THREE HORIZONS CAPITAL · RESEARCH

Same Rules. New Wrapper.

Islamic investors are keeping their rules and changing how they hold them. Across 63 Islamic funds sold from Europe, the US and four other markets, exchange-traded funds hold 30% of the assets and took 75% of the new money over the past year. We read the shelf, the money, where each fund can be sold, and the wrappers the shelf has yet to reach.

$39.5bn

Assets in 63 Islamic funds sold from Europe, the US, Canada, South Africa, Singapore and Hong Kong, 9 November 2026

30% and 75%

The ETF share of those assets, and the ETF share of the +$4.8bn net inflow over twelve months

350

ELTIFs on ESMA's register on 5 November 2026; an Islamic-labelled ELTIF would be the first

THE FINDING IN ONE LINE

For managers building or selling Shariah-screened products: new money equal to 12% of assets arrived in a year, and most of it chose low-cost index ETFs, so the edge lies in the right wrapper, a screen investors trust, and registration where the next buyers are.

Three Horizons Capital, Portfolio Analytics. Islamic, Shariah, sukuk and halal funds by name, one record per fund, assets at 9 November 2026, net flows November 2025 to October 2026; ESMA marketing and ELTIF registers. Research, not investment advice.

01 An Islamic fund is a conventional fund with two extra sets of rules

Islamic finance asks one question of every investment: how to earn a return without lending at interest. Three principles answer it. Riba rules out interest. Gharar rules out excessive uncertainty in a contract. Maysir rules out gambling and speculation. Every Islamic structure, from sukuk to takaful, is a different answer to the same constraint.

For a listed fund the principles become two screens. A business screen excludes companies whose main activity is alcohol, tobacco, pork, gambling, adult entertainment or conventional banking and insurance; most index screens also exclude weapons and defence. A financial screen excludes companies carrying too much debt, cash or interest income relative to their size, typically measured against a third of market value. A Shariah board approves the method, and small amounts of non-compliant income are given to charity, a step called purification.

The result tends to look like a quality-tilted version of its conventional index: fewer banks, lighter balance sheets, more technology and healthcare. The investor buys the screen as much as the fund.

02 The shelf holds $39.5bn in 63 funds, and three funds hold 45% of it

We read every fund whose name carries an Islamic, Shariah, sukuk or halal label in the fund data we use, one record per fund, from Europe, the US, Canada, South Africa, Singapore and Hong Kong. The 63 funds hold $39.5bn. Equity dominates: 40 funds hold $33.7bn, 85% of the assets. Sukuk and other Islamic fixed income funds hold $4.8bn across 16 funds, and 7 multi-asset funds hold $1.0bn.

Funds domiciled in Ireland, Luxembourg and the UK hold $22.4bn, 57%, and took +$3.1bn of new money over the year. US funds hold $15.4bn, 39%, and took +$1.4bn. The remaining 10 funds, in Canada, South Africa, Singapore and Hong Kong, hold $1.6bn. Home-market funds in Malaysia and the Gulf states sit on their own, separate shelves and are outside this read.

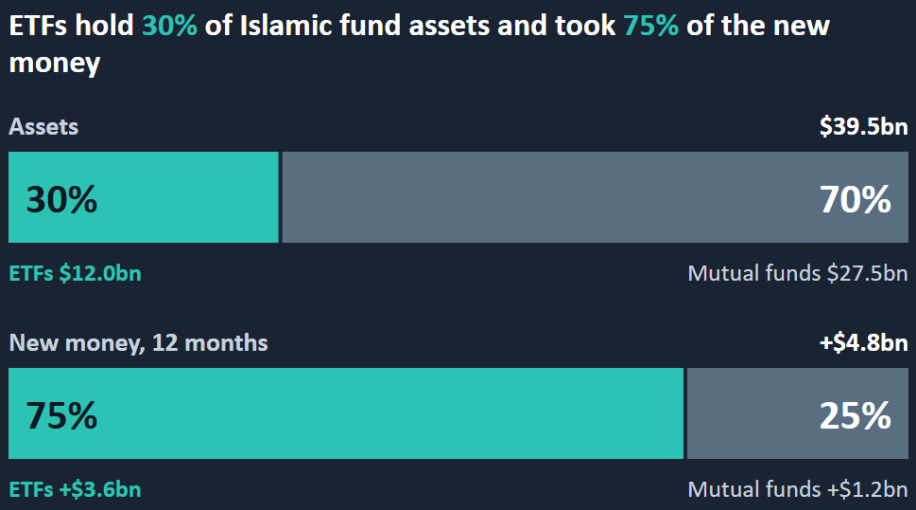
FUND	DOMICILE	WRAPPER	ASSETS
HSBC Islamic Global Equity Index (common contractual fund)	Ireland	Index fund	$8.0bn
Amana Growth	US	Mutual fund	$6.4bn
HSBC Islamic Global Equity Index	Luxembourg	Index fund	$3.4bn
SP Funds S&P 500 Sharia Industry Exclusions ETF	US	ETF	$3.2bn
Amana Income	US	Mutual fund	$2.4bn
iShares MSCI World Islamic UCITS ETF	Ireland	ETF	$1.8bn
Invesco Dow Jones Islamic Global Developed Markets UCITS ETF	Ireland	ETF	$1.1bn
Franklin Global Sukuk	Luxembourg	Mutual fund	$1.1bn
Wahed FTSE USA Shariah ETF	US	ETF	$0.9bn
iShares MSCI EM Islamic UCITS ETF	Ireland	ETF	$0.8bn

Table 1. The ten largest Islamic funds in our read, by assets at 9 November 2026, converted to US dollars at October 2026 rates.

Two things stand out. Index investing already leads: the two HSBC index funds are the first and third largest. And the shelf is concentrated: the three largest funds hold 45% of the assets.

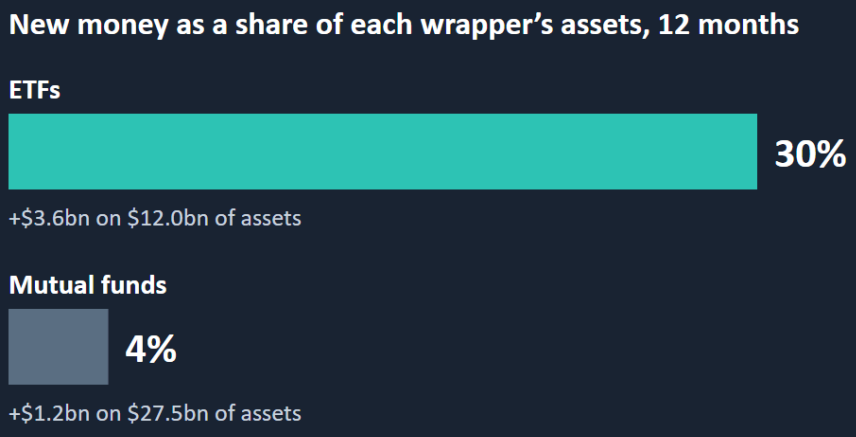
03 Twelve months of new money went mostly into ETFs

Over the twelve months to October 2026 the 63 funds took in a net +$4.8bn, new money equal to 12% of their assets, before any market return. The split by wrapper is the story. ETFs hold $12.0bn, 30% of the assets, and took +$3.6bn, 75% of the inflow. The 41 mutual funds, with $27.5bn, took +$1.2bn.



63 funds with an Islamic, Shariah, sukuk or halal label, one record per fund; assets 9 November 2026; net flows November 2025 to October 2026. Three Horizons Capital analysis. Not investment advice.

Measured against their own size, the gap is wider still. ETF assets grew 30% from new money alone; mutual fund assets grew 4%.



63 funds with an Islamic, Shariah, sukuk or halal label, one record per fund; assets 9 November 2026; net flows November 2025 to October 2026. Three Horizons Capital analysis. Not investment advice.

The move shows on both sides of the Atlantic. European ETFs, $6.3bn, took +$2.0bn. US ETFs, $5.3bn, took +$1.6bn, while US Islamic mutual funds saw a net −$0.2bn. Two funds led: the SP Funds S&P 500 Sharia Industry Exclusions ETF took +$1.2bn and the iShares MSCI World Islamic UCITS ETF +$0.65bn, together 38% of the inflow. The same pattern holds in sukuk: sukuk ETFs, $1.4bn, took +$0.5bn of the +$0.6bn that went into sukuk funds.

For an Islamic investor the attraction is plain. An index ETF fixes the screen in a published methodology, prices every day on an exchange and costs less than most active funds. The rules stay the same; the wrapper is changing.

04 Each fund is sold country by country, and the map is uneven

In Europe a fund is registered for sale one country at a time, and the cross-border marketing register records each notification. It lists 15 Islamic, Shariah or sukuk funds domiciled in Luxembourg on 1 October 2026. Three Luxembourg sukuk funds are notified for sale in Italy, in 2013, 2024 and August 2026. The largest Islamic ETF in Europe, the iShares MSCI World Islamic UCITS ETF, is sold in Switzerland, France, Germany, the Netherlands and the UK.



The Gulf reaches this shelf through Luxembourg. Three sukuk and balanced funds from Gulf-based managers, $0.5bn together, are domiciled there and sold to European investors, and European managers run Luxembourg funds that invest in Gulf equities for the same buyers.

For a manager, the registration map is a distribution plan. A fund registered in five countries can be bought in five countries; every additional market is a decision, a filing and a local partner.

05 The wrappers the shelf has yet to reach are where the next products sit

Sukuk is the smallest part of the shelf. Sukuk are the bond market of Islamic finance, yet sukuk funds hold $4.8bn, 12% of the shelf, against 85% in equity. Sukuk ETFs took most of the new money that went into sukuk.

Multi-asset is smaller still. 7 funds hold $1.0bn and took +$0.3bn: a one-fund Islamic portfolio for a saver or a pension default is a short list today.

The ELTIF is open. ESMA's register lists 350 ELTIFs on 5 November 2026, Europe's wrapper for giving savers access to private assets. An Islamic-labelled ELTIF would be the first. Private equity, real estate and infrastructure fit Shariah principles naturally when financed without conventional debt, because they share risk and own real assets rather than lend at interest.

The ELTIF wrapper is open to an Islamic strategy



350 ELTIFs on ESMA's register, 5 November 2026

The open ring: an Islamic-labelled ELTIF would be the first

ESMA ELTIF register, extraction 5 November 2026, counted by row. Three Horizons Capital analysis.

06 What it means for managers and the platforms that sell their funds

- **Build in the wrapper the money is choosing.** A Shariah screen on an index ETF is where 75% of the new money went. A manager with an index range can add a screened version; a manager with an active Islamic fund can show what it adds over the screen.
- **Read the screen like an investor does.** The index provider, the exclusions, the financial ratios and the Shariah board decide whether a fund is bought. Investors compare them line by line.
- **Register where the next buyers are.** Registration decides who can buy a fund, one country at a time. Mapping where comparable funds are sold shows where a new one can be first.
- **Look at sukuk, multi-asset and the ELTIF.** The smaller corners of the shelf are where a new fund faces the fewest competitors.

> **BUILDING OR SELLING A SHARIAH-SCREENED FUND?**
>
> Send us the fund or the idea. We'll map the shelf it joins, the flows and where it is registered, and walk you through it on a call in the coming weeks. Get in touch

07 What we measured, and how

Universe. Every fund whose name carries an Islamic, Shariah, Sharia, sukuk or halal label, or the name of an Islamic fund range, in the fund data we use, read on 9 November 2026. One record per fund: share classes are combined, and where a fund carries two records the duplicate is removed. A fund that follows Shariah rules without saying so in its name is outside the read. Home-market funds in Malaysia and the Gulf states, two of the largest Islamic fund markets, sit on their own shelves.

Assets. Fund-level assets in each fund's reporting currency, converted to US dollars at October 2026 rates.

Flows. Net flows, one value per fund per month, November 2025 to October 2026, in US dollars. Flows exclude market returns.

Registration. The ESMA cross-border marketing register, extraction 1 October 2026, which covers Luxembourg-domiciled funds in this read, and fund records of the countries where each fund is sold. The ELTIF register is ESMA's, 5 November 2026, counted by register row. Source: Three Horizons Capital analysis of fund data and the ESMA registers. Research, not investment advice.