services (audit, consulting, tax and strategy & transactions) and core competencies. It counts over 2,000 employees who serve the financial services industry, as well as technology, media and telecommunications

We have developed in-depth industry knowledge to bring our clients the best solutions and advice. Early on in their career, our staff and executives are specialised and dedicated to one sector, as we strongly believe that industry expertise and sector dedication are of critical importance in providing exceptional client service.

The better the question. The better the answer. The better the world works.

# Labuan Islamic Foundation: Preserving Your Future Legacy

## Key Advantages of Labuan Islamic Foundation

- Build your legacy.
- Secrecy and Confidentiality.
- Can be for private or charity purpose.
- Founder can reserve powers and rights.
- Wealth distribution is not affected by death of founder.
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- Assets can be domestic and foreign assets.
- Solicit donation from the public (only for Islamic Charitable Foundation).



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**About Bank Islam Trust Company (Labuan) Ltd**  
Bank Islam Trust Company (Labuan) Ltd, a wholly-owned subsidiary of Bank Islam Malaysia Berhad, was established in 1997. As a pioneering Trust Company in Labuan, it specialises in offering Shariah-compliant Wealth Management products, including Islamic Labuan Trust, Islamic Labuan Foundation and Labuan Company establishment, ensuring adherence to Shariah principles across its operations. For more information regarding the products and services provided by Bank Islam Trust Company (Labuan) Ltd, please visit [www.bankislamtrust.com.my](http://www.bankislamtrust.com.my) or contact the main office at (+6) 087 451 807.

## Best Trust Services for Islamic Asset Management in Malaysia 2024

Bank Islam Trust Company (Labuan) Ltd

Bank Islam Trust Company (Labuan) Ltd is a pioneering financial institution that operates as a wholly-owned subsidiary of Bank Islam Malaysia Berhad. Established in 1997, the company has been a trailblazer in the Labuan International Business and Financial Centre (Labuan IBFC), focusing on providing Shari'a-compliant wealth management solutions. As a trust company, Bank Islam Trust Company (Labuan) Ltd specializes in offering a range of Shari'a-compliant products tailored to meet the unique needs of its clients. These products include Labuan Islamic Trust, Labuan Islamic Foundation,

distinguishing features of Bank Islam Trust Company (Labuan) Ltd is its commitment to upholding Shari'a principles in all aspects of its operations. This aligns with the broader Islamic finance principles, ensuring that clients can engage in financial activities that are ethically and religiously sound. The Labuan IBFC, where the company operates, is an international financial center that offers a conducive regulatory environment for Islamic finance. This enables Bank Islam Trust Company (Labuan) Ltd to cater to a diverse clientele seeking Shariah-compliant solutions for their wealth management needs. With nearly three

**"We are honoured to receive the prestigious Cambridge Islamic Fund Awards, a testament to Bank Islam Trust Company (Labuan) Ltd's unwavering commitment to excellence in Islamic finance. This recognition reaffirms our dedication to providing innovative and Shari'a-compliant financial solutions. Our success is a result of the collective efforts of our team and the trust our clients place in us. As the CEO, I am proud of our achievements and motivated to continue driving impactful contributions to the Islamic finance industry. This award inspires us to persist in delivering exceptional services and fostering sustainable financial growth in accordance with Islamic principles."**

and Labuan Company establishment. Labuan Islamic Trust is widely recognised for its flexibility and effectiveness in wealth management, providing a secure framework for asset protection, succession planning, and estate administration. Labuan Islamic Foundation serve as a legal entity for private and/or charitable, wealth management, and estate planning purposes. The establishment of Labuan Companies allows clients to engage in various business activities while adhering to Shari'a principles. One of the

decades of experience, Bank Islam Trust Company (Labuan) Ltd has established itself as a reliable and trusted partner for individuals and businesses seeking Islamic wealth management services. Its focus on innovation, adherence to Shari'a principles, and the comprehensive range of products make it a key player in the Labuan IBFC, contributing to the growth and development of Islamic finance in the region.

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Because you are special.



بنك نزوى  
Bank Nizwa



WEALTH MANAGEMENT إدارة الثروات

## Best Bank for Islamic Wealth Management Solutions in Oman 2024

Bank Nizwa

The first dedicated Islamic bank in the Sultanate of Oman, Bank Nizwa embarked on its illustrious journey in the country's finance sector in 2013. Since its inception, the bank has held a prominent position in fostering the growth and success of Oman's Islamic finance industry, and has been committed to offering unparalleled Shari'a-compliant banking and wealth management solutions to patrons throughout the nation.

At the heart of Bank Nizwa's operational ethos lies its customer-centric approach. Aligned

management solutions that allow customers to make prudent financial decisions. The bank's dedicated relationship managers provide invaluable investment and asset management advisory aligned with Shari'a to high net-worth customers.

Equipped with a multifaceted growth strategy and a rich legacy of being the premier and most-trusted Islamic bank in the country, Bank Nizwa looks forward to a promising future in which it provides all customer segments with comprehensive financial solutions, and

**"At Bank Nizwa, we are committed to providing top-notch Shari'a compliant banking and wealth management solutions to our valued customers, to aid them in making sound investments and seamlessly manage their assets. We are honoured to be titled the 'Best Bank for Islamic Wealth Management Solutions in Oman 2024'. This recognition serves as impetus to further our pursuit of excellence in the field of Islamic banking, and to best serve our cherished patrons."**

with the aspiration to be the financial partner of choice for both individuals and enterprises in the country, the bank has made significant strides in developing and tailor-making wealth

continues to make significant contributions to socio-economic advancement of the country.

# YOUR TRUSTED PARTNER IN THE KINGDOM OF UNEXPECTED TREASURES



## Delivering Global Reach with A Local Touch

Brunei Darussalam, a gem in the heart of Southeast Asia, is where opportunities await. BIBD, Brunei's largest and internationally rated financial institution, invites you to explore 'The Abode of Peace'.

Rooted in Islamic principles, you can rely on us for innovative Shariah-compliant financial solutions. We have a deep understanding of the local market and maintain an established regional presence. BIBD is your gateway to potential growth in this fast-growing region.

Committed to our values of sustainability, we care for the environment, advocate responsible entrepreneurship, and promote an inclusive societal impact. We believe in building a better future together, here in Brunei Darussalam and beyond.

BIBD - Your Partner in Progress.



Bruneian at Heart

## Best Bank for Islamic Wealth Management Solutions in Brunei Darussalam 2024

BIBD

Founded in 1981 as the Island Development Bank and transformed into the Islamic Bank of Brunei (IBB) in 1993 under the auspices of His Majesty Sultan Haji Hassanal Bolkiah Mui'zzaddin Waddaulah, Bank Islam Brunei Darussalam (BIBD) emerged as the nation's premier Islamic financial institution. Our evolution continued with a significant merger in 2005, making us Brunei's largest banking entity and a pioneer in Islamic banking. As we celebrated our 30th anniversary in 2023, BIBD stood as a testament to Brunei's financial innovation and resilience.

United Nations Sustainable Development Goals. Our Sustainability Framework focuses on environmental protection, responsible entrepreneurship, and inclusive social impact, reflecting our commitment to the greater good and the vision of a greener, more inclusive world. Our corporate governance structure is robust, adhering to the highest standards set by regulatory bodies such as the Brunei Darussalam Central Bank and the Shariah Financial Supervisory Board. This framework ensures that BIBD operates with integrity, transparency, and accountability.

**"On behalf of BIBD, we extend our gratitude to the award publisher for recognising our commitment to excellence with the Best Bank for Islamic Wealth Management Solutions in Brunei Darussalam 2024 award. This accolade is a testament to the dedication and hard work of our team, who strive to provide innovative and Shari'a-compliant financial solutions to our valued clients. We remain committed to advancing the Islamic finance industry, contributing to the economic growth of Brunei Darussalam, and serving our customers with integrity and excellence."**

With a strategic headquarters in Bandar Seri Begawan and an extensive network of eighteen branches across the country, BIBD serves as a financial pillar for over a quarter of Brunei's population. Our commitment to excellence is reflected in our workforce of over 1000 dedicated professionals and an asset base exceeding B\$11.5 billion (as of December 2022), catering to more than 345,000 customers across retail, corporate, and international sectors.

Our shareholder composition includes Khazanah Satu Sdn Bhd, Salam Investments Limited, Yayasan Sultan Haji Hassanal Bolkiah, and a diverse group of individual investors, reflecting a broad base of confidence in our institution. Additionally, our active subsidiaries and associates, including BIBD At-Tamwil Berhad, BIBD Securities Sdn Bhd, BIBD (Middle East) Limited, and Syarikat Takaful Brunei Darussalam Sdn Bhd, extend our reach into specialized financial services, reinforcing our position as a comprehensive financial solutions provider.

Our operations are characterised by a relentless pursuit of innovation, particularly in digital banking, to meet the dynamic needs of our customers. This forward-thinking approach is balanced with a deep respect for our heritage, ensuring that we offer contemporary financial solutions grounded in traditional values.

As BIBD continues to grow, our dedication to contributing to Brunei's Vision 2035 through business activities and community-building initiatives remains unwavering. Our journey is not just about financial milestones but about building a sustainable future for Brunei, guided by the principles of integrity, customer focus, unity of purpose, and excellence.

BIBD's corporate ethos is deeply intertwined with the principles of maqasid al Shari'a, guiding us towards a sustainable business model that aligns with the



**Saturna Capital is not only a pioneer in Islamic asset management but it is also true that they were the ones who started Shari'a screening of the stocks in a systematic manner. Their participation and winning at the Cambridge Islamic Funds Forum and Awards is symbolic of the fact that they always initiate, support or at least participate in new initiatives in Islamic asset management.**

**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

## Pioneer in Islamic Equity Funds Management Award 2024

### Saturna Capital Corporation

Saturna Capital, manager of 12 mutual funds across the Amana, Saturna Sustainable, and Sextant Funds, uses years of investment experience to aid investors in navigating today's volatile markets. Founded in 1989 by professionals with extensive experience, Saturna has helped individuals and institutions build wealth, earn income, and preserve capital. We are long-term, values-based, and socially responsible investors. We view consideration of environmental, social, and governance (ESG) factors as essential in forming portfolios of high-quality companies that are better positioned to reduce risk and identify

capital appreciation and capital preservation by investing in a mix of common stocks and other equity securities, plus bonds and other debt securities. The Core Fund follows a value investment style, favoring income-producing securities and those of larger, more seasoned companies.

Sextant Global High Income Fund seeks high income, with a secondary objective of capital preservation by investing in a globally diversified portfolio of income-producing debt and equity securities. It applies a consistent, value-oriented approach to

**"We are honoured to receive the Pioneer in Islamic Equity Funds Management Award 2024 for Saturna Capital, and the Best Islamic Fund in the World 2024 for the Amana Growth Fund from the Cambridge Islamic Funds Award (CIFA) 2024," said Ms. Jane K. Carten, president of Saturna Capital Corporation. "It is a true honor to be recognized for our commitment and dedication in providing Islamic mutual fund products. The Amana Mutual Funds Trust is the longest-running Islamically acceptable mutual fund in the United States. This award is in recognition of the hard work of our crewmembers in the United States and in Kuala Lumpur. Saturna Capital will continue to be committed to providing best in class portfolio management to benefit our clients for a better future."**

opportunities. We believe that companies proactively managing business risks related to ESG issues make better contributions to the global economy and are more resilient. At Saturna, we believe in making your investment dollars work hard for you and that your interests always come first. Saturna strives to not only offer the best investment opportunities from mutual funds to IRAs, but to match those sound investments with superior customer service.

#### Saturna Investment Trust

Sextant Growth Fund and Sextant International Fund seek long-term capital growth by investing primarily in common stocks. The Sextant Growth Fund invests in US common stocks, while the Sextant International Fund invests in a portfolio of carefully chosen foreign equities and ADRs. The International Fund reflects our belief that investors should utilize the large number of investment opportunities outside the US. Although income is a factor in choosing investments for these Funds, they are not designed for investors seeking income. Sextant Core Fund seeks long-term

security selection, basing investment decisions on current income and expected total return, adjusted for risk. Sextant Short-Term Bond Fund seeks capital preservation and current income while Sextant Bond Income Fund seeks current income. The Short-Term Bond Fund also attempts to preserve capital and invests only in short-term debt securities. The Bond Income Fund focuses on longer-term debt securities, which have the potential for greater income but the risk of greater price fluctuation. Saturna Sustainable Equity Fund and Saturna Sustainable Bond Fund seek to invest in issuers that demonstrate sustainable characteristics. Sustainable issuers are generally larger, more established, consistently profitable, and financially strong, with low risks in areas of the environment, social responsibility, and governance ("ESG"). The Saturna Sustainable Equity Fund seeks capital appreciation by investing primarily in common stocks of companies located throughout the world. The Saturna Sustainable Bond Fund seeks current income and capital preservation by investing bonds of issuers located throughout the world.



## INSPIRING INNOVATION. ENABLING ALTERNATIVES.

### Most Innovative Emerging Islamic Fund 2023 Award

HBL AMC continues to bring innovative investment solutions to its customers. Being the first of its kind, HBL Livestock Fund, with cattle fattening business as underlying asset, is an outcome of our dedication to innovation.

The Cambridge Islamic Fund Award is a testament to our commitment. The fund is Shariah-compliant and aims to significantly improve Pakistan's fattening industry and its exports, while providing investor access to real assets.

## Most Innovative Emerging Islamic Fund in Pakistan 2024

### HBL Livestock Fund (HBL LF) HBL Asset Management Limited

HBL Asset Management Limited (HBL AMC) is a leading asset management firm in Pakistan, operating under the umbrella of Habib Bank Limited. Established in 2006, HBL AMC provides a comprehensive suite of asset management, investment advisory, and wealth management solutions to institutional and individual investors.

With a strong commitment to excellence and client satisfaction, HBL AMC has consistently demonstrated robust growth and performance since its inception. Managing assets of about US\$

country, with the HBL Livestock Fund being the first fund in Pakistan with agriculture-related businesses as underlying assets.

The core values of excellence, integrity, customer focus, meritocracy, and progressiveness guide HBL AMC's organisational culture and business conduct. Being a board member at Mutual Funds Association of Pakistan (MUFAP), the company adheres to industry best practices and regulatory standards, enhancing investor confidence and trust.

**"We're proud to win the Cambridge Islamic Funds Awards 2024 for our HBL Livestock Fund, Pakistan's first Shari'a-compliant cattle fattening fund. This recognition highlights our dedication to ethical finance and innovation under the progressive guidance of Securities and Exchange Commission of Pakistan. At HBL Asset Management, we're committed to offering products like the HBL Livestock Fund, promoting savings diversity while supporting the agriculture sector. This award reaffirms our mission of providing valuable investment opportunities for sustainable growth and economic advancement. We're thankful for this honour and remain focused on excellence in financial inclusion."**

800 million as of January 2024, the company is recognised as a trusted steward of investor capital, delivering strong and consistent returns.

HBL AMC is known for its innovative approach to savings and investment solutions. It introduced Pakistan's first debt ETF, the HBL Total Treasury ETF, providing investors with access to debt securities through an exchange-traded fund. Additionally, the company is a pioneer in alternative assets in the

In essence, HBL Asset Management Limited stands as a beacon of financial stewardship and excellence in Pakistan, dedicated to empowering investors, driving growth, and advancing the prosperity of stakeholders across the country's investment landscape.



**Franklin Templeton stands out as a Western fund manager with an impressive track record of ethical investing and in Islamic asset management. I felicitate the management for this richly deserved accolade.**

**Dr Humayon Dar**

Director General

Cambridge Institute of Islamic Finance

## **Best Emerging Islamic Technology Fund 2024**

### **Franklin Shariah Technology Fund**

Franklin Templeton offers clients a gateway to investment excellence backed by a global organization and delivered through a consistent, coordinated client experience. Among the world's largest asset managers, with offices in major financial markets, Franklin Templeton serves clients in more than 150 countries and manages more than US\$1.5 trillion in assets, as of 31 December 2023. Having broadened capabilities by attracting leading public and private market investment managers to the firm, Franklin Templeton's specialist investment managers

offer extensive capabilities in fixed income, equity, alternatives, and multi-asset solutions. This unique business model combines the benefits of global strength with the specialization of autonomous investment teams each with differentiated investment philosophies. This allows each team to leverage the resources and scale of a global firm where it makes them stronger, and remain true to their discipline. For more information, please visit [www.franklintempletonme.com](http://www.franklintempletonme.com)

**"We are incredibly honored to receive prestigious awards at Cambridge Islamic Funds Awards (CIFA) 2024. It is a testament to the hard work, dedication, and talent of our entire team. This recognition validates our commitment to excellence and innovation in the mutual fund industry of Pakistan. We will continue to strive for excellence and lead the way. Thank you to the award committee for this incredible honor."**

# Build your future

Together, let us help you grow your investments to achieve your financial goals, and build the future you envisioned.



## Cambridge Islamic Funds Awards (CIFA) 2024

- Cambridge Excellence Award for Islamic Asset Management in Malaysia 2024
- Best Sukuk Fund in Malaysia

## Asia Asset Management Best of the Best Awards 2023

- Best Pension Fund Manager, Malaysia (6 consecutive years)
- Best Bond Manager, Malaysia (4 consecutive years)
- Best Sukuk Manager, Malaysia (3 consecutive years)
- Best ESG Manager, Malaysia
- Best Institutional House, Malaysia
- Best ASEAN Awards: Best Application of ESG

## InsuranceAsia News Institutional Asset Management Awards 2023

- Best Islamic Fund Manager
- Insurance Fund House of the Year, Malaysia (6 consecutive years)



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Growing Your Investments in a Changing World

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## Cambridge Excellence Award for Islamic Asset Management in Malaysia 2024

AmIslamic Funds Management

AmIslamic Funds Management Sdn Bhd ("AIFM") was established in Malaysia on 25 August 2008 to be a dedicated Islamic investment solutions provider, which offers a comprehensive and innovative range of Shariah-compliant funds and provides investment management services on all Shari'a-compliant assets, namely equity, sukuk, fixed income and money market funds, as well as private retirement schemes. AmInvest is the brand name for AIFM.

Disclaimer: Past performance is not an indication of its future performance. Investments in the fund(s) involves risks including the risk of total capital loss and no income distribution. Investors are advised to read and understand the contents of the Prospectus/Disclosure Document/Information Memorandum, including any supplementary(ies) made thereof from time to time ("Prospectuses/Disclosure Documents/Information Memorandums") and its Product Highlights Sheet

**"We are honoured to receive the Cambridge Excellence Award for Islamic Asset Management in Malaysia. This reflects AmInvest's\* unwavering commitment to ethical and Shariah-compliant financial practices. Our dedicated team and innovative strategies have propelled us to the forefront of the industry. Winning the award for AmAl-Amin as the Best Sukuk Fund in Malaysia, further underscores our expertise in navigating the dynamic landscape of Islamic fund management. We remain steadfast in our pursuit of excellence, continually raising the bar for Islamic fund management in Malaysia."**

We have proven expertise in managing global assets such as global Sukuk and Islamic equity. As of December 2023, our total Islamic asset under management (AUM) is at MYR9.5 billion and 48 per cent (MYR4.6 billion) out of the total Islamic AUM is invested in foreign assets, consisting of MYR1.4 billion worth of Islamic equity funds and MYR3.1 billion worth of Sukuk.

Our expertise as an Islamic funds manager is recognised and validated through various awards received for outperformance against peers. Some of the awards are Best Sukuk Manager, Malaysia for 3 consecutive years, Islamic Institutional House of the Year, Malaysia for 2 consecutive years and Best Islamic Fund Manager.

One of our best performing Islamic funds is AmAl-Amin, an Islamic fixed income fund that aims to provide investors with a regular stream of "halal" monthly income by investing in Islamic money market instruments and Sukuk. AmAl-Amin was launched in year 2001 and it is Malaysia's first Shari'a-compliant money market fund.

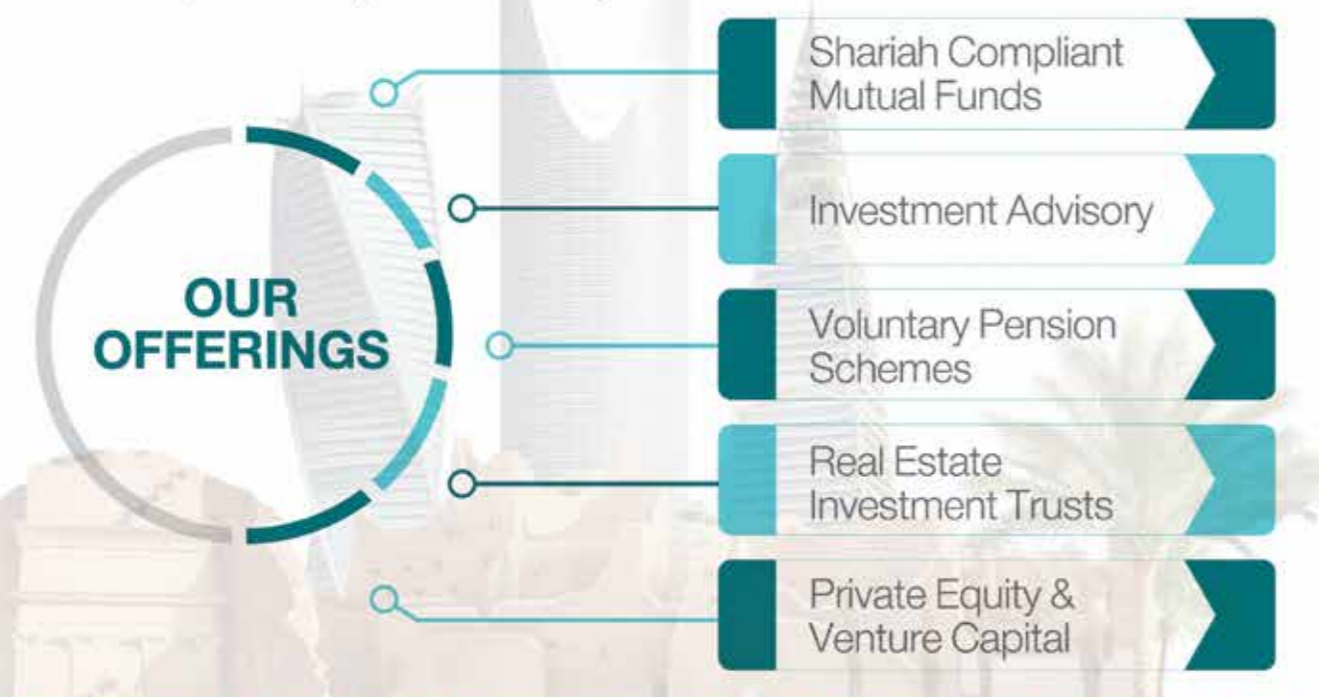
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\*Note: AmInvest is the brand name of AmInvest is the brand name for the fund management business of AmFunds Management Berhad and AmIslamic Funds Management Sdn. Bhd.



# Your Trusted Shariah Compliant Investment Manager

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Faysal Funds (Faysal Asset Management Limited) is a subsidiary of Faysal Bank Limited (FBL), a AA rated commercial bank sponsored by Ithmaar Bank, Bahrain. FBL is holding 99.99% shares of Faysal Funds. Faysal Funds was incorporated in Pakistan under the Companies Ordinance, 1984 on August 6, 2003 as an unlisted public limited company and is licensed by the Securities and Exchange Commission of Pakistan to carry out asset management and investment advisory services.

Faysal Funds is an Investment Manager that delivers structured and customized professional investment solutions to its domestic and international clientele. As the fastest growing asset management company (AMC) in the industry with management quality rating of **AM2++** by VIS Credit Rating which denotes 'very good management quality', Faysal Funds has achieved strong and consistent growth over the past years and is presently managing total assets of over **PKR 133 Billion** as of 31 Dec, 2023. We offer a comprehensive range of Shariah compliant investment solutions and advisory services, catering to the financial needs of individual and institutional investors. Faysal Funds has a strong management team and a research based investment structure geared towards providing quality service to its clients.

**Faysal Asset Management Ltd.**  
 West Wing, 7th floor, Faysal House, ST-02, Shahrah-e-Faisal, Karachi, Pakistan.  
**Karachi** 92 21 111 329 725  
**Lahore** 92 21 38657973  
**Islamabad** 92 21 38657944  
 Email: [customerservices@faysalfunds.com](mailto:customerservices@faysalfunds.com) | Website: [www.faysalfunds.com](http://www.faysalfunds.com)



## Cambridge Excellence Award for Emerging Islamic Asset Management in Pakistan 2024

### Faysal Funds

Faysal Funds (Faysal Asset Management Limited) is a subsidiary of Faysal Bank Limited (FBL). FBL holds 99.99 per cent shares of Faysal Funds. Faysal Funds was incorporated in Pakistan under the Companies Ordinance, 1984 on August 6, 2003, as an unlisted public limited company and is licensed by the Securities and Exchange Commission of Pakistan to carry out asset management and investment advisory services.

Our endeavors are directed towards facilitating our clients with investing in multiple asset categories to diversify risk prudently while capitalising on the ever-shifting financial and real-economy dynamics within Pakistan.

With more than 20 years of sturdy operational performance behind it, Faysal Funds operates a structured product suite that comprises 27 Collective Investment Schemes (3 Equity, 3 Asset Allocation, 6

**"We are incredibly honored to receive prestigious awards at Cambridge Islamic Funds Awards (CIFA) 2024. It is a testament to the hard work, dedication, and talent of our entire team. This recognition validates our commitment to excellence and innovation in the mutual fund industry of Pakistan. We will continue to strive for excellence and lead the way. Thank you to the award committee for this incredible honour."**

Faysal Funds is an Investment Manager that delivers structured and customised professional investment solutions to its domestic and international clientele.

Income, 1 Aggressive Income, 1 Sovereign Income, 4 Money Market, 3 Capital Protected), including 3 Voluntary Pension Schemes and 4 CPPI Plans.

## THE ZEAL CORPORATION



# Value, Ethics & Faith Based

## Who We Are

The Zeal is a prominent global solution provider offering an array of services aligned with Shariah and Islamic/Ethical guidelines, including *equity investment screening and data analytics*. Notably, the company employs eleven distinct methodologies for Shariah-compliant screening standards to meticulously assess each stock.

This comprehensive approach broadens the investment universe, providing added value to portfolio managers and allowing for the creation of flexible and strategic financial products.

## Why Choose Us



### TWO Shariah Compliant Certifications

The Zeal proudly holds a prestigious FATWA/Certification granted by *Usmani & Co* under the supervision of Sheikh Taqi Usmani, Chairman of AAOIFI Shariah Board, and its President & CEO Dr. Imran Usmani.

Additionally, the platform is globally recognized with certification from *Yasaar*, a leading financial advisor, specifically acknowledged for Shariah compliance on the FTSE-London Stock Exchange.

## Our Services

### Shariah Screening

- Shariah status screening: 11 standards
- On demand Shariah Screening
- Stocks purification based on reported data
- Zakat calculation for Income/Growth stocks

### Order & Portfolio Management

#### Portfolio Management

- Design strategies, manage portfolios.

#### Order Management

- Execute, create, and manage orders.

### Data Analytics

- Data: SECP, Islamic banking
- Mutual Fund: AMC, performance
- Companies: Data, board
- Economic: FX, indicators
- Credit Ratings: VIS, PACRA history

### Anti Money Laundering (ZAML)

- Individual scrutiny: UNSC, US, UK, EU, AU, Interpol, NACTA, FIA
- Real-time web screening
- Bulk scrutiny: On-demand, periodic, varied methods
- Results history, media integration
- Formats: Excel, JSON, PDF

## Cambridge Excellence Award for Shari'a Screening 2024

### The Zeal Corporation

The Zeal is a prominent global solution provider, offering a diverse range of services meticulously aligned with Shari'a and Islamic/Ethical principles. Among its core offerings are equity investment screening and data analytics, modified to meet the highest standards of compliance remarkably. The Zeal employs eleven distinct methodologies for Shari'a-compliant screening standards, ensuring a thorough evaluation of each stock. This comprehensive approach significantly expands the investment universe, delivering enhanced value to portfolio managers and enabling the development of flexible and strategic financial products.

The Zeal stands out in the financial industry due to its unique combination of traditional financial analysis and innovative technology, establishing itself as a robust FinTech solution. Headquartered in Toronto, Canada, The Zeal strategically operates its technology center in Silicon Valley, a global hub for innovation and technological development. This dual-location setup enables the company to leverage the expertise and resources available in both regions, fostering a dynamic environment for growth and innovation.

**"On behalf of The Zeal team, I would like to express my gratitude to the Cambridge Islamic Funds Awards for this recognition. I am honoured and proud to accept this award. This award acknowledges our dedication to excel in Islamic finance, driving us to enhance our services for our clients and the wider Islamic finance community. We assure to maintain the principles of Shari'a-compliant finance with diligence and integrity. With gratitude to our clients, partners, and the Zeal family, I would like to thank the Cambridge Islamic Funds Awards for granting the Zeal team with this honour."**

The Zeal's global reach extends across large-cap, mid-cap, and small-cap Shari'a-compliant equities, encompassing diverse sectors and spanning the major indices of multiple countries. Moreover, the company can perform Shari'a-Compliant screenings on-demand to meet the specific requirements of Asset and Portfolio Managers.

#### Group of Companies

- The Zeal Corporation, Canada (Head Office)
- The Zeal Investment Solutions, USA
- The Zeal FinTech, USA
- The Zeal Soft Pakistan (Pvt.) Ltd.
- The Zeal Pakistan (Pvt.) Ltd.

## Contact Us



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Cambridge  
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Report

# GIFR 2023

THE LEADING ISLAMIC FINANCE PUBLICATION SINCE 2010

Published by:



## Climate Financing and Islamic Finance

The Cambridge Global Islamic Finance Report (Cambridge GIFR) 2023, a standard-bearer and well-recognised publication in the global Islamic financial services industry, is scheduled for launch in December 2023.

Providing in-depth analyses of the global Islamic finance industry, the Cambridge GIFR serves as a conduit for thorough studies, objective analyses and innovative ideas from leading thinkers. Each annual report centres around a thematic focus, featuring dedicated sections on industry segments, market trends, and prospects.

The theme for this year's GIFR is Climate Financing and Islamic Finance, bringing into focus the socioeconomic goals of Islamic finance and aligning them with a sustainable and green economy.



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Islamic Wealth Management Report 2024



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