

By The Cooper X



The Barakah of Wealth



A GUIDE TO HALAL INVESTING

THE COOPER X

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1. Personal Finance.
2. Islamic Economics.
3. Halal Financial Management.
4. Zakat and Investments.
5. Psychology of Spending.

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About Me



Like many people, I didn't always grow up with perfect financial habits. I saw how stress, confusion, and lack of guidance around money can damage families, relationships, and even faith. That's what pushed me to start learning not just how to make money, but how to manage it, in a way that brings peace, purpose, and barakah.

I spent most of my corporate career working for accounting firms such as KPMG, and I spent my time there counting money for companies. I have worked with many different CEOs and CFOs of different businesses in Dubai, Bahrain, Kazakhstan, and New Zealand, where I developed a deep understanding of how money works and how rich people manage their money and cashflow.

I believe money is not just something we earn - it's something we're entrusted with.

The Cooper K

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Why Halal Money Matters

Wealth that accumulates without a spiritual foundation acts much like a plant without water; eventually, the peace wealth promises withers away. In the Islamic tradition, the question of investing is never limited to "How much profit can I generate?" It fundamentally asks, "How pure is the source of this profit?"

Halal investing is often misunderstood as a restriction. In reality, it is a shield. It protects your heart from greed, your family from the consumption of the impermissible, and your *Akhirah* (afterlife) from accountability for harm.

The Concept of Amanah

Your capital is an *Amanah* - a sacred trust from the Creator. You are not the absolute owner; you are the caretaker. The questions you must answer are: How will you grow it? Where will you place it? Who benefits from it?

Islam rejects financial systems built on exploitation, such as *Riba* (interest), or deception, known as *Gharar*. Instead, it champions an economy based on patience, tangible value, and long-term planning. You can earn significant figures and still feel spiritually empty. *Barakah* is the solution - the invisible increase that ensures your wealth benefits you and serves humanity.



Your Action Plan

- Clarify your intention (*Niyyah*) before investing.
- Commit to the path of halal earnings, even if the growth appears slower initially.

Make *Dua* (supplication) asking for *Barakah* in your sustenance.

Wealth, Ownership & Accountability

A fundamental paradox in Islam is that while you possess money in your hand, you do not own it in reality. Allah is the owner of all dominion; you have merely been granted temporary permission to utilize these resources. Your salary, your savings, and your portfolio are simultaneously a test, a tool, and a responsibility.

The Two Critical Questions

Prophetic tradition teaches us that on the Day of Judgment, our feet will not move until we are asked about our wealth specifically:

- 1 How did you earn it? Was the source pure and the contract just?
- 2 How did you spend it? Was it used for vanity, or for benefit?

Money is neutral. It can make one person arrogant and another generous. The danger lies not in the currency itself, but in loving it more than obedience to the Divine. Islam encourages trade and business, but insists they be wrapped in justice, transparency, and mercy.



Your Action Plan

- Audit your current assets list.
- Reflect honestly on the source of each asset.
- Ask yourself: "Is Allah pleased with this process?"
- Identify one financial habit to correct this week.

What is Investment?

An investment is the allocation of money, time, or resources into assets - such as stocks, bonds, real estate, or business ventures - with the expectation of generating income or profit (appreciation) over time. Its primary goal is to grow wealth, outpace inflation, and achieve long-term financial goals, usually involving a higher degree of risk compared to simple savings.

Benefits of Investing

- **Wealth Accumulation:** Helps in growing money faster than traditional savings accounts (while avoiding interest).
- **Beating Inflation:** Provides returns that often exceed the rate of inflation, preserving purchasing power.
- **Goal Achievement:** Funds long-term objectives like retirement, education, or purchasing a home.

Key Aspects of Investment

- **Purpose:** To generate returns through capital appreciation (increase in asset value) or income (dividends, rental income).
- **Risk vs. Return:** Investments involve varying levels of risk, with the potential for higher returns often accompanied by higher risk of loss.
- **Time Horizon:** Generally considered a long-term strategy, distinguishing it from speculation or immediate consumption.

IMPORTANT NOTE: Investing is not a source of immediate income/profit for beginners and is not the way to become rich overnight with no money in the pocket!

Reason #1. Beating inflation

Let's be honest with ourselves, inflation is eroding your purchasing power every day, every month and year. Ask yourself "How many times did I go to the supermarket and prices kept increasing?"

The government always says inflation is on a low level, but the numbers may not seem to reflect reality and you are not wrong.

Despite the growth of inflation rate frequently, your salary is not growing at all. That means there is little to no leverage for you to save up money.

Reason #2. Buying a house

Traditional mortgage is *Haram* for us, but we still want to have our own house, especially if we live in the "west" as *Muslims*, where owning a house is prestigious, secure, stable and very expensive. So what do we do as Muslims? This is where investments can help once again. I will explain below how investment can help you buy a house for a million dollar or more on real number examples.

Reason #3. Retirement

The majority of retired employees in many countries barely have enough money to afford groceries, rent and other necessities. If they don't own a house by the time they are retired then the situation is even worse. This is where investment comes into help again. If you want to have a comfortable retirement - start investing **now**.

Reason #4. Passive Income

Yes, no matter how much you invest - sometimes you may get paid dividends as a shareholder, which you can reinvest again.

What Makes an Investment Halal?

Not every opportunity that yields profit is a blessing. Some returns carry spiritual contamination that can erode the barakah of your entire household. To determine if an investment is permissible, we apply a three-part filter.

01. Source

Where does the business earn its revenue? Is the core activity permissible?

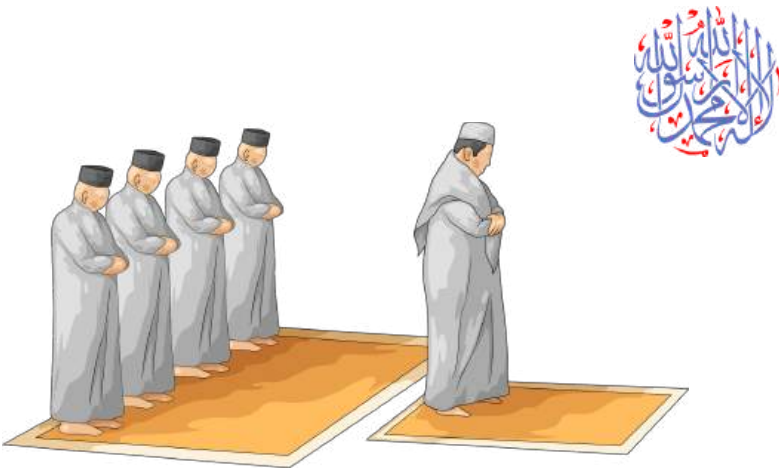
02. Structure

How is the profit generated? Is it via trade and value, or exploitative interest?

03. Impact

What does this company support? Does it harm society or the environment?

Halal investments must be tied to real economic value - goods, services, production, land, or property. Speculation, hype, and empty promises are incompatible with Islamic finance. When in doubt, the prophetic guidance is the gold standard: "Leave that which makes you doubt for that which does not make you doubt."



To navigate the modern financial world, one must understand the three major prohibitions: Riba, Gharar, and Maysir (Gambling). Islam does not forbid profit; it forbids the mechanism of injustice.

Riba (Interest)

Riba is the earning of guaranteed profit without assuming risk. It is one party winning while the other bears the burden. In contrast, halal profit requires shared risk, effort, and real underlying value.

Gharar (Uncertainty)

This refers to excessive uncertainty or deception. It occurs when you don't clearly know what you are buying, or the outcome relies on hidden factors. If you cannot explain the investment simply, it likely contains gharar.

Maysir (Gambling)

Gambling is driven by luck and emotion with a win-lose structure. Investing is driven by analysis and value creation. If your strategy is "hope" rather than "planning," you are gambling.



Your Action Plan

- Before investing, verify the source of profit.
- Ensure no interest is involved in the contract.
- If unsure, consult a scholar or a trusted knowledgeable advisor.

Is Investing Halal or Haram?

Does Investment include Interest?

Yes, investment income includes interest, as it represents earnings generated from assets like savings accounts, bonds, and fixed-interest securities. Interest is considered a type of investment return, alongside dividends and capital gains. Reinvested interest can further increase the total value of an investment over time.

Many global corporations generate revenue through interest-based financial systems, alcohol and tobacco sales, conventional insurance, or investments connected to geopolitical conflicts. Muslims seeking *Shariah*-compliant investing should carefully screen companies for such exposure

Then what makes investment Halal?

If Investing involves haram, then why are we even investing? There is good news! Not all companies in the world are involved in haram earnings, there are still many companies that operate within halal principles. That means the company is not involved into any of haram activities which described above. Remember there are almost 2 billion of Muslims live on this planet and we have our companies to invest in as well.

We will discuss further what kind of companies they are, how to find those companies and how to invest in them in the next chapter.

Shariah Compliant Investments

Here are the specific factors that make an investment Halal:

I. No Interest (*Riba*)

Ban on Interest:

Halal investments cannot involve charging or receiving interest, since interest-based dealings are seen as unjust.

Permissible Returns:

Profits must come from shared risk and reward (like *Mudarabah*), trade with a markup (*Murabaha*), or leasing arrangements (*Ijara*).

2. Forbidden (Haram) Sector Exclusion

Prohibited Industries:

Excludes companies involved in gambling, alcohol, tobacco, pork products, weaponry, adult entertainment, and conventional financial services.

Permissible Sector:

generate returns through profit-sharing and risk-sharing industries like: IT, healthcare, manufacturing, hospitality, renewable energy & utilities, commodities, transport & logistics.

3. Financial Ratio Screening

Forbidden Sectors:

Interest-bearing debt must not exceed 33% (or 30% in some standards) of the company's total market capitalization or total assets.

Traditional Banks:

Putting money into interest-based banks and similar institutions is generally not allowed.

The 5% Threshold: If a company is mainly Halal but earns a small amount from non-permissible sources (like bank interest), that portion must stay under 5% of total revenue.

4. Real Asset-Backed (No Gharar/Maysir)

Real Economic Activity: Investments should be linked to actual physical assets like property, goods, or commodities - not just speculation on paper.

Clarity in Contracts: Agreements must be clear and fair, with risks and profits defined upfront.

No Gambling-Like Trading: Highly speculative tools such as options, futures, and short selling are not allowed.

5. Dividend Purification

If part of a company's income comes from minor non-Halal sources, the investor must cleanse their returns by calculating that portion and giving it to charity so the remaining income is ethically sound.

In the next chapter we will describe types of halal assets, where you can invest without compromising your belief.



Halal Asset Classes

Halal investing is vast. Islam does not restrict you to a corner; it guides you toward clean, productive assets. Here are the five main pillars of a halal portfolio:

1 Stocks (Equity)

Owning a slice of a real business. Requires screening to ensure the business activity is permissible.

2 Real Estate

Land, residential, or commercial property. Physical assets are highly encouraged provided the financing method is halal.

3 Halal Funds / ETFs

Baskets of pre-screened companies. Ideal for those seeking diversification without analyzing single stocks.

4 Private Business

Startups and trade partnerships. High risk, but high impact on the real economy.

5 Sukuk

Shariah-compliant "bonds" representing asset ownership.



Your Action Plan

- Don't dabble in everything. Choose one or two asset classes to master.
- Start small, but start consistent.

Let's review and go through each assets class for better understanding:

1 Stocks (Equity)

A stock (also known as shares or equity) represents - **partial ownership in a company**. When you buy a stock, you are buying a tiny slice of that business, making you a "shareholder" entitled to a portion of its assets and profits. Let's have a look into Pizza analogy given below:

Imagine a massive pizza representing a company, for example Domino's Pizza.

- **The Stock/Share:** The pizza is cut into millions of tiny slices. One slice is a share of stock.
- **Ownership:** If you buy one slice, you own part of that pizza.
- **Value Growth:** If the company does well, the pizza gets bigger and more valuable. Therefore, your slice is worth more.
- **Dividends:** If the company makes a profit, they might pay you a small portion of that profit in cash, which is called a dividend.



Why Do Companies Issue Stocks?

Companies sell stocks to raise money to grow, such as building new factories, developing new products, or hiring more staff. This is often preferred over taking out a bank loan because they don't have to pay it back if they fail.

How Do You Make Money?

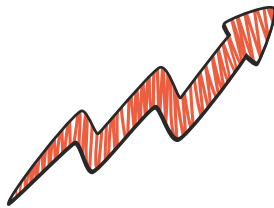
There are two main ways to make money from stocks:

- Capital Appreciation (Price Increase): You buy a share for \$10, the company grows, and later price grows to \$15.
- Trade your shares: Buy stocks when they are at the lower price and sell them when they increase in price.
- Dividends (Profits): Some companies regularly share their profits with investors/stockholders by paying them cash dividends.

How Stocks Work?

Stock prices change based on how well the company is doing and what other people think it is worth.

- If a company releases a popular product (like a new Pizza), more people want to buy the stock. High demand causes the price to **rise**.
- If a company makes a bad decision or has low profits, people may sell their stock, causing the price to **fall**.



Key Terms to Know

- **Stock Exchange:** The marketplace where stocks are bought and sold (e.g., New York Stock Exchange).
- **Broker/App:** A service that lets you buy stocks (e.g., Vanguard, Fidelity, or investing apps).
- **Volatility:** How quickly the stock price goes up and down.
- **Risk:** The possibility that the company does poorly and your investment loses value.

Disclaimer: Investing in stocks involves risk, including the potential loss of principal.

2 Real Estate

Real estate is defined as the **physical land** and **any permanent improvements** attached to it, whether natural or man-made. It is essentially any immovable property, including homes, office buildings, or undeveloped land.



The Four Main Types

- **Residential:** Where people live (single-family homes, apartments, condos, townhouses).
 - **Commercial:** Properties used for business (shopping malls, office buildings, hotels, restaurants).
 - **Industrial:** Properties used for production or storage (factories, warehouses, distribution centers).
 - **Land:** Raw, undeveloped, or agricultural land.
-

How Do You Make Money?

People buy real estate to make money, either through renting it out (income) or selling it for a higher price later (appreciation).

We will not focus on this asset type as it requires a large capital to start investing and there is a mortgage involved with large interest (riba), with low level of leverage for halal mortgage in any of "western countries".

3 Halal Funds/ETFs

A Halal Fund or ETF is an investment portfolio that allows investors to grow their wealth while adhering to Islamic principles (Shariah law). Unlike conventional investments, these funds exclude companies involved in prohibited activities - such as alcohol, gambling, tobacco, and traditional interest-based banking - and typically avoid high levels of debt.

Think of a standard investment fund as a large basket of stocks (like buying a mix of items at a store). A Halal Fund/ETF is a "screened" basket. A team of experts acts as a filter, removing any non-halal items (like liquor or pork products in a food basket) and replacing them with approved, ethical items.

Key Components of Halal Investing

- No riba (interest): They avoid companies that make money from lending money (banks) or have excessive interest-bearing debt.
- No haram Industries: Forbidden sectors include alcohol, tobacco, gambling, pork products, and adult entertainment.
- Screening Process: A Shariah Advisory Board monitors the holdings, usually quarterly, to ensure they remain compliant.

-
- **Purification:** If a company in the fund earns a very small amount (usually <5%) of income from non-compliant sources, that portion of the dividend is "purified" by donating it to charity. Simply deduct 5% of dividend received and donate it to Mosque. Usually dividends are very low in value (companies pay in cents per share) and this process is applicable overtime when your dividends can be measured in hundreds of dollars.

Halal Funds vs. Halal ETFs, what is the difference?

- **Halal ETF (Exchange-Traded Fund):**
 - **Traded like a stock:** Can be bought or sold instantly throughout the day on a stock exchange.
 - **Passive:** Usually tracks a specific index (e.g., the S&P 500 Shariah Index).
 - **Lower Fees:** Generally have lower management fees than mutual funds.
 - **Examples:** SP Funds S&P 500 Sharia Industry Exclusions (SPUS), Wahed FTSE USA Shariah ETF (HLAL).
- **Halal Fund:**
 - **Actively Managed:** Experts actively choose stocks to try and outperform the market.
 - **End-of-day pricing:** Bought or sold only once daily.
 - **Examples:** Amana Growth Fund, HSBC Islamic Funds.



Why People Invest in Them

- **Values Alignment:** Allows Muslims to invest without compromising their faith.
- **Ethical/ESG Appeal:** The strict screening often means these funds avoid volatile or unethical companies, attracting non-Muslims looking for socially responsible investing.
- **Diversification:** Gives easy access to a broad range of safe, compliant companies (often in tech and healthcare).

4 Private Business

A private business (or private company) is a business owned by individuals, families, or a small group of investors, rather than by the government or the general public. The primary distinction is that shares of a private company are not traded on a public stock exchange, meaning you cannot buy ownership in them through a standard brokerage account. Just like in case of Real Estate we will not discover this option as in most cases this type of asset requires a large investment amount.

5 Sukuk

A *Sukuk* is an Islamic financial certificate, often referred to as an "Islamic bond" or "Sharia-compliant bond"

Unlike conventional bonds, which represent a debt obligation (lending money to earn interest), a Sukuk represents partial ownership in a tangible asset, project, or business activity. Sukuk holders receive a share of the income generated by the underlying asset, rather than interest payments.

How to Explain It Simply

Imagine a city wants to build a new toll bridge but doesn't have the cash.

- **Traditional Bond:** The city borrows money from investors and promises to pay it back with 5% interest.
- **Sukuk (Asset-Based):** The city sells the bridge to a group of investors (the Sukuk holders) for \$100 million. The city then leases the bridge back from the investors for 5 years and pays them "rent" from the toll revenue. At the end of the 5 years, the city buys the bridge back for the original \$100 million.

The investors earned profit from the rent of a real asset (the bridge), not from interest on a loan.

Key Aspects of a Sukuk

- **Sharia-Compliant:** It must follow Islamic principles, which prohibit *riba* (interest/usury), *gharar* (uncertainty), and gambling.
- **Asset-Backed:** It is backed by tangible assets (land, buildings, machinery) or income-generating projects.
- **Profit Sharing:** Returns are derived from the profit or rent generated by the asset, making it a form of equity-based investment.
- **Tradable:** Like conventional bonds, sukuk can be bought and sold in secondary markets.
- **Access to Liquidity:** It provides companies or governments a way to raise funds while adhering to Islamic principles.
- **Risk Management:** It is often considered a lower-risk investment than stocks and allows for portfolio diversification.

Return Rate vs Interest Rate

I. What is the difference?

Interest rate is the fixed percentage paid for borrowing money or earned on a deposit.

Example: John borrowed \$2,000 from Markus for 1 year and agreed to return with Interest rate of 5%. So after 1 year John will return \$2,000 borrowed with \$100 of interest (riba).

Rate of return is the total gain or loss on an investment over time, expenses, income, dividends, and price changes. Interest is the "cost," while return is the total performance.

Example: Ahmad invested \$1,000 into HLAL ETF a year ago. The price of the share grew since then for 16% and now his Investment worth \$1,160.

In the first example we see there is a clear interest (riba involved). However, in the second example we can there is no riba involved because nobody borrowed money. Let's have a look into another example.

*Adam is a rich man and he was approached by Michael who is opening a business and wants to borrow \$20,000 from Adam to open his business. Adam lends the money at 10% interest for 5 years. After 5 years Michael returns \$25,496 (initially borrowed \$20,000 and \$5,496 **interest/riba**).*

*Abdullah is an investor and he was approached by Jameelah who is opening a business and wants to offer Abdullah a partnership and invest \$20,000 for 50% of shares to open business. Abdullah agrees to be partner and makes the payment to open the business. Abdullah and Jameelah have 50% of ownership of business each and **received dividends** from it.*

Screening Stocks Islamically

Buying a stock without checking its compliance is like eating food without reading the ingredients. A halal stock must pass two distinct filters: Business Activity and Financial Ratios.

1. The Business Filter

The core revenue must come from permissible sources. You must avoid companies primarily dealing in alcohol, gambling, pornography, conventional interest-based finance, tobacco, or unjust weaponry.

2. The Financial Filter

Even halal businesses may have impermissible financial habits. Shariah standards set thresholds for:

- **Interest-bearing debt:** Must be below a certain percentage of total value (often 33%).
- **Impure Income:** Interest income or earnings from non-halal subsidiaries must be minimal (often less than 5%).

If a company passes these checks but has a small amount of impure income (e.g., interest from a bank deposit), investors perform "Purification" by calculating that percentage and donating it to charity, ensuring their own consumption remains pure.



Your Action Plan

- Use a screening app or manual research before buying. ZOYA Finance would be good to start.
- Check the debt levels and also check the return rate.
- Study if the company based on geopolitical involvement or perceived support of military activities.

Risk & Diversification

Investing always involves risk. Whether someone invests in shares, real estate, or business ventures, there is no guaranteed return. In halal investing, the same financial risks exist — but they are managed within Islamic ethical and legal boundaries. Understanding risk and diversification is essential for Muslim investors who want to grow their wealth while remaining compliant with Shariah principles.

Understanding Risk in Halal Investments

Risk refers to the possibility of losing money or earning less than expected. In halal investments, common risks include:

- **Market Risk** – Prices of Shariah-compliant stocks or halal ETFs can rise and fall due to economic conditions.
- **Business Risk** – A halal company may underperform or face financial difficulties.
- **Liquidity Risk** – Some Islamic investments, such as certain sukuk or private equity deals, may not be easily sold.
- **Profit Rate Risk** – In Islamic finance, returns are not fixed like conventional interest-based products. Instead, they depend on actual performance, which may fluctuate.

Unlike conventional finance, halal investing avoids *riba* (interest), excessive uncertainty (*gharar*), and gambling (*maysir*). This does not eliminate risk, but it ensures that risk is linked to real economic activity and asset ownership. In Islam, profit is justified only when risk is shared.

The Role of Diversification

Diversification means spreading investments across different assets to reduce overall risk. The idea is simple: do not put all your money in one place. If one investment performs poorly, others may perform well and balance the outcome.

For halal investors, diversification can be achieved by:

- Investing in Shariah-compliant stocks across different industries (technology, healthcare, energy, etc.)
- Including sukuk (Islamic bonds) for more stable income
- Allocating funds to real estate
- Investing in Islamic ETFs or mutual funds
- Holding assets in different geographic regions

Diversification does not eliminate risk entirely, but it reduces the impact of a single loss. For example, if a halal technology company declines, investments in healthcare or commodities may remain stable.

Balancing Risk and Reward

In Islamic finance, higher potential returns usually come with higher risk. Equity investments typically offer greater growth but are more volatile. Sukuk or income-generating real assets may provide lower but more stable returns. A balanced halal portfolio often combines growth-oriented and income-focused assets depending on the investor's goals, time horizon, and risk tolerance.

Young investors may accept higher volatility for long-term growth. Those closer to retirement may prioritize stability and capital preservation.

Budget to Start

How much do I need to start?

You can start investing with as little as \$1 to \$100 USD using modern online platforms. Many apps and brokers have no minimum, allowing you to buy fractional shares or contribute small amounts consistently, making it accessible to start immediately. However, keep in mind some brokers might require a certain amount to be deposited to start.

It doesn't matter what amount you want to start investing with, what matters is how consistently you can be investing that certain amount.

So practically:

- \$50–\$100 is a comfortable starting point
- \$500+ is better for diversification
- \$1,000+ allows stronger risk spreading
- \$500–\$5,000 minimum for Sukuk and Funds.

Why? Because putting \$2,000 into just one company is risky. Diversification matters more than the starting amount.

Are there any additional fees?















Keep in mind, there will be fees from brokers (topic about brokers covered in further chapters) for transaction and other small platform fees. Also a point to bear in mind that some brokers allow earning interest on the remaining balance of cash deposit (not yet used for investment but on the platform).

How to start investing

If you have any money saved up to start investing you can use that amount to start buying shares. Follow steps below to start investing:

Step 1. Find a brokerage in your country

You cannot buy directly any shares or bonds as an individual on marketplace, only brokers can buy or sell shares on your behalf. Here is a list of brokers by countries you can start using:

Country/Region	Broker name	Alternative option
 Australia	CMC Markets	Interactive Brokers
 New Zealand	Sharesies	Interactive Brokers
 Canada	Questrade	Interactive Brokers
 United States	Interactive Brokers	Fidelity
 Ireland	XTB	Interactive Brokers
 European Union	Interactive Brokers	flatexDEGIRO
 United Kingdom	Interactive Brokers	Hargreaves Lansdown
 UAE	Interactive Brokers	ADSS
 Saudi Arabia	Al Rajhi Capital	Interactive Brokers
 Qatar	Interactive Brokers	Saxo Bank
 Malaysia	Moomoo	Interactive Brokers
 India	Zerodha	Groww
 Pakistan	JS Global Capital	Interactive Brokers
 Indonesia	MEXEM	Interactive Brokers

Step 2. Deposit funds

Once you choose a platform you are comfortable with then you need to deposit funds to start investing. It might take some time depending on platform to receive and deposit the funds.

Step 3. Start buying

When funds reached your account you can start buying assets.

Step 4. How to choose assets to buy

You will need to do a research on your own about the assets you want to buy and make a list of it. For example In my personal experience when I first started to invest, I invested into companies like NVIDIA, Apple, ORACLE, UBER, Microsoft, Fonterra, and so on. These were not the best stocks to invest into, though they had a good return on investment.

Step 5. Recommendation

Do your research and find companies you want to invest in before you deposit funds and start investing. Avoid having money and not knowing what companies to invest in, because you might end up making an emotional decision and buy wrong stocks.

The Compounding Rule & Time

The Compounding rule - is the process by which an investment's earnings - whether from capital gains or returns - are reinvested to produce additional earnings over time. Because each period's return is calculated on both the original principal and the accumulated returns from previous periods, the growth follows an exponential pattern.

For example, if you invest \$100 this month and another \$100 next month at a 13% return rate, here is how it would work:

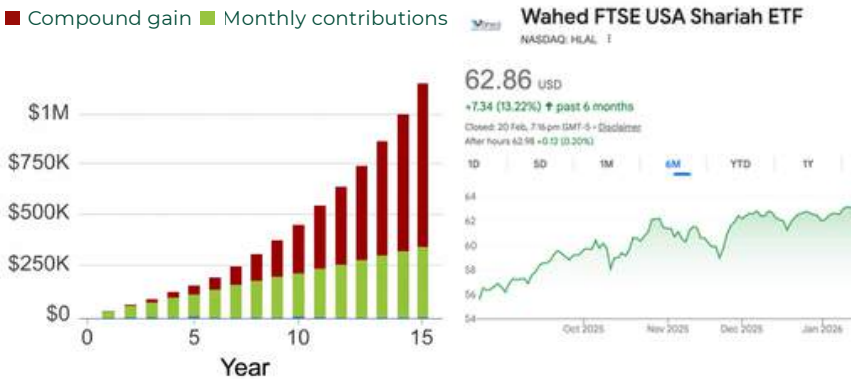
Month 1:

$$\$100 \times 1.13 = \$113$$

Month 2:

$$(\$113 + \$100) \times 1.13 = \$240.69$$

As a result, instead of having just \$200 from your two contributions, your investment grows to \$240.69 due to the power of compounding.



If you invest \$10,000 in the Wahed ETF, which has delivered an average annual return of 13%, and continue contributing \$2,000 per month for 15 years, your investment could grow to over \$1 million over that period, as illustrated in the table below.

Scenario with 15 years

End Amount	Additional Contribution
Starting Amount	\$10,000
After	15 years
Return Rate	13 %
Compound	annually
Additional Contribution	\$2,000
Contribute at the <input type="radio"/> beginning <input checked="" type="radio"/> end of each <input checked="" type="radio"/> month <input type="radio"/> year	

End Balance	\$1,089,084
Start Amount	\$10,000
Total Contributions	\$360,000
Total Return	\$719,084

Scenario with 20 years

End Amount	Additional Contribution
Starting Amount	\$10,000
After	20 years
Return Rate	13 %
Compound	annually
Additional Contribution	\$2,000
Contribute at the <input type="radio"/> beginning <input checked="" type="radio"/> end of each <input checked="" type="radio"/> month <input type="radio"/> year	

End Balance	\$2,171,155
Start Amount	\$10,000
Total Contributions	\$480,000
Total Return	\$1,681,155

Scenario with 25 years

End Amount	Additional Contribution
Starting Amount	\$10,000
After	25 years
Return Rate	13 %
Compound	annually
Additional Contribution	\$2,000
Contribute at the <input type="radio"/> beginning <input checked="" type="radio"/> end of each <input checked="" type="radio"/> month <input type="radio"/> year	

End Balance	\$4,164,801
Start Amount	\$10,000
Total Contributions	\$600,000
Total Return	\$3,554,801

Imagine what happens in 35, 40 or 45 years of consistent investment? This is called the power of Compounding rule.

Practically you need to grow your portfolio with specific long-term goal in mind and utilize the time - because if you start early then time is your best friend. However, you can achieve good results even if you are in your 30s, 40s, 50, or even 60s.

“

"The best time to start investing was 30 years ago,
but the second best time is now."



Key Takeaways

- Compounding is gain on gain, allowing returns to increase exponentially over time.
- Compounding can also apply to debts and loans, making the debt increase even if the borrower is making payments.
- Savings accounts have compound interest, and some dividend investments also benefit from compounding.

Strategy, Tracking & Balancing

Real wealth is built with a blueprint, not random actions. A simple halal strategy requires clear goals (*Hajj*, home, retirement, charity), defined horizons, and a written plan. Without a clear strategy and tracking system you risk falling into results listed below which can turn halal investment into haram as outcome:

Chasing hype and quick profits.

Ignoring Halal screening

Investing without written goals.

Using debt/leverage to amplify returns.

You can also choose to trade shares, meaning buy stocks and ETFs at lower price today and wait until they rise in price and sell them later at the higher price. This is a short - term strategy and it will not help you win in long-term and it is more risky, as you will need to predict the share price because it might increase or decrease.

A calm approach looks like regular contributions (Dollar Cost Averaging), a realistic risk level that allows you to sleep at night, and built-in purification/*Zakat* habits.

How to Pay Zakat on Stocks and ETFs

Zakat on stocks is 2.5% of the total market value of shares (plus dividends/cash) if held for short-term trading. For long-term investments, pay 2.5% on the company's zakatable assets (roughly 25–40% of market value). The *haul* (holding for one lunar year) must be completed.

1. Short-Term/Trading Stocks

If you buy and sell stocks to make a profit (active trading), they are treated as trade goods, similar to cash:

- Method: $(\text{Total Market Value of Shares} + \text{Dividends}) \times 2.5\%$
- Timing: Calculate based on the market value on your zakat due date (haul), not the purchase price.

2. Long-Term Investments

If you hold shares for dividends or long-term growth (passive investment), zakat is due on your proportionate share of the company's "zakatable assets" (cash, receivables, inventory), excluding fixed assets.

- Simplified Method: If finding company balance sheets is hard, take 25% to 40% of the total market value of your portfolio as a proxy for zakatable assets, then pay 2.5% of that amount.
- Example: If your long-term portfolio is worth \$10,000, calculate 2.5% of \$2,500 (assuming 25% is liquid).

Balancing summary

Modern tools allow you to stay organized and disciplined. Whether using halal stock screening apps or portfolio trackers, technology can help ensure you remain compliant.

Rebalancing is a vital maintenance task. It means bringing your portfolio back to your intended mix. If your stocks grow too fast and now represent 90% of your wealth (when you wanted 70%), you sell some to buy stable assets. This is not predicting the market; it is controlling risk.

The Compliance Check

Companies evolve.

A business that was halal yesterday may acquire a bank or start selling impermissible goods today.

Regular monitoring ensures your wealth remains pure.

Not all "investments" are true investing. Speculative behavior behaves like a game - chasing rumors, seeking impossible returns in days, and using complex derivatives. Ethical investing, by contrast, funds real value, uses transparent structures, and cares about what is being funded.

Knowing When to Exit

Selling is as important as buying. You should sell when:

- You have reached a clear life goal (e.g., buying a home).
- The company becomes haram in its operations.
- The fundamental business deteriorates significantly.

In my personal experience I purchased stocks of Oracle, which is an accounting software company. However, after learning more about the company's ownership and political affiliations, I decided to exit the position.



Your Action Plan

- Write down your 10-year vision.
- Acknowledge previous mistakes.
- Commit to correcting one bad habit today.
- Define your target profit range and loss tolerance.
- List investments you might need to exit this year.
- Decide if a full or partial exit makes sense.

CONCLUSION

Legacy & Wealth with Purpose

Halal investing is not merely a financial strategy; when done with the right intention, it is an act of worship. It transforms the mundane act of saving into a shield for your faith.

Remember the core principles: Wealth is a trust. Riba and gharar strip away blessing. Patience is your strategy. Zakat and charity are your purifiers.



"Your money should serve your life and your Deen, not the other way around."

Halal investing extends beyond your lifetime. It asks: What will my wealth do when I am gone? This is the concept of Sadaqah Jariyah - continuous charity.

A true legacy portfolio provides stability for your descendants (so they are not left dependent on others) and funds meaningful projects like education, mosques, or water wells.

"When a human being dies, their deeds come to an end except for three..."

Ongoing charity, beneficial knowledge, or a righteous child who prays for them.

Legacy is also about transferring values. Teaching your children about the distinction between halal and haram is more valuable than the money itself. I have created a course on how to grow children financially literate "Halal Finance for Kids".



See also:

1. Halal Investment Guide ebook
2. Halal Finance for kids

What is coming up?

Games for kids about Halal Finance - ebook



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