

# SHARIAH-COMPLIANT INVESTMENTS

For our Muslim investors it's essential that all income adheres to the strict dictates of the Shariah – earnings should be pure and choice.

This is why Sanlam Private Wealth has introduced a South African first – a customised investment solution that complies with the Shariah guidelines.

As well as setting out rules concerning income, the Shariah guidelines also prohibit financial involvement with companies such as conventional banks, casinos and alcohol producers. Another key element of Islamic investing is the avoidance of interest, or Riba.

To ensure Shariah-compliant investment, it is essential to engage with an investment adviser of faith, with the necessary experience and industry expertise. We bring clients a solid combination of certified Shariah compliances, and the impressive track record of a world-class company.

## SHARIAH INVESTMENT PROCESS

To qualify for inclusion in our Shariah solution, all investments are thoroughly evaluated:

### REVIEW FUND PRODUCTS

Determine whether the trading universe fits within the categories of Shariah-compliant businesses and companies

Assess whether the portfolio is managed using only equities and a limited core of acceptable financial instruments.

### ASSESS FINANCIAL RATIOS

Interest-bearing debt-to-total assets must be less than 30%

Non-permissible income must be less than 5%

Liquid to non-liquid cash holding must be less than 70%.

### CHECK INTEREST RATE

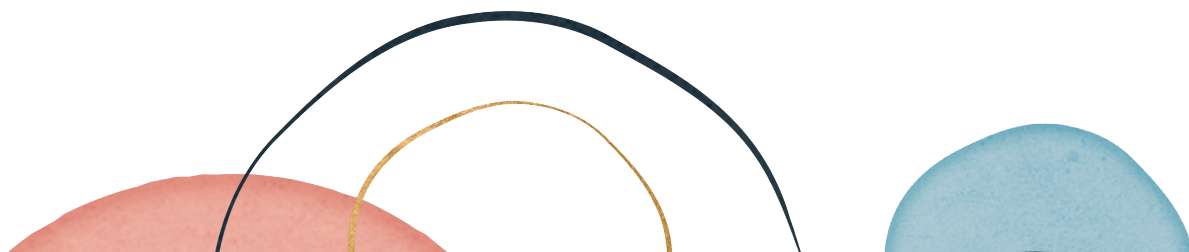
Riba-earned plus non-permissible income must be less than 5%.

### DETERMINE QUALIFICATION FOR FUND UNIVERSE

The Shariah Board reviews the company to ensure it adheres to Shariah rules

Monthly audits are conducted to ensure non-permissible income is not reinvested

The dividend is purified of interest and non-permissible income.



## COMPLIANT SECTORS

Technology;  
Healthcare;  
Consumer products;  
Basic industries;  
Mining and manufacturing;  
Energy;  
Transportation;  
Telecommunications;  
Natural resources;  
Construction;  
Education;  
Selected utilities;  
Selected real estate and real estate investment trusts (REITs);  
Commodities and agriculture;  
Information technology.

## NON-COMPLIANT SECTORS

Banks;  
Insurance;  
Brokerage and securities firms;  
Alcohol;  
Gaming and casinos;  
Hotels;  
Musical instruments;  
Amusement and recreation;  
Pork and meat-packing industries;  
Home loan companies;  
Tobacco;  
Pornography;  
Entertainment, movies, theatres and film distribution;  
Arms and weaponry;  
Advertising and media.

Although a sector may be compliant, some stocks within the sector may be non-compliant for breaking the requirements of Shariah.

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