



ASSET MANAGEMENT

AZZAD ASSET MANAGEMENT, INC.

FIRM BROCHURE (FORM ADV PART 2A)

For clients and prospective clients of Azzad Asset Management

MARCH 25, 2019

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1. Cover page

This brochure provides information about the qualifications and business practices of Azzad Asset Management, Inc. (“Azzad”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Manal Fouz, at (888) 862-9923 or by email at 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 a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information you can use to determine whether to hire or retain an Adviser.

Additional information about Azzad Asset Management, Inc. 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.

2. Material Changes

The following information discusses the changes made to our ADV Part 2A brochure since the last update on March 21, 2018:

- There have been no material changes since the last update on March 21, 2018.

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4. Advisory Business

A. Ownership/Adviser History

- Our History

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

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

- 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 core values.

- Our People

Azzad manages and oversees its portfolios on a team basis. The portfolio manager is assisted by a financial analyst, and these two experts make up the “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, Fatima Iqbal, Jamal Elbarmil, and Allison Larsen.

Bashar Qasem, President & Senior Investment Advisor Representative

Mr. Qasem is the founder of our firm, the principal owner, the Chief Executive Officer and Senior Investment Advisor Representative. Mr. Qasem has extensive experience in the financial investment world, particularly in Islamic finance, having spent over 20 years managing Azzad Asset Management, Inc. and serving as Chairman of the Azzad Funds since their inception. He holds Bachelor of Science 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 people residing in the United States who successfully earned the designation of Certified Shari’ah Auditor & Adviser (C.S.A.A.) from Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI) in 2009.

B. Advisory Services Offered

Azzad offers the following services to its clients:

- 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 enrolling in the Ethical Wrap Program, the client must execute a written *Investment Advisory Agreement* with Azzad that defines the terms and conditions of a client participating in 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 Azzad Investment Advisor Representative (IAR) whose fiduciary duty is to assist in the overall management of the client’s account(s). The client’s Investment Advisor Representative (“IAR”) 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 advisor is available for direct telephone conversations with clients at their request, and at least once a quarter.

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. Clients must notify their Investment Advisor 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 advisor. An advisor may recommend changing a strategy to reduce risk level (conversely, there may be other life situations where an advisor 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 comply with our investment philosophy. Each portfolio is managed by independent and affiliated portfolio managers. In addition, assets may be allocated into the Azzad Funds, for which Azzad Asset Management serves as investment advisor. Clients are not charged a wrap program fee on assets that are invested in the Azzad Funds. 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 a qualified and unaffiliated custodian and broker-dealer that provides custodial, clearing and brokerage duties. We generally recommend that clients utilize the custody, brokerage and clearing services of Folio Investments, a division of Foliofn, member FINRA/SIPC (“Folio”) or Charles Schwab & Co, Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC. We do not have custody of client assets. Custodial, brokerage and clearing services are included in your wrap fee. Prior to becoming a client with our firm, clients must

execute a written agreement with Azzad which defines the terms and conditions of the program. Clients also must execute a separate custodial/clearing/brokerage agreement with the custodian.

- “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. 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 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.

- Sub-Advisory Services to Non-affiliated Third-Party Investment Advisors

We provide advisory services to non-affiliated third-party Registered Investment Advisers and their Investment Advisor Representatives (“IAR”) through a discretionary, Sub-Advisory Agreement. Under this agreement, our relationship is primarily with the non-affiliated IAR and not the client. We rely on the non-affiliated IAR to obtain the client’s financial information and assess if our advisory services are suitable for the client.

- 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 about his or 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. With advanced notice, clients will be responsible for any costs associated with such consultations. However, to manage costs, 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 to try to keep the process as efficient and affordable as possible.

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- 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) (collectively, the “Funds”). These no-load mutual funds are affiliated with Azzad and fees are based on assets under management. The Funds are available through prospectus only; a prospectus is available free of charge by calling the Funds’ transfer agent at 888-350-3369 or online at www.azzadfunds.com.

Under the terms of the investment advisory agreement with the Funds, Azzad is responsible for formulating the Funds’ investment program.

C. Tailored Services

All Ethical Wrap Program and Financial Planning Services are individualized or tailored to each client’s needs, goals and objectives. Clients complete a risk assessment questionnaire, financial planning questionnaire and/or interview used to create an Investment Policy Statement tailored to meet client’s current situation. Clients may impose reasonable trade restrictions, subject to approval by the Firm. However, if the restrictions prevent Azzad or its representatives from properly servicing the account, or if the restrictions require Azzad to deviate from its standard services, Azzad reserves the right to terminate the relationship. Additionally, at your request, Azzad will remove the Azzad Funds from your Ethical Wrap Program account.

D. Wrap Program

Azzad sponsors the Ethical Wrap Program that is described in Item 4.B, 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 with 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 December 31, 2018, the Firm manages approximately \$600,279,297 in discretionary assets and approximately \$7,244,489 in nondiscretionary assets.

F. Administrative Services Provided by Orion Advisor Services, LLC.

Azzad has contracted with Orion Advisor Services, LLC (referred to as “Orion”) to utilize its technology platforms to support data reconciliation, performance reporting, payable reports, models, trading platforms, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Orion will have access to client accounts, but Orion will

not serve as an investment advisor to Azzad clients. Azzad and Orion are non-affiliated companies.

5. Fees and Compensation

A. Ethical Wrap Program

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

<u>Market Value</u>	<u>Annual Fee</u>
On the First \$500,000	1.75%
On the next \$500,001-\$4,000,000	1.5%
Over \$4,000,001	1.4%

As mentioned previously, these fees are inclusive of brokerage, custodial, investment management, and advisory services. A portion of the wrap fee is payable to your Azzad Investment Advisor Representative. 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 whose advisory accounts are held at Folio Investments, Inc. and who decide to purchase or sell securities through a direct trade (rather than one of the two window trades, described more fully in Item 12E of this brochure) 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 way 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 your permission. However, we may not increase your fees without thirty (30) days' advance written notice.

Clients who do not receive an Azzad 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 will be refunded. Clients may terminate their agreement with us at any time

by written notice delivered to Operations at Azzad Asset Management, 3141 Fairview Park Drive, Suite 355, Falls Church, VA 22042.

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. Thereafter, if any prepayments of fees are made by advisory clients, such pre-payments are prorated and any unearned fees are refunded if services are terminated prior to the period for which payments were to apply.

- Other Fees You Should Understand

We are the investment advisor to the Azzad Funds. The Azzad Funds charge separate fees and expenses not included in the above wrap fees (referred to as the Funds' expense ratios). 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 held at Folio Investments, TD Ameritrade and Charles Schwab. However, the wrap fees are waived on the portion of a client's account that is 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 their 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, regarding 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 1.29% 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, broker-dealers servicing our wrap accounts receive 12b-1 fees 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 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.

Market Value	Annual Fee
First \$10,000,000	0.60%
\$10,000,001- \$20,000,000	0.55%
Over \$20,000,001	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, if any prepayments of fees are made by advisory clients using our “Model” portfolio services, such pre-payments are prorated and refunded if services are terminated prior to the period for which those payments were to apply. Clients may terminate their agreement with us by giving thirty (30) days’ written notice delivered to Operations at Azzad Asset Management, 3141 Fairview Park Drive, Suite 355, Falls Church, VA 22042.

C. Co-Advisory Services to Non-affiliated Third Party Registered Investment Advisers

The wrap fee program is offered to clients of non-affiliated, registered investment advisory firms through a co-advisory agreement with Azzad. Co-advisory fees will generally be determined on an individualized basis, and based upon the 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 ending balance of each client account as of the close of business on the last day of each month. Azzad charges 1.10% for its investment management services and will not earn additional fees on any assets invested in its proprietary mutual funds (Azzad Funds). In addition, the Third Party Registered Investment Adviser shall determine the advisory fee that will be paid by their clients. The allowable advisory fee shall be up to a maximum of 0.65%. Clients entering into an investment advisory agreement with Azzad and Third Party Registered Investment Adviser shall not pay more than 1.75% for Azzad’s investment management services and Third Party Registered Investment Adviser’s services.

D. Financial Planning Services

The fee for financial planning services ranges from \$3,600 to \$10,000, depending on the expected time and complexity of the engagement. A nonrefundable deposit 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 during 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 the 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 the Adviser.

E. Azzad Funds Advisory Services

Azzad receives advisory fees under the terms of an investment advisory agreement with the Funds. For its services, Azzad receives a fee at an annual rate of .80% of the Azzad Ethical Fund's average daily net assets and 1.19% of the Azzad Wise Capital Fund's average daily net assets. Azzad has an agreement with the Funds to reimburse Azzad Ethical Fund for expenses exceeding 0.99% of the Funds' net assets in any given year and 1.29% for Azzad Wise Capital Fund. 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 (some of which may be 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

- 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 required investment minimum.

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- Minimum “Model” Portfolio Account Size

Azzad’s minimum for “Model” portfolio management service is \$10,000,000. This minimum may be waived at Azzad’s discretion.

- 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 the Azzad Ethical Fund (ADJEX) with a minimum account size of \$1,000 and in the 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 include portfolios consisting of securities selected by each respective portfolio’s model manager (“Independent Manager” or “Azzad Investment Team”). To assist in the management of a client’s account, Azzad hires independent managers to manage the funds and various model portfolios. A client’s relationship, however, is solely with Azzad. There is no communication including consultations between the independent manager and the client. Azzad continues to advise the client regarding asset allocation and other financial decisions in their accounts. Azzad’s internal investment team may also manage various model portfolios for clients. Azzad may recommend that a client invest in one or more portfolios that is managed by Azzad’s Investment Team.

Each manager, using various available sources of information, has developed a 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.

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

QUANTITATIVE ANALYSIS. Mathematical modeling is used to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and to 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 and fixed income suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a security, industry or market sector. Another risk is that the ratio of securities and fixed income 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 not diversified 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. 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, nuclear weapons, insurance and interest lending arrangements (which means we avoid most banks and financial services companies). 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 with our investment guidelines. Once a security passes, it must then pass the manager's investment process to be included in the portfolio. However, we recognize that companies are dynamic. Their balance sheets and 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.

Investment Strategies

Client accounts are invested in one of five asset allocation strategies ranging from conservative to aggressive. Clients may also choose to work with their Investment Advisor Representatives to develop different variations of these five asset allocation strategies. The strategies vary in their exposure to different equity categories (diversified among international, large/mid/small, REITs, and others) and fixed income (as represented by the Azzad Wise Capital Fund). Due to Azzad's socially responsible investment philosophy, the fixed income portion of the strategies is not diversified and limited to the Adviser's proprietary mutual fund.

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. Clients should understand that they could lose some or all their investment and should be prepared to bear the risk of such potential losses.

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.

C. Other Investment Risks

American Depository Receipts. We may invest in American Depository Receipts ("ADR"), also known as American depository shares. An ADR is a receipt for the shares of a foreign-based

corporation held in the vault of a U.S. bank and entitling the shareholder to all dividends and capital gains. Instead of buying shares of foreign-based companies in overseas markets, Americans can buy shares in the U.S. in the form of ADRs. ADRs are available for hundreds of stocks from numerous companies. ADRs make trading foreign securities in the U.S. easier by eliminating currency exchange, legal obstacles, foreign ownership transfers and the need to trade on a foreign exchange. While an ADR removes direct foreign currency ownership, the value of the ADR share is still impacted by changes in the U.S. dollar to foreign currency exchange rate.

ADRs can be created/canceled through a custodian depository bank. The bank usually charges a fee for conversion. If the ordinary shares are bought in the foreign market, those shares are sent to the depository custodian where they are converted from ordinary to ADR form. In the case of a sale, the custodian cancels the ADR and delivers the ordinary shares. ADRs that are created in this manner may have low trading liquidity on the U.S. exchanges. Selling a low liquidity ADR on a US exchange may have excessive transaction costs. Thus, such shares may need to be sold in their home foreign market and delivered through cancellation of their ADR.

Equity Securities. An account investing all its assets in common stocks bears the risk that the value of the stocks it holds may decrease in response to the activities of an individual company or in response to general market, business and economic conditions. If this occurs, the account value may also decrease.

Market Risk. This risk exists in all our accounts and means that the risk of the price of securities in a market, a sector or an industry will fluctuate and that such movements might reduce an investment's value.

Concentration Risk. Concentrating investments in a country, region, market, and industry or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that country, region, market, and industry or asset class.

Non-Diversification Risk. Non-Diversification of investments means a portfolio may invest a large percentage of its assets in securities issued by or representing a small number of issuers. Thus, the portfolio's performance may depend on the performance of a small number of issuers.

Small Companies. Typically, securities of small companies are less liquid than securities of large companies. The stocks of small companies are generally more sensitive to purchase and sale transactions and, therefore, the prices of such securities may be more volatile than those of larger companies.

Socially Responsible Investing Risks. We will invest in securities only if they meet both our investment and socially responsible requirements, and as such, your return may be lower than if we made decisions based solely on investment considerations. Moreover, our screens typically

exclude the stocks of most financial and utility companies. When these sectors are outperforming, our portfolios may underperform their benchmarks. If we believe a company has violated our socially responsible investment philosophy, then we will request that the manager sell the security. This policy could result in the manager selling a security at an inopportune time from a purely financial point of view. Moreover, it can create higher turnover and lead to short term tax consequences.

Tax Considerations. Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

9. Disciplinary Information

Neither Azzad Asset Management, nor any of its officers or principals has been involved in any business litigation or other legal/regulatory proceedings, investigations or disciplinary actions relating to our investment activities since the Firm's inception.

10. Other Financial Industry Activities and Affiliations

Azzad sponsors and acts as Investment Adviser to the Azzad Funds family of no-load mutual funds (investment companies) consisting of the Azzad Ethical Fund (ADJEX) and the Azzad Wise Capital Fund (WISEX). We provide administration and investment management services to the Azzad Funds. The portfolio manager of the Azzad Funds (overseen by an Investment Committee) 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 Lombard International, a third party, unaffiliated insurance company. Although Azzad may recommend that clients establish accounts at Lombard International, it is the client's decision to open such accounts. Azzad is independently owned and operated and not affiliated with Lombard International. Azzad invests all such insurance accounts in the Ethical Wrap Program.

Occasionally, Lombard International may sponsor conferences or other marketing events on behalf of Azzad.

Lastly, Azzad may recommend that clients maintain their donor advised fund or other charitable giving accounts with a third party, unaffiliated company called 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 Ethical Wrap Program.

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 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. Suite 355, Falls Church, VA 22042, or by contacting Manal Fouz, Chief Compliance Officer, at 888.862.9923.

B. Material Interest in Securities

When acting as a portfolio manager to the Ethical Wrap Program, Azzad may recommend inclusion of the Azzad Funds, the Azzad Ethical Fund (ADJEX) and Azzad Wise Capital Fund (WISEX). This causes a conflict of interest because Azzad acts as the Investment Advisor 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 Advisor Representatives 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 Advisor Representatives. 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 broker-dealer to effect clients' transactions. We consider various factors in selecting a broker, including, but not limited to: the broker's execution capability, custodial and other services provided by the broker that are expected to enhance our general portfolio management capabilities, sound financial condition, reputation and integrity and the broker's knowledge of market, securities and industries, as well as, the broker's responsiveness. Commission rates paid on securities transactions must also reflect comparative market rates. However, the lowest possible commission cost alone does not determine brokerage selection. Another important consideration is acceptable record keeping, e.g., timely and accurate written confirmations and statements.

Azzad periodically and systematically reviews its policies and procedures regarding its recommendation of broker-dealers in light of its duty to obtain best execution.

Azzad's sub-advisers have discretion to determine which broker-dealer(s) they will use and the commission rates paid by Azzad Fund shareholders for the Azzad Funds. As the investment adviser to the Azzad Funds, Azzad has implemented policies and procedures in place to oversee the Funds' sub-advisers' brokerage selection and review process.

Azzad has discretion to determine the broker-dealer we use for wrap and other investment advisory accounts. Azzad generally recommends that clients utilize the custody, brokerage and clearing services of Folio Investments, a division of Foliofn ("Folio"), TD Ameritrade Institutional ("TD Ameritrade") or Schwab Advisor Services, a division of Charles Schwab & Co., Inc., ("Schwab") members FINRA/SIPC. We are independently owned and operated and not affiliated with either Folio, TD Ameritrade, or Schwab.

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. Schwab's asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain \$65 million of our clients' assets in accounts at Schwab. This commitment benefits you because the overall asset-based fees you pay are lower than they would be if we had not made this commitment. We have no such commitment with Folio Investments.

B. 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. Azzad does not have arrangements to receive soft dollar benefits in connection with securities transactions in the Azzad Funds. As stated above, each Fund sub-adviser has full discretion to place buy and sell orders with or through such broker-dealers as it may deem appropriate. It is the policy and practice of Azzad to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution").

Although Azzad does not have any arrangements to receive soft dollar benefits in connection with client securities transactions for its wrap or other investment advisory accounts, it may be eligible to receive certain economic benefits from the broker-dealer it selects for its clients. By selecting Folio, Azzad may be eligible to receive certain economic benefits that are typically not available to retail clients. These benefits include the following products and services (either without cost or at a discount): duplicate client statements and confirmations, the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, and consulting services. However, the benefits received by

Azzad through participation in the broker-dealer's institutional program does not depend on the amount of brokerage transactions directed to it.

Azzad may recommend that certain clients establish brokerage accounts with Schwab Advisor Services ("Schwab") a division of Charles Schwab & Co., Inc., to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab or other broker-dealers is at the discretion of the client.

If clients choose to use Schwab, Azzad is required to disclose the economic benefits made available to the Firm by Schwab. Azzad, however, may choose not to take advantage of these additional economic benefits, while retaining the brokerage services of Schwab. Schwab Advisor Services offers certain additional services to clients such as brokerage, execution of securities transactions, custody, research, etc. For Azzad clients' accounts maintained in Schwab's custody, Schwab generally does not charge additional fees for custody services. Schwab is compensated by account holders through commissions or other transaction-related, or asset-based fees for securities trades, that are executed through them or that settle into their accounts.

Schwab also makes available to Azzad other products and services that may benefit the Firm but may not directly benefit its clients' accounts. Such benefits may include educational events organized or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Azzad, such as invitations to sporting events, golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities.

Other of these products and services may assist Azzad in managing and administering clients' accounts. These include software and other technology (and related training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of advisers' fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. If the Firm chooses to take advantage of some of these offerings, these services may be used to service Azzad clients' accounts, including accounts not maintained at Schwab Advisor Services.

Schwab also makes available to Azzad other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, and other business operations services. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to advisers.

Clients should be aware, however, that the receipt of economic benefits by Azzad in and of itself creates a potential conflict of interest and may indirectly influence Azzad's selection for custody and brokerage services. As a fiduciary, we endeavor to always act in our clients' best interests. Our recommendation that clients maintain their assets in accounts at a specific broker-dealer is based solely on the nature, cost or quality of custody and brokerage services provided by the broker-dealer regardless of any other products or services which may be provided to the Firm. We are aware, however, that the availability of some of the foregoing products and services may create a potential conflict of interest.

C. Brokerage for Client Referrals

Azzad does not have any arrangements to receive client referrals from any broker-dealer. However, and as explained more fully in Item 14, Azzad may give economic benefits for referred clients.

D. Directed brokerage

Some clients may direct us in writing to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we may not be able to achieve most favorable execution of 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. Subject to its duty of best execution, Azzad may decline a client's request to direct brokerage if, in Azzad's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Azzad generally recommends that wrap clients open their accounts with Folio Investments, a division of Foliofn ("Folio"), TD Ameritrade Institutional ("TD Ameritrade") or Schwab Advisor Services, a division of Charles Schwab & Co., Inc., ("Schwab") members FINRA/SIPC for custody and brokerage services. If a client does not wish to place assets with these custodians, then Azzad may not be able to manage the account as a wrap account.

E. Trade Aggregation

When using Folio Investments to execute brokerage trades, Azzad conducts all its brokerage trades through Folio's Window Trades. Instead of being executed immediately, Window orders are grouped together by side and symbol, one or more times per day, and executed. The orders are collected until each Window deadline. Orders placed after the last Window on any business day are generally processed in the first Window of the next trading day. If a Client, using Folio Investments, wants to trade securities immediately or requests to trade securities that cannot be traded through a Window, Azzad will send a Direct Trade order immediately to the market for execution. Client will pay a commission for each Direct Trade Order. 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

Azzad strives to ensure compliance with each client's investment guidelines, consistent with our fiduciary responsibility to manage the account in a client's best interests. 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 Advisor Representatives also conduct reviews with their clients at least quarterly or more frequently as warranted or requested by the client. Representatives meet with clients to review their accounts and the advisory relationship.

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

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 their statements are ready for downloading. Clients may then log into their account(s) with a secured username and password.

In addition, clients may receive reports prepared by an unaffiliated company called Orion Advisor Services, LLC ("Orion"). Azzad has contracted with Orion to utilize its technology platforms to support various administrative services including performance reporting. Due to this arrangement, Orion will have access to client accounts, but Orion will not serve as an investment advisor to Azzad Clients. These performance reports may contain a client's balance, initial deposits and other summarized information.

Mutual Fund clients investing directly in the Azzad Funds 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 investor 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 advisors do not receive extra compensation or any other economic benefit for providing investment advice or other advisory services to clients.

B. Client Referrals

Azzad employees market services to clients on a direct basis. In addition, there may be occasions when Azzad may enter into solicitation arrangements with unaffiliated individuals or entities that may be compensated for client referrals. A solicitor who introduces a client to Azzad may be paid a solicitation fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisors Act of 1940 and the rules set forth by the respective state jurisdictions.

Prior to such an arrangement, Azzad and the solicitor will have executed a “solicitation” or “referral” agreement. Clients referred through such arrangements receive from the solicitor a copy of this brochure and a copy of the disclosure document 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.

15. Custody

All client funds, securities and accounts are held by independent third-party custodians. Azzad does not take possession of a client’s securities or funds. Clients will receive account statements directly from their third-party custodians for the accounts and should carefully review these statements. Clients should contact Azzad immediately if they do not receive account statements from their custodian on at least a quarterly basis. As noted in Item 13, Azzad may provide clients with separate reports or account statements providing information about their account. Clients should compare these carefully to the account statements received from the custodian. Azzad’s statements may vary slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. In the event of any discrepancies, you should rely on the statement you receive from the custodian of your assets. If clients discover any discrepancies, they should contact Azzad immediately.

16. Investment Discretion

For the Ethical Wrap Program, most of our other advisory relationships 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 the

client and accepted by Azzad. Any additional investment guidelines and restrictions must be provided to Azzad in writing. If 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 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 that 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. The client is solely responsible for the management of any securities held in a sub-account.

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

Unless directed by the client in writing, Azzad will vote proxies on behalf of our advisory accounts. Azzad also votes proxies on behalf of the Azzad Funds. 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 seeks to avoid the occurrence of actual or apparent material conflicts of interest in the proxy voting process by voting in accordance with predetermined voting guidelines. In all cases in which there is deemed to be a material conflict of interest, Azzad will seek to resolve the conflict in the clients' best interests. 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 account(s). Please contact our Chief Compliance Officer at 888-862-9923.

18. Financial Information

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you and we have never been the subject of a bankruptcy proceeding. Azzad does not require prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, a balance sheet is not required and not attached.