

December Market Overview

December brought a more moderate close to the year, with global equities and bonds both posting modest declines in dollar terms as markets paused after a strong final quarter. International equities once again outperformed their US counterparts, reinforcing a theme that defined much of 2025, while sterling's rally against the dollar provided a continuation of a core theme in the Sharia portfolios. Volatility remained a feature of markets, particularly as the year drew to a close, but the overall tone was one of consolidation rather than concern, with investors taking stock after a year of solid gains.

Softer inflation data across the US, Europe and the UK helped reinforce confidence that global disinflation remains intact, even if uneven. Central banks used their final meetings of the year to cut interest rates while maintaining a cautious tone, tempering year-end rallies but providing reassurance that further easing lies ahead in 2026. Macro developments supported this balanced backdrop, with cooling but resilient US growth, stable energy prices in Europe and calmer gilt markets in the UK. Against this setting, gold and silver continued to perform strongly, underlining their role as effective diversifiers as investors navigated a more thoughtful and measured market environment.

For investors following Sharia principles, these market dynamics reaffirm the importance of selectivity, diversification, and active oversight. Sectors aligned with real economic growth, such as technology, healthcare, and infrastructure, continue to offer opportunity, while the avoidance of cyclical and heavily indebted businesses adds a disciplined quality lens which is certainly working in our portfolios' favour.

Portfolio Positioning

The only trades seen in December was a trim back to target of the ebullient silver position. The month continued a strong run for TAM's Sharia portfolios, and we are optimistic of this strength continuing into the end of the year.

We are positioned to benefit from the current macroeconomic climate. Firstly, allocations to high-quality Sharia-compliant equities have performed well through 2025. Natural exclusions from conventional banking and highly leveraged sectors enhanced resilience without hindering returns. A weaker dollar reduced gains from many of our underlying funds which are priced in US dollars. After a quarter of strength for the greenback this trend returned in November and

December. This fed into a weaker month for Sukuk bonds and Sharia-compliant equity funds, which is natural after an impressive run for both. Precious metals were yet again a standout. Both silver and gold delivered exceptional gains and we participated well in both rallies in across all risk profiles. We maintain high conviction in both as momentum and interest builds in the sector. Precious metals continue to play a dual role for Sharia investors, providing both diversification and a store-of-value consistent with Islamic financial principles.

On the whole, portfolios remain balanced between growth and resilience. Equities are well positioned for upside participation while real assets add a unique opportunity for continued capital appreciation, in our view. With investor attention flooding into the silver market as supply remains structurally less than demand, it is a attractive environment for the metal to continue its ascent. However, we are actively locking in profits at these levels given increasing intraday swings in the price and the potential of short term pull backs before the rally continues.

February Outlook

Looking ahead, narrowing inflation paths, a projected buoyant earnings season and central bank policies are creating a broad and attractive opportunity set for global investors whilst we see enthusiasm around AI continuing to propel markets higher. In Europe, the prospect of progress towards a peace framework in Ukraine could arrive soon which would likely lift sentiment towards EU equities. In the US, markets should be buoyed by Trump's recent tax cuts which should start to show up in consumer spending patterns and corporate earnings. We expect speculation around further cuts to US rates to cool as we move through Q1 as the current and outgoing Federal Reserve chair dampens expectations of further cuts into the end of his tenure.

The principal risk to this short-term outlook remains the concentration of market leadership within a small group of AI pioneers and an upset to this. Should January earnings come through shallow with a focus on missed tech earnings we would envisage a volatile Q1 but this remains an out of the money risk this early into 2026. Looking beyond AI, we see a broad universe of real-world businesses across sectors such as healthcare and high-quality companies that stand to benefit as AI productivity gains spread more widely through the economy. A rotation towards these companies is something we expect to see continuing in February's performance.

This disciplined approach allows TAM's Sharia portfolios to participate in ongoing market strength while preserving resilience. As the year draws to a close, we expect contained inflation, steady US

leadership, and supportive monetary policy to sustain favourable conditions for investors.



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