

January Market Overview

January 2026 got the year off to a constructive start, notwithstanding some increases in volatility, following on from a positive finish to 2025. Global Sharia-compliant equities rallied, but the major change was a shift in leadership beyond US mega-cap technology into international markets such as the UK, Europe and Emerging Markets. Smaller companies and more cyclical sectors were also leaders as investors favoured areas outside of the dominant AI investment theme that has driven markets in recent years.

Bond markets remained relatively subdued, with government bond prices edging lower, while corporate credit showed relative resilience. Within Sharia portfolios, Sukuk continued to provide stability, supported by their asset-backed structure and defensive characteristics.

Currency movements were also notable. After a period of strength in late 2025, the US dollar weakened through parts of January. This supported Emerging Market equities and provided a tailwind to internationally diversified Sharia portfolios. However, because many Sukuk holdings are denominated in US dollars, currency movements created mixed effects across different parts of the portfolio.

Precious metals experienced heightened volatility during the month. Both gold and silver saw pronounced price swings, reflecting shifting expectations around interest rates, inflation and geopolitical developments. While metals remained strong contributors overall, the increased volatility required disciplined portfolio management.

Overall, January was positive, but beneath the surface it delivered meaningful leadership changes, reinforcing the importance of diversification across regions, sectors and asset classes within a Sharia framework.

Portfolio Positioning

In January, TAM rotated out of the multi-asset funds which have been core holdings, preferring to allocate these assets in accordance with our 2026 central asset allocation. Specifically, we rotated towards a higher allocation to equities while balancing this by backing our highest conviction sukuk strategies. The increased equity position is expressed through global funds but also an increased allocation to Emerging Markets, a high conviction call for TAM in 2026. The

precious metals exposure remains within portfolios but with a smaller silver position which was trimmed at the highs after an exceptional run.

The active Sharia portfolio range saw gains across the global equity spectrum, with actively managed strategies continuing to add value through stock selection. The rotation toward value-oriented equities benefited positioning, particularly in areas less concentrated in US mega-cap growth.

Emerging Market investments, where TAM maintains an overweight allocation, were strong contributors during January, supported by dollar weakness and improving growth sentiment. Sukuk allocations continued to provide defensive ballast, even amid currency fluctuations.

Precious metals were again a significant contributor to performance. Silver in particular experienced an exceptionally strong rally, accompanied by elevated volatility. Given the magnitude of gains and increasing intraday price swings, the team prudently trimmed approximately 70% of the silver position during January, locking in profits while maintaining a strategic allocation to gold as a longer-term store of value consistent with Islamic financial principles.

Outlook

Looking forward, markets appear willing to continue taking on risk, supported by stable inflation data and resilient economic growth. However, leadership is shifting. High-flying US technology stocks are no longer the sole engine of returns, with investors rotating toward value-oriented sectors and international markets.

We expect this broader participation to continue, particularly across Emerging Markets and parts of Asia, where valuations remain more attractive. Within a Sharia framework, this rotation creates opportunities in real economy businesses with strong balance sheets, tangible assets and durable cash flows.

Precious metals may continue to exhibit volatility as markets reassess rate expectations and geopolitical risks. While we retain conviction in gold's long-term role as both a diversifier and store of value, position sizing will remain disciplined.

Overall, we remain constructive but selective. TAM's Sharia portfolios continue to balance growth participation with resilience, focusing on high-quality equities, Sukuk stability and real assets aligned with Islamic principles. This disciplined approach allows investors to participate in market opportunities while remaining anchored to Sharia-compliant foundations.



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