



FIRM BROCHURE (FORM ADV PART 2)
for clients and prospective clients of Azzad Asset Management

FEBRUARY 13, 2014

*Azzad Asset Management, Inc
3141 Fairview Park Drive, Suite 460
Falls Church, VA 22042
Phone: (888) 862-9923
www.azzad.net*

1. COVER PAGE

This brochure provides information about the qualifications and business practices of Azzad Asset Management, Inc (“Azzad”).

This brochure is required to be delivered to any prospective client prior to entering into a business relationship with Azzad. It has been filed with the SEC and is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number known as a “CRD number.” Our firm’s CRD number is 111291.

If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Manal Fouz at (888) 862-9923 x115 or manal@azzad.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Azzad is an Independent Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

2. MATERIAL CHANGES

Consistent with the new SEC rules, annual updates will be provided to all Azzad clients via a “Material Changes” document within 120 days of the close of the firm’s fiscal year, which is the calendar year. Throughout the year, we will provide all clients with additional information about material changes, as necessary (either by electronic means (email) or in hard copy).

The below describes *only* material changes since the last annual update of our firm’s brochure. Since our last annual update on February 11, 2013, Azzad has experienced no material changes.

Additional information about Azzad is also available via the SEC’s web site at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives.

TABLE OF CONTENTS

Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	5
A. Ownership/Advisory History	5
B. Advisory Services Offered	6
C. Tailored Services	8
D. Wrap Program	8
E. Client Assets Managed	8
Item 5. Fees and Compensation	9
A. Ethical Wrap Program	9
B. “Model” Portfolio Services.....	10
C. Financial Planning Services.....	11
D. Azzad Funds Advisory Services.....	12
Item 6. Performance-Based Fees and Side-By-Side Management	12
Item 7. Types of Clients	12
A. Types of Clients.....	12
B. Account Minimums	12
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	13
A. Methods of Analysis.....	13
B. Investment Risks.....	15
Item 9. Disciplinary Information	15
Item 10. Other Financial Industry Activities and Affiliations	16
A. Broker-Dealer Affiliation	16
B. Future/Commodities Firm Affiliation	16
C. Other Industry Affiliations	16
D. Selection and Monitoring of Third Party Investment Advisers	17
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
A. Description	17
B. Material Interest in Securities.....	17

C. Investing or Recommending the Same Securities	18
Item 12. Brokerage Practices	18
A. Recommendation Criteria.....	18
B. Trade Aggregation	20
Item 13. Review of Accounts	20
A. Periodic Reviews	20
B. Other Reviews	20
C. Reports.....	21
Item 14. Client Referrals and Other Compensation.....	21
A. Other Compensation	21
B. Client Referrals	21
Item 15. Custody	21
Item 16. Investment Discretion.....	22
Item 17. Voting Client Securities.....	23
Item 18. Financial Information.....	23
A. Balance Sheet	23
B. Financial Condition	23
C. Bankruptcy.....	23

4. ADVISORY BUSINESS

A. OWNERSHIP/ADVISER HISTORY

i. OUR HISTORY

Azzad Asset Management, Inc. (“Azzad” or “we”) has specialized in socially responsible investing since we were founded in 1997. Based in Northern Virginia, we have earned a reputation for our investment philosophy and our active equity strategies.

Azzad was formed as a Delaware corporation in 1997 and subsequently registered as an investment adviser registered with the Securities and Exchange Commission on August 21, 2000.

ii. OUR PRINCIPLES

We believe that sustainable companies operating responsibly and in ethical lines of business offer the best opportunities for shareholder returns. We believe that such companies offer relatively less business risk and are in a better position to thrive. We integrate our socially responsible investment philosophy with our disciplined investment process to build a portfolio that’s in line with our values.

iii. OUR PEOPLE

Azzad manages its portfolios on a team basis. A portfolio manager is assisted by a team of financial analysts (“Investment Team”). This Investment Team is overseen by an Investment Committee that meets regularly. The Committee reviews, analyzes and discusses the various forces and factors that affect the financial markets and, in turn, the portfolios we manage. The committee’s review includes (but is not restricted to) macroeconomic trends, risk/reward profiles for various markets, strategy allocations, portfolio characteristics and performance. Currently, the Committee members include Manal Fouz, Bashar Qasem, Jamal Elbarmil, Ahsan Raheem, Harris Anwaar, and Rasha AlMahroos.

Bashar Qasem, President & Senior Investment Adviser Representative

Mr. Qasem is the founder of our firm, the principal owner, the Chief Executive Officer and Senior Investment Adviser Representative. Mr. Qasem has extensive experience in the investment world, particularly in Islamic finance. He holds degrees in electrical and computer engineering, and previously held securities licenses 6, 63, & 26. He currently holds FINRA Series 65. He is also one of the few in the United States to successfully pass and earn the C.S.A.A. designation (Certified Shari’ah Auditor & Adviser) from AAOIFI (Accounting, Auditing Organization of Islamic Financial Institutions).

B. ADVISORY SERVICES OFFERED

Azzad offers the following services to its clients:

i. ETHICAL WRAP PROGRAM

We manage client accounts through a wrap program called the Azzad Ethical Wrap Program (“Ethical Wrap Program” or “Program”) that we also sponsor. Prior to entering into the Ethical Wrap Program, the client must enter into a written *Investment Advisory Agreement* with Azzad that defines the terms and conditions of the Program. For a predetermined “wrap” fee (based on a percentage of assets under management), the Program offers a variety of services including brokerage, custodial and investment management services. The client will have access to an investment adviser representative whose fiduciary duty is to assist in the overall management of your account(s). The client’s investment adviser representative will assist in determining his or her investor profile (this includes risk tolerance, financial objectives and time horizon) and the selection of an appropriate asset allocation strategy. The adviser is available for direct telephone conversations with clients at their request, and at least once a year.

Specific services or features offered in the Ethical Wrap Program include an assessment of client investment needs and objectives, account rebalancing, and continuing evaluation of investment performance. Depending on market conditions, our analysts’ views on the markets, and other factors, an asset allocation model may change. Changes in our asset allocation models are conducted without consulting our clients. Further, we rebalance the models once a year or when market conditions warrant. We believe this investment strategy helps us to reduce risk and potentially increase returns for our clients. Clients must notify their investment adviser representative of any changes to their financial situation. Such changes may affect a client’s investor profile which may necessitate a change in the strategy assigned. For example, if a client anticipates retiring earlier than previously stated, he or she will want to share that information with his or her adviser. An adviser may recommend changing a strategy to reduce risk level (conversely, there may be other life situations where an adviser may recommend increasing a client’s risk level to meet investment goals).

Depending on the allocation model chosen, client assets will be allocated among various portfolios consisting of individual securities that are in compliance with our investment philosophy. Each portfolio is managed by participating independent and affiliated portfolio managers. In addition, assets may be allocated into the Azzad Funds for which Azzad Asset Management serves as investment adviser. Clients are not charged a wrap program fee on assets that are invested in the Azzad Funds. Participating independent managers are compensated a portion of the wrap fee pursuant to an agreement. We conduct ongoing monitoring, due diligence and continuing evaluation of investment performance for each of our independent portfolio managers to ensure that they are a right fit for our Program.

All wrap accounts are maintained by Foliofn Investments, which provides custodial, clearing and brokerage duties. We do not have custody of client assets. Custodial, brokerage and clearing services are included in your wrap fee. Prior to entering into the Ethical Wrap Program, clients must enter into a written agreement with Azzad which defines the terms and conditions of the program. Clients also must enter into a separate custodial/clearing/brokerage agreement with Foliofn.

ii. “MODEL” PORTFOLIO SERVICES

We provide “model” portfolio services to various outside financial institutions. Using this program, we will recommend the securities to be held and the weighting of those securities based on a particular asset class or sector. The financial institution may then implement our model recommendations on that institution’s own trading platform for the clients that have chosen to participate in the program. The financial institution may choose to implement some or all of our recommendations in terms of both the securities and/or the weightings. As securities and weightings change in the model, those modifications are communicated promptly to the financial institutions that are using our model program. There is no requirement that the program be administered as it is provided, or at all, and we do not monitor or supervise the program administered by the outside institutions.

iii. FINANCIAL PLANNING SERVICES

We offer clients the opportunity to create a comprehensive financial plan. This plan may include a detailed review of the client’s personal and financial goals, education planning, retirement planning, an insurance analysis, estate planning and an investment evaluation. Before we can start working on the comprehensive financial plan, the client will need to sign a *Financial Planning Services Agreement*. The client will provide us with current information relative to his/her financial condition and objectives using a Client Questionnaire. If a client chooses to implement his/her financial plan using financial products we sponsor or receive fees for, a separate and independent fee-based investment advisory agreement will be executed between the client and Azzad. However, a client is not obligated to follow our recommendations or to pursue the recommendations through us.

In the process of developing and/or implementing a financial plan, we may need to consult with other professionals such as tax, estate and asset protection attorneys, certified public accountants (CPAs), religious scholars and others. Clients will be responsible for any costs associated with such consultations. However, the Azzad financial planner will be a client’s single point of contact. He or she will help clients manage their relationship with these other professionals in an effort to keep the process as efficient and affordable as possible.

iv. ADVISORY SERVICES TO THE AZZAD FUNDS

We provide investment management services as an adviser under an advisory agreement to the following portfolios registered under the Investment Company Act of 1940: Azzad Ethical Fund

(ADJEX) and Azzad Wise Capital Fund (WISEX). These no-load mutual funds are affiliated with Azzad and fees are based on assets under management. The Funds are available through prospectus only; available free of charge by calling the Funds' transfer agent at 888-350-3369.

Under the terms of the investment advisory agreement with the Funds, Azzad is responsible for formulating the Funds' investment program. For its services, Azzad receives a fee at an annual rate of .80% of the ADJEX's average daily net assets and 1.19% for WISEX. Azzad has an agreement with the Funds to reimburse ADJEX for expenses exceeding 0.99% of the Funds' net assets in any given year and 1.49% for WISEX. Shareholders who wish to make redemptions from either fund may do so by following its redemption procedures as outlined in the relevant prospectus.

C. TAILORED SERVICES

All Ethical Wrap Program and Financial Planning Services are individualized or tailored to each client's needs, goals and objectives. While these services are tailored to each client, we generally do not allow clients to impose additional restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account.

D. WRAP PROGRAM

Azzad sponsors the Ethical Wrap Program that is described in Item 4.A, above. Additional information about the Ethical Wrap Program can be found in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"), which can be requested free of charge by calling 888.862.9923. Azzad does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. We manage all our accounts according to our socially responsible investment philosophy. As further described in the Wrap Fee Program Brochure, Azzad receives a portion of the wrap fee for its services.

E. CLIENTS ASSETS MANAGED

As of February 13, 2014, the Firm manages approximately \$296,000,000 in discretionary assets and approximately \$13,000,000 in nondiscretionary assets.

5. FEES AND COMPENSATION

A. ETHICAL WRAP PROGRAM

The annual wrap fee is based on a percentage of assets under management and paid monthly in advance according to the following fee schedule:

<u>Market Value</u>	<u>Annual Fee</u>
On the First \$250,000	2.0%
On the next \$250,000	1.75%
On the next \$500,000	1.5%

As mentioned previously, these fees are inclusive of brokerage, custodial, investment management and advisory services. The custodian may charge clients special service charges such as wire transfer and check fees (not included in the above wrap fee) but clients may use other payment methods at no charge (such as electronic funds transfers). Clients may request a detailed description of such fees from their representative. Moreover, clients who decide to purchase or sell securities outside their strategy (in a *nonfolio* account) you will generally incur a fee of \$3.95 per trade. There may be ways to avoid this transaction fee, however, and clients should consult their representative.

Depending on unique circumstances (another existing account relationship with a client, expected dramatic account growth, account type, special conditions, etc), fees may be subject to negotiation. The specific manner in which fees are charged by Azzad is established in a client's written agreement with us. We reserve the right to charge clients wrap fees that are lower than the above fee schedule.

We reserve the right to lower your fees without obtaining a client's permission. However, we may not increase your fees without thirty (30) days advance written notice.

Clients who do not receive an Azzad's Wrap Fee Program Brochure (Part 2A Appendix 1 of Form ADV) prior to or at the time of opening a wrap account with Azzad, shall have the right to terminate the wrap relationship without cost or penalty, within five (5) business days from the date of the wrap agreement. Thereafter, in the event of the termination of our services, any unearned portion of fees previously paid is generally not prorated nor is it refundable. Clients may terminate their agreement with us at any time by written notice delivered to the Operations Department at Azzad Asset Management, 3141 Fairview Park Drive, Suite 460, Falls Church, VA 22042. However, clients will incur an early exit fee to cover administrative costs if an account is less than six (6) months old. The fee shall be equal to the prior month's wrap fee incurred on the account. Azzad reserves the right to waive the exit fee at its discretion.

i. HOW WE ARE PAID

The annual wrap fee is generally based on a percentage of assets under management as determined by the custodian and pursuant to the above standard fee schedule. Fees are paid in advance at the beginning of each month. They are computed on the custodian reported valuation of assets under management on the last day of the prior month and automatically debited from the client's account.

ii. OTHER FEES YOU SHOULD UNDERSTAND

We are the investment adviser to the Azzad Funds. The Azzad Funds (ADJEX and WISEX) charge separate fees and expenses not included in the above wrap fees (referred to as the Funds' expense ratio). These separate fees are described in the Funds' prospectus and will generally include a management and distribution fee.

A significant portion of our proprietary mutual fund sales are made through wrap accounts. However, the above wrap fees are waived on the portion of a client's account that may be invested in the Azzad Funds. Although clients will not be charged a wrap fee on any assets invested in the Azzad Funds, as noted previously, clients will still be charged separate fees and expenses associated with the Funds. Clients should refer to the prospectus for more information.

Clients may invest in the Azzad Funds directly outside of the Ethical Wrap Program. Clients who choose to do so should review both the fees charged by the Funds and the wrap fees to fully understand the total amount of fees and to evaluate the advisory services being provided. Clients have full discretion to request the removal of the Azzad Funds from your wrap account.

Azzad is registered as an investment adviser under the Investment Advisers Act of 1940, and is therefore qualified to be appointed an Investment Manager under section 402(c)(3) of the Employee Retirement Income Security Act of 1974 (ERISA). We acknowledge that, in regard to those clients for which we serve as an Investment Manager as defined in section 3(38) of ERISA, we are a Fiduciary as defined in section 3(21)(A) of ERISA.

As investment adviser to the Azzad Funds, we are contractually obligated to waive all or a portion of our management fees and to reimburse the Funds to the extent necessary to limit operating expenses to 0.99% of assets for the Azzad Ethical Fund and 1.49% for the Azzad Wise Capital Fund. By increasing the assets in the Funds, we may be able to eliminate or reduce our reimbursement obligation. Therefore, we have an incentive to allocate wrap assets into the Funds. In addition, as the broker-dealer for our wrap accounts, Foliofn Investments receives a 12b-1 fee paid by investors holding the Azzad Funds in their accounts.

B. "MODEL" PORTFOLIO SERVICES

The fees for the "model" portfolio services will generally be determined on an individualized basis, based upon the particular needs of the client. Fees may be negotiated with each client depending upon the nature of services to be provided and other relevant factors.

The fee is due and payable monthly based upon the following fee schedule.

International, Small Cap Value & Small Cap Growth, Large Cap Growth & REITs

Market Value	Annual Fee
First \$2,000,000	0.60%
\$2,000,001- \$4,000,000	0.55%
Over \$4,000,001	0.50%

Clients who have not received Part 2A of Azzad's Form ADV with Appendix 1 prior to or at the time of opening a "Model" Portfolio account with Azzad, shall have the right to terminate the agreement without cost or penalty, within five (5) business days from the date of the agreement. Thereafter, in the event that any prepayments of fees are made by advisory clients using our "Model" portfolio services, such pre-payments will be refunded if services are terminated prior to the period for which such payments were to apply. Clients may terminate their agreement with us by giving thirty (30) days written notice delivered to the Operations Department at Azzad Asset Management, 3141 Fairview Park Drive, Suite 460, Falls Church, VA 22042.

C. FINANCIAL PLANNING SERVICES

The fee for financial planning services ranges from \$1,500 to \$10,000, depending on the expected time and complexity of the engagement. A nonrefundable deposit (generally 50% of the planning fee) is required upon signing the *Financial Planning Services Agreement*. The remaining balance is due and payable upon presentation of the financial plan. Clients are responsible for any fees incurred from third party relationships (attorney, accountants, etc.) that they may establish in the course of the financial planning process.

The *Financial Planning Services Agreement* does not provide for ongoing financial planning services. If a client chooses to have Azzad implement the financial plan using financial products that we sponsor or receive fees for, a separate and independent fee-based investment advisory agreement will be executed between client and Azzad. However, the client is under no obligation to implement the financial plan by executing investment transactions through Azzad or by establishing a separate fee based investment advisory relationship with Adviser.

If a client has not received Part 2A of Azzad's Form ADV prior to or at the time of signing the *Financial Planning Services Agreement* with Azzad, the client shall have the right to terminate the *Financial Planning Services Agreement* without cost or penalty, within five (5) business days from the date of signing the Agreement. Thereafter, the cancellation of the *Financial Planning Services Agreement* prior to the presentation of the financial plan will result in the forfeit of the non-refundable deposit. No refunds are given after the financial plan has been presented.

D. AZZAD FUNDS ADVISORY SERVICES

Under the terms of the investment advisory agreement with the Funds, Azzad is responsible for formulating the Funds' investment program. For its services, Azzad receives a fee at an annual rate of .80% of the ADJEX's average daily net assets and 1.19% for WISEX. Azzad has an agreement with the Funds to reimburse ADJEX for expenses exceeding 0.99% of the Funds' net assets in any given year and 1.49% for WISEX. Shareholders who wish to make redemptions from either fund may do so by following its redemption procedures as outlined in the relevant prospectus.

6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

Azzad does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

7. TYPES OF CLIENTS

A. TYPES OF CLIENTS

We provide investment management services to individuals, high net worth individuals, corporate pension and profit sharing plans, charitable institutions, foundations, endowments, registered mutual funds, trust programs, small businesses and other institutions.

B. ACCOUNT MINIMUMS

i. MINIMUM WRAP ACCOUNT SIZE

We generally require a minimum dollar amount of assets under management of \$500,000 for wrap accounts. Under certain circumstances, Azzad may treat affiliated accounts (e.g. accounts of different family members or multiple accounts for the benefit of the same person or persons) as one account for purposes of satisfying the minimum size requirements. We reserve the right to accept clients with lower minimum investment requirements for normal business reasons and considerations. We also reserve the right to resign from the management of any individual account that falls below our requirement investment minimum.

ii. MINIMUM "MODEL" PORTFOLIO ACCOUNT SIZE

Azzad's minimum for "Model" portfolio management service is \$2,000,000 (this minimum may be waived under Azzad's discretion).

iii. MINIMUM MUTUAL FUNDS ACCOUNT SIZE

For mutual fund accounts, Azzad requires a minimum initial investment as outlined in each Fund's prospectus. Generally, clients may invest in Azzad Ethical Fund (ADJEX) with a minimum account size of \$1,000 and in Azzad Wise Capital Fund (WISEX) with a minimum account size of \$4,000.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Wrap accounts are comprised of portfolios consisting of securities selected by each respective portfolio's model manager. Each manager, using various available sources of information, has developed a particular method of analysis, style or specialty that we believe is suitable for our wrap account clients. Managers begin their investment process with our investment philosophy (described below). They generally do not have direct or indirect responsibility for client accounts nor do they communicate with clients. Their sole responsibility is to manage the model portfolios they are assigned within the wrap account. They will normally only recommend securities for a model portfolio, but have no or limited authority to effect account transactions.

Azzad's internal investment team and independent managers may use the following methods of analysis when managing client assets:

FUNDAMENTAL ANALYSIS. The intrinsic value of a security is analyzed by reviewing economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (suggesting it may be a good time to buy) or overpriced (suggesting it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. There is risk in the fact that the price of a security can move up or down along with the overall market, regardless of the economic and financial factors considered in evaluating the stock.

TECHNICAL ANALYSIS. Historical market movements are analyzed and that analysis is applied to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. Risk is inherent in the fact that a poor-managed or financially unsound company may underperform regardless of market movement.

CYCLICAL ANALYSIS. In this type of technical analysis, the movements of a particular stock against the overall market are analyzed in an attempt to predict the price movement of the security.

QUANTITATIVE ANALYSIS. Mathematical modeling is used in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

QUALITATIVE ANALYSIS. In this type of analysis, factors that are difficult to quantify (such as quality of management, labor relations, strength of research and development factors not readily subject to measurement) are evaluated to predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

ASSET ALLOCATION. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income and cash suitable to the client's investment goals and risk tolerance using the Ethical Wrap Program's five strategies. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. In addition, the fixed income portion of Azzad's Ethical Wrap Program is nondiversified because it invests solely in a proprietary mutual fund, the Azzad Wise Capital Fund (WISEX).

THIRD PARTY MODEL MANAGERS. A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, we do not control the underlying investments in a third-party manager's portfolio (other than enforcing our socially responsible screens). There is a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies. In an effort to mitigate these risks, Azzad conducts ongoing due diligence on the managers it hires in the Ethical Wrap Program.

Socially Responsible Investment Philosophy

Our investment approach incorporates socially responsible investment screens with our affiliated and independent portfolio managers' specific investment process to deliver a portfolio that we believe is promising. These screens include avoiding companies that earn more than 5% of their revenue from the following lines of business: alcohol, tobacco, pork, gambling, pornography, the weapons industry (as defined by us), insurance and interest lending arrangements (which means we avoid most banks and financial services companies). We also consider a company's environmental, corporate governance and human rights performance. In addition to the above qualitative screens, we also incorporate financial screens in our investment philosophy such as avoiding companies with excessive debt.

To assist portfolio managers in choosing stocks that comply with our investment philosophy, we created a proprietary software application. ISFA (Investment Screening Filtering Application) helps managers automatically screen their stock universe(s) for compliance to our investment guidelines. Once a security passes, it must then pass the particular manager's investment process to be included in the portfolio. However, we recognize that companies are dynamic. Their balance sheets, as well as, lines of business can change periodically. Therefore, we continue to monitor all our and our managers' holdings to ensure that they remain in compliance with our investment philosophy.

Our managers also refrain from using certain investment techniques we believe are contrary to our investment philosophy. These include buying and selling on margin, short selling, hedging and using options trading.

B. INVESTMENT RISKS

Although we work hard to preserve capital and achieve real growth of client wealth, all investments bear different types and degrees of risk and **investing in securities involves risk of loss (including loss of principal) that clients should be prepared to bear**. No investment strategy can protect against risk of loss in the stock markets. Our managers use various investment techniques and strategies to try to control risk in the portfolios they manage. Still, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. We would be pleased to discuss them. Ultimately, however, there is no guarantee that your investments will not lose money.

We strive to render our best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser, but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

9. DISCIPLINARY INFORMATION

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a management person has been involved in one of these events, we must disclose it under this Item for ten (10) years following the date of the event, unless (1) the event was resolved in our or the management person's favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a management person has been involved in a legal or disciplinary event that is not specifically required to be disclosed, but

nonetheless is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a client's or prospective client's evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. BROKER-DEALER AFFILIATION

Azzad, its owners and investment adviser representatives are not affiliated with a broker-dealer.

B. FUTURES/COMMODITIES FIRM AFFILIATION

Azzad, its owners and investment adviser representatives are not affiliated with a futures or commodities broker.

C. OTHER INDUSTRY AFFILIATIONS

Azzad sponsors and acts as investment adviser to the Azzad Funds family of no-load mutual funds (investment companies) consisting of Azzad Ethical Fund (ADJEX) and Azzad Wise Capital Fund (WISEX). We provide administration and investment management services to the Azzad Funds. The portfolio manager of the Azzad Funds (assisted by an investment team) also manages various portfolios in our wrap accounts.

For the convenience of our clients, we may hold shares of our affiliated mutual funds (Azzad Wise Capital Fund and/or Azzad Ethical Fund) in client wrap accounts so that clients will have a complete picture of their assets. In such circumstances, we will not charge our wrap program fee on these assets. However, clients should understand that we will receive any fees paid by the mutual fund as disclosed in the applicable prospectus for the fund. That fee may be higher or lower than the fee a client may be paying on other assets that we manage in the client's wrap account.

Additionally, Azzad may recommend that clients establish insurance or annuity plans with Philadelphia Financial Life Assurance Company, a third party, unaffiliated insurance company. Although Azzad may recommend that clients establish accounts at Philadelphia Financial Life Assurance Company, it is the client's decision to open such accounts. Azzad is independently owned and operated and not affiliated with Philadelphia Financial Life Assurance Company. Azzad invests all such insurance accounts in the Ethical Wrap Program. Occasionally, Philadelphia Financial Life Assurance Company may sponsor conferences or other marketing events on behalf of Azzad.

Lastly, Azzad may recommend that clients maintain their donor advised fund accounts with a third party, unaffiliated company named the Renaissance Charitable Foundation. Although Azzad may recommend that clients establish accounts through Renaissance, it is the client's decision to open such accounts. Such accounts may be invested in the Azzad Funds or the adviser's Ethical Wrap Program.

D. SELECTION OF THIRD PARTY INVESTMENT ADVISERS FOR CLIENTS

Azzad does not select third party investment advisers for its Clients. We only select independent investment managers for our Ethical Wrap Program, which is described above under Item 4.B.

11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. DESCRIPTION

Azzad Asset Management has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Azzad must acknowledge the terms of the Code of Ethics annually, or as amended.

A complete copy of Azzad's current Code of Ethics is available by sending a written request to Azzad Asset Management, Inc., Attn: Compliance, 3141 Fairview Park Dr. Ste 460, Falls Church, VA 22042, or by contacting Manal Fouz, Chief Compliance Officer, at 888.862.9923 x115.

B. MATERIAL INTEREST IN SECURITIES

When acting as a portfolio manager to the Ethical Wrap Program, Azzad may recommend inclusion of the Azzad Funds, Azzad Ethical Fund (ADJEX) and Azzad Wise Capital Fund (WISEX). This causes a conflict of interest because Azzad acts as the investment adviser to the mutual funds and receives a separate fee for this service. As a result of this conflict, Azzad has created several policies and procedures to mitigate the conflict of interest.

It is Azzad's policy that our investment advisers should only make the recommendation to use Azzad Funds when it is consistent with the client's investment objectives. In addition to their fiduciary duty to the client, Azzad has adopted a Code of Ethics that binds its investment advisers. Furthermore, Azzad waives the wrap program fee on assets invested in the Azzad Funds, but does receive a management fee on these assets. Finally, the Program's clients have full discretion to request the removal of Azzad Funds from their accounts.

C. INVESTING OR RECOMMENDING IN THE SAME SECURITIES

Subject to satisfying this policy and applicable laws, officers, directors and employees of Azzad and its affiliates may trade for their own accounts in securities that are recommended to and/or purchased for Azzad's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Azzad will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Azzad and its clients.

It is our policy that the firm will not affect any principal or agency cross securities transactions for client accounts. We also do not conduct cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

12. BROKERAGE PRACTICES

A. RECOMMENDATION CRITERIA

Unless we receive specific directions from a client regarding the placement of brokerage business, we select the same broker-dealers to effect all our client transactions. Our first consideration in selecting a broker is whether the broker will provide our clients with the best execution of the desired transaction. In addition to best execution price, selection is based on the overall reasonableness of brokerage commissions paid. Commission rates paid on securities transactions must reflect comparative market rates.

Another important consideration is the full range and quality of a broker's services in placing brokerage including, but not limited to, the value of research provided, execution capability,

commission rate, sound financial condition, acceptable record keeping e.g. timely and accurate written confirmations, and responsiveness. The lowest possible commission cost alone does not determine brokerage selection. The transaction that represents the best qualitative execution for an account will be executed.

Azzad has discretion to determine which broker-dealer it will use and the commission rates paid by Azzad Fund shareholders. We also have discretion to determine the broker-dealer we use for wrap accounts (presently, we use Foliofn Investments). As stated previously, wrap accounts are not charged a separate brokerage fee and do not incur commission costs outside of the wrap fee. Azzad strives to execute each client's securities transactions in such a manner that the client's total costs or proceeds in each transaction are the most favorable under the circumstances.

i. RESEARCH AND OTHER SOFT DOLLAR BENEFITS

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services.

Under the supervision of the Chief Compliance Officer and Portfolio Manager, trading commissions may be used as soft dollar to purchase services provided that:

The service is for the primary benefit of Azzad's clients;

The commission rates paid are competitive with rates paid by Azzad to comparable brokers; and
Azzad does not guarantee a minimum amount of commissions to any broker-dealer.

Brokerage and research services provided by brokers falling within the Section 28(e) safe harbor may include, but are not limited to, providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, technical market action, pricing and appraisal services, risk measurement analysis, and performance analysis. Research services may also be generated by third parties but are provided to Azzad by or through brokers. Under the above provisions, Azzad purchases products or services that include third party research, execution services, order management services and market data.

Azzad primarily has a soft dollar arrangement between the Azzad Funds and its broker-dealers. However, the research services and products obtained through such soft dollar arrangements may also benefit clients outside of the Azzad Funds (such as those in wrap accounts). Research services furnished by brokers may be used in servicing all our accounts; all clients benefit from the research received from all brokers with whom we deal. The Funds' board of trustees oversees the Funds' brokerage and soft dollar arrangements to ensure that they are in the best interests of shareholders. Clients may obtain a copy of Azzad's soft dollar & best execution policies by calling the Compliance Officer at 888.862.9923 x115.

ii. BROKERAGE FOR CLIENT REFERRALS

Azzad does not receive client referrals or any other incentive from any broker-dealer or independent custodian.

iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Adviser cannot negotiate favorable prices.

B. TRADE AGGREGATION

For accounts with Foliofn, Azzad uses Foliofn's window trading system when trading multiple accounts for the same security. The system does not trade the orders immediately. It groups trades together twice a day for execution. Orders placed using the window trading system are collected and internally matched when possible. These trades receive the midpoint between the bid/ask spread in the market. Orders that cannot be matched are sent to the market for execution. The system allows Azzad to place orders in dollar amounts rather than shares, and with the ability of buying and selling whole or fractional shares.

13. REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

We review our wrap allocation models as well as the specific portfolios managed (by us and our independent managers) frequently, with a specific review occurring monthly, and a more general review made at least once a quarter. All portfolios are reviewed continuously rather than periodically. The portfolios and allocation models are reviewed by the investment team and then overseen by an investment committee that meets at least once a quarter (and more frequently when conditions warrant). The Azzad Funds' board of trustees, with Azzad's assistance, also reviews the Funds' portfolio(s) at least once a quarter.

Investment adviser representatives also conduct reviews with their wrap account clients at least annually or more frequently as warranted or requested by the client.

B. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation, investment objectives and guidelines, market conditions, reaching life milestones and so forth.

C. REPORTS

Wrap account clients receive separate monthly account statements from their custodian detailing all cash and asset transactions, activity and holdings information. Statements are available electronically by downloading them off the custodian's website. Clients receive, by email, notifications that your statements are ready for downloading. Clients may then log into their account(s) with a secured username and password. In addition, Azzad mails its clients a quarterly summary report of their account(s). These reports contain a client's balance, initial deposits and other summarized information.

Mutual Fund clients investing directly in the Azzad Funds (as opposed to other broker-dealers) receive their account statements from the Funds' transfer agent at least once a quarter. Mutual Fund clients receive a variety of reports including semi-annual and annual reports with respect to their shares, as required by the Investment Company Act of 1940. Clients may also access their account information online at www.azzadfunds.com and log in with their account number and password. Clients may obtain their login information by calling the funds' transfer agent at 888-350-3369.

14. CLIENT REFERRALS AND OTHER COMPENSATION

A. OTHER COMPENSATION

Azzad and its investment advisers do not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

B. CLIENT REFERRALS

There may be occasions when we pay (and/or receive) a percentage of the fee we receive from accounts that have been referred to us to the person making the referral (a "solicitor"). Prior to such an arrangement, Azzad and the solicitor will have executed a "solicitation" or "referral" agreement. In such cases, the client will receive a separate written disclosure statement from the solicitor before the client opens his/her account with us that will explain, among other things, the nature of our affiliation with the solicitor (if any) and a description of the compensation the solicitor will receive from us. While the specific terms of each agreement may differ, the referral source typically receives a percentage of the advisory fees from such accounts. Our policy is that if we pay such referral fees to a solicitor for any account, the fee schedule for that account will be the same as the schedule that would have applied to accounts of similar size receiving similar services where no referral fees are paid. In other words, a client's account will NOT be charged more as a result of a referral arrangement.

15. CUSTODY

All client funds, securities and accounts are held at independent third-party custodians. Azzad does not take possession of a client's securities or funds.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients may also receive account summary reports by mail quarterly. Azzad urges clients to carefully review and compare such statements.

16. INVESTMENT DISCRETION

For the Ethical Wrap Program and Azzad Funds, we have discretionary authority to make determinations regarding the securities that are purchased and sold, as well as, the quantities of such securities. Discretion over the account is obtained when the client signs the investment advisory contract. Azzad exercises its investment discretion consistent with its investment philosophy, ethical investment guidelines and any other restrictions imposed by client and accepted by Azzad. Any additional investment guidelines and restrictions must be provided to Azzad in writing. In those instances where a client is a profit sharing plan, trust, estate, charitable organization or other business entity, Azzad may comply with such limitations as may be imposed by the individuals, board of directors or trustees of such entities and with the stated investment objectives of such clients of the plans involved.

Azzad normally sells some or all of the securities in a client's account; after the initial receipt of the account or the deposit of additional securities into the account. Some securities may be retained in the account to the extent that they are included in our normal holdings for such an account or at a client's request. The client is solely responsible for any tax liabilities which result from such transactions. If a client makes a special request to hold or purchase securities then they will be held in a sub account called a *nonfolio* account. The client is solely responsible for the management of any securities held in a *nonfolio* account. A *nonfolio* account is an account that is held outside of a client's allocation model.

For the Azzad Funds (which are registered investment companies) Azzad's authority to trade securities may be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Our Financial Planning and "Model" Portfolio Services are non-discretionary. A non-discretionary investment account means the client retains full discretion to supervise, manage, and direct the assets of the account. The client maintains full power and authority to purchase, sell, invest, reinvest, exchange, convert, and trade the assets in the account in any manner deemed appropriate and to place all orders for the purchase and sale of account assets with or through brokers, dealers, or issuers selected by the client. The client is free to manage the account with or without our recommendations and all with or without prior consultation with us.

17. VOTING CLIENT SECURITIES

Azzad votes client securities in the best interests of the clients and then in accordance with its ethical investment philosophy and guidelines. In general, this entails voting client proxies with the objective of increasing the long-term economic value of client assets. Azzad does not allow clients to direct how proxies are voted. Clients may obtain a copy of Azzad's complete proxy voting policies and procedures upon request. Client may also obtain information from Azzad about how we voted proxies on behalf of their accounts(s). Please contact our Chief Compliance Officer at 888-862-9923 x. 115.

18. FINANCIAL INFORMATION

A. BALANCE SHEET

We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance, therefore, we are not required to provide a balance sheet.

B. FINANCIAL CONDITION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the firm's financial condition that may impair its services. We have no financial commitment that impairs the firm's ability to service its clients.

C. BANKRUPTCY

Azzad, its owners and its investment adviser representatives have not been the subject of a bankruptcy proceeding.