What is Islamic finance?

Islamic finance is an ethical mode of finance that derives its principles from the Shariah, or Islamic, law.

The Islamic Investment Guidelines prohibits investments in:

- Companies whose total debt divided by a trailing 12-month average market capitalisation is greater than or equal to 33 per cent.
  (Total debt = short-term + current portion of long-term debt + long-term debt)

- Companies whose sum of cash and interest-bearing securities divided by a trailing 12-month average market capitalisation is greater than or equal to 33 per cent.

- Companies whose account receivables divided by total assets are greater than or equal to 45 per cent.
  (Account receivables = current receivables + longer term receivables)

- Companies that are involved in the following businesses:

  - Manufacture and/ or sale/ distribution of alcohol, tobacco, pork, music and pornographic productions
  - Restaurants and hotels/ motels except those NOT selling alcohol
  - Operators of gambling casinos and manufacturers of gambling machines
  - Operators of movie theatres and cable TV companies
  - Financial services like banks, brokerage firms, inurance companies, investment funds that invest in companies engaged in the above restricted activities, etc.