

The Halal Investment Checklist

A step-by-step guide to 8 places to put your money to build a diversified portfolio

Important Notes

This guide is made by the IFG journalist team for educational purposes only. It should not be taken as financial advice.

Remember, your capital is at risk when it comes to investing. Always be an adult about this stuff.

Introduction

This checklist covers:



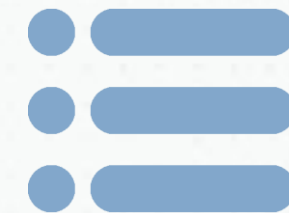
3 golden rules

These rules
underpin your
entire investment
journey



A practical worksheet

This enables you to
work out your risk
appetite and
investment goals



8 halal options

These the investment
options you can
choose from

Part 1

3 Golden Rules

3 Golden Rules

Rule 1

Know why you're investing in the first place



Goals

Is it to retire (so you'll be happy to lock away money for decades)? Is to pay for your son's university fees?



Different goals

Or is it to take a bit of a risk to try and make some money quickly (nothing wrong with that if done for the right reasons and with the right risk controls!)?

But without a direction you're not going anywhere

3 Golden Rules

Rule 2

Make sure you stick within your risk limits
(different bits of your portfolio can have different risk profiles though)



Low Risk

You can't really afford to lose this money, you need it quite soon for something quite important (e.g. a house deposit/tuition fees) and you are happy with relatively low returns (1-3%).



Medium Risk

You can afford to see a little volatility in your investments (volatility = ups and downs in price), in exchange for a higher return (3-10%). But again, you certainly don't want to lose your money in the long-run.



High Risk

You are focused on seeing the best returns possible and are willing to lose a lot of your money if things go wrong, so that you have a chance of making a lot of money (returns of >10%) if things go right. You are able to stomach seeing plenty of volatility.

3 Golden Rules

Rule 3 Diversify Your Portfolio

Why Diversify?

- Well, as our grandmothers used to say, “don’t put all your eggs in one basket”.
- Regardless of what kind of portfolio you are creating, it is always good to have a little variety to smooth over the big ups and downs. The stock market getting hit? No problem as your buy- to-let is performing solidly. Or is your pension flat-lining? No worries, your high risk stocks will help give your overall portfolio a kick.
- Within each asset class you should look to diversity further if you can. So, if you’re buying shares – buy a good handful (say, 10-20). If you’re buying buy-to-lets, look to diversify by geography and tenant-type.

Part 2

Practical Time

Practical Time

Personal Planner – start your investment journey

Why am I investing?

What is the amount of money I am aiming to get?

Why is my risk appetite?

Practical Time

Personal Planner – start your investment journey

How much do I have as a lump-sum?	How much do I expect to save monthly?	Are there any restrictions to where I invest?

Practical Time



Use this [calculator](#)

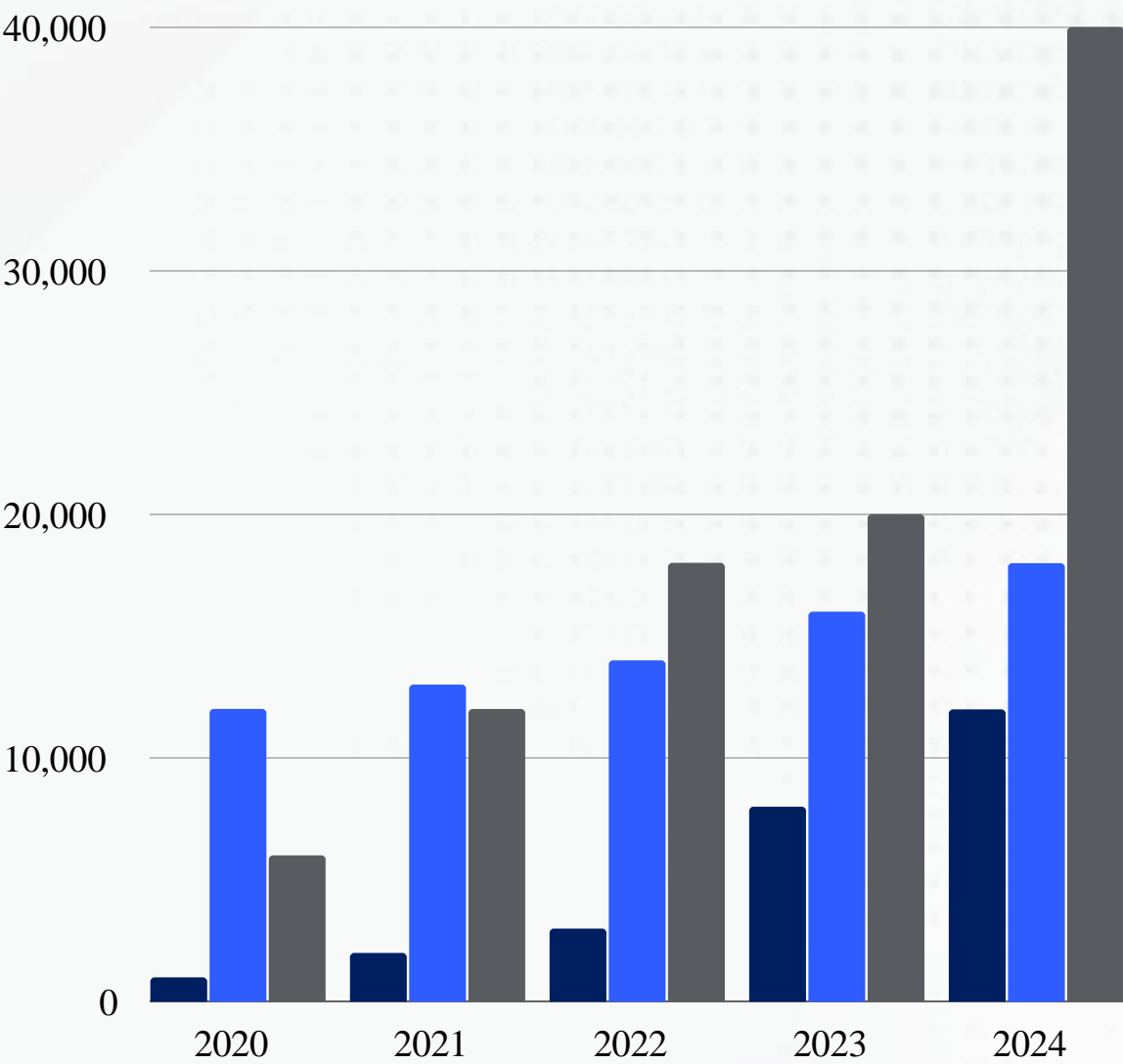
It'll help you figure stuff like:

- What could my investments be worth? How
- much might I need to invest each month to reach my goal?
- How long could it take me to reach my goal?



Done?

Now you will have an idea of whether you need to be investing primarily in low/medium/high risk investments.



Practical Time

Risk Matrix

How to understand what risk levels actually mean

Low Risk

Usually means
lower fluctuations,
unlikely to lose all
your money and
returns between
0.5 - 5 %

Medium Risk

Usually means
moderate
fluctuations, and
returns between 3
- 10%

High Risk

Usually means high
fluctuations, the
possibility of
losing all your
money and returns
10% +

Some examples of how different portfolios can look

Investment Type	Low risk portfolio	Medium risk portfolio	High risk portfolio
Low Risk Investments	70%	20%	5%
Medium Risk Investments	25%	65%	65%
High Risk Investments	5%	15%	30%

Part 3

8 Halal options to consider

8 Halal Options

1 - Pensions



- In a lot of countries, certainly in the UK, the employer is forced to contribute a certain percentage to your pension.
- This is free money being given away, tax- free.
- It is a no-brainer to enrol in your pension and contribute a decent chunk to it.
- Check out detailed pension guide [here](#).



- The big downside to pension is that it is locked away until you're nearing retirement.
- So it isn't sensible to just put everything here.

8 Halal Options

2 - Share Investing

Fund and roboadvisor investing

- Share investing is kind of what your pension will be doing as well, but the benefit is you can quickly get your hands on this cash by selling shares.
- If you put your money into a fund that invests for you, or an ETF (we will cover this stuff on IFG later too – so don't worry!) then this is going to be less risky usually than just investing yourself – even if you know what you're doing. This is because (very) generally speaking, funds are very well diversified and tend to go for the less volatile and larger companies. They don't suddenly shoot up to 10x but they also don't suddenly collapse and burn.
- Wahed Invest is a prominent Islamic roboadvisor operating globally today. For more details on Wahed and how to use it effectively, see our full review [here](#).
- You can also do a DIY portfolio via a stockbroker like [AJ BELL](#), that has good Islamic fund coverage.

8 Halal Options

3 - Share Investing

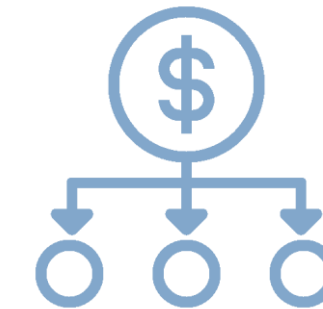
DIY (Self Managed) Investing & AIM Portfolio (Alternative Investment Market)



With **DIY investing**, you have full control over your investment choices and can **tailor your portfolio** to match your risk tolerance and financial goals. It allows you to avoid management fees but requires continuous research and decision-making



Investing in the **Alternative Investment Market (AIM)** opens opportunities in small-cap, early-stage companies with **high growth potential**. While the risks are higher, it offers tax advantages like **Business Property Relief (BPR)** for long-term investors.



Regardless of whether you're managing a DIY or AIM portfolio, **diversification** across sectors, asset types, and regions reduces risks. A balanced mix of **growth and value stocks** can help weather market volatility.

8 Halal Options

4 - Property Investing

Two kinds of investments

- Property investing is primarily of two kinds: (1) Buy-to-lets and (2) refurbishments.
- Investing in **rental properties** generates **passive income** through monthly rent while benefiting from long-term property appreciation. Location, tenant demand, and rental yields are key factors to consider.
- Buying undervalued properties, renovating them, and selling for a **profit (house flipping)** can yield high returns. Success depends on **market timing, renovation costs, and resale demand**.

Solution

5 - Fixed Income

The lower volatility stuff



Treasury bonds and high-rated corporate bonds provide **stable returns with minimal risk**. They are ideal for capital preservation and steady income, especially during market downturns.



Diversified bond funds spread risk across multiple issuers, offering **consistent yields with lower volatility** than equities. Choose funds with strong credit ratings and low expense ratios.



While returns are modest, **fixed deposits and high-yield savings accounts** offer guaranteed principal protection and predictable interest, making them a safe choice for conservative investors.

8 Halal Options

6 - Fixed Income

SME Finance & Property Development Projects



Invest in SMEs and property projects with **strong cash flows, low debt, and a proven track record** to minimize default risks. Conduct thorough due diligence on financials and market conditions.



Opt for investments backed by **collateral, fixed interest rates, or government guarantees** to ensure steady income. Diversify across multiple projects to balance risk and returns.

8 Halal Options

7 - Startup Investing (also known as venture capital)

- Don't just follow trends—invest in startups where you **understand the business model, market, and growth potential**. Research the industry and the company's unique value proposition.
- Since most startups fail, don't put all your capital into one company. Spread your investments across **multiple startups** in different sectors to improve your chances of hitting a big winner.
- A great idea means nothing without the right execution. Evaluate the **founders' experience, vision, and adaptability**—a strong team can pivot and succeed even if the initial plan doesn't work.
- Startup investments are long-term and illiquid, meaning you may not see returns for **5–10 years**. Invest only money you can afford to lock away and mentally prepare for high-risk exposure.

How it works

8 - Crypto



What is it?

Crypto is a whole new industry using decentralised technology to reimagine how various aspects of our lives work.

Cryptocurrencies, for example, are crypto's version of currency.

Of course, it is a lot more complicated than that. You can read more on guide [here](#).



Is it halal?

Not all crypto projects are permissible. Some are not halal for obvious reasons e.g. they involve gambling, however others are not permissible due to more technical reasons.

There is also a school of thought that says crypto is generally not permissible. You can read more on the debate [here](#).



Where can you find halal crypto projects?

We have analysed the top 50 crypto projects (by market cap) and presented our thoughts on their sharia-compliance [here](#).

Wrapping it up

Final Thoughts

- This is meant to be super quick information (a review for some of you and new stuff for others) and a reference point.
- If anything doesn't make sense or is confusing in any way...don't fret!
- Our website has hundreds of articles and [101 guides](#) that you can continue reading.
- We'll also keep you up-to-date on key news through our weekly emails - so watch out for those and make sure you mark us as "safe" in your inbox filters!