

“Independent Shariah Verification Statement”

Date: 27th September 2018

To: The Shariah Advisory Board (the “SAB”) of Azzad Asset Management in USA (the “Company”)

This document states the findings of the External Shariah Verification (the “Verification”) of the Company for its activities from 1st January 2017 to 31st December 2017.

Our responsibility is to verify, only from Shariah point of view, the investments and evaluate the effectiveness of the Company’s internal Shariah verification processes and procedures to fulfil the requirements of the SAB. However, it is the responsibility of the Company’s management to carry out all the transactions in line with the Shariah requirements as defined by the SAB.

We report to you our opinion as to whether the Company has complied with the Ethical and Shariah Investment Guidelines approved by the SAB. We also report to you whether in our opinion, the management of the Company fulfilled its responsibility towards implementing the SAB directives. Our responsibilities do not extend to any other information.

Basis of Shariah Verification Opinion

The Verification was designed to examine, assess, and evaluate the following:

- The overall Shariah compliance status of the investment transactions carried out by the Company.
- The adequacy and effectiveness of the Shariah governance framework implemented by the Company in relation to:
 - The relevant processes and procedure related to the documentation of the Shariah governance framework.
 - The Company’s internal Shariah verification processes and procedures to meet the SAB requirements.
 - The implementation of the relevant processes and procedures to ensure that they have been carried out correctly and accurately.
- The accuracy and correctness of the calculations and reporting practices related to the Zakah and purification in line with the SAB directives.
- The competence of the Investment Screening/Filtering Application of the Company (‘ISFA’) to fulfil the SAB requirements.

We planned and conducted our verification by utilising a bespoke sampling methodology so as to obtain all the relevant information and explanations which we considered necessary to provide us with sufficient evidence to have reasonable assurance that the activities/documents are free from material breach of Shariah rules, whether caused on purpose, by negligence or due to lack of Islamic finance and Shariah knowledge.

Opinion

In our opinion:

- Overall, the Shariah compliance status of the Company’s investment transactions seem to be compliant with the approved guidelines by the SAB and the Company’s management has implemented the agreed action plan to rectify the issues identified in the 2017 Shariah verification report.
- Based on our rating methodology and taking into account our verification findings, the overall rating of the External Shariah Verification is “**Satisfactory**”. Please refer to the full Shariah Verification Report 2017 for further information.



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