

AZZAD®

THE AZZAD FUNDS

STATEMENT OF ADDITIONAL INFORMATION

November 1, 2009

The Azzad Ethical Mid Cap Fund

This Statement of Additional Information ("SAI") is not a prospectus and it should be read in conjunction with the prospectus for the Fund dated November 1, 2009, as it may be supplemented. Copies of the Prospectus may be obtained by calling toll free 1-888-350-3369. Audited financial statements, which are contained in the Fund's Annual Report, are incorporated by reference into this SAI. The Annual Report can be obtained, without charge, by calling the Fund's transfer agent toll free at 1-888-350-3369.

TABLE OF CONTENTS

Investment Objective, Policies and Restrictions	2
Trustees and Executive Officers	4
Investment Advisory and Other Services	6
Portfolio Management.....	6
Control Persons and Principal Shareholders	7
Code of Ethics	7
Administrator	7
Transfer Agent.....	7
Custodian	8
Shareholder Servicing and Distribution Plan	8
Other Expenses	8
Brokerage Allocation and Soft Dollars	9
Taxation.....	10
Purchase of Shares	11
Dividends and Distributions	11
Net Asset Value	11
Redemption of Shares	11
Registered Independent Public Accounting Firm	11
Other Information	12
Organization.....	12
Financial Statement.....	12
Proxy Voting Procedures.....	12
Disclosure of Portfolio Holdings.....	13
Anti-Money Laundering Compliance.....	13
Glossary.....	14

INVESTMENT OBJECTIVE, POLICIES AND RESTRICTIONS

The investment objectives and policies of the Fund are described in the Fund's Prospectus. All investments are subject to the overall policy of making investment decisions according to ethical principles, as described in the Prospectus. Additional information regarding the Fund's investment risks, policies and restrictions is set forth below.

INVESTMENT POLICIES AND ASSOCIATED RISKS

The following discussion supplements the disclosure in the prospectus about the Azzad Ethical Mid Cap Fund's investment techniques, strategies and risks. The Fund is designed for investment of that portion of an investor's assets that can appropriately bear the special risks associated with certain types of investments (e.g., investments in equity securities pursuant to an investment strategy consistent with ethical screens). Unless otherwise noted, the policies described in this Statement of Additional Information ("SAI") are not fundamental and may be changed by the Board of Trustees. As all investment securities are subject to inherent market risks and fluctuations in value due to earnings, economic and political conditions and other factors, there is no assurance that the Fund's investment objectives will be achieved.

Risks of Investing in Portfolio Securities

The Azzad Ethical Mid Cap Fund is an open-end, management company that invests primarily in equity securities. Common stock represents the residual ownership interest in an issuer. Shareholders are entitled to the income and increase in the value of the assets and business of the entity after all of its obligations and preferred stock is satisfied.

An investment in the Fund should be made with an understanding of the risks inherent in an investment in equity securities, including the risk that the general condition of the stock market may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value according to various unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and global or regional political, economic and banking crises. In addition to the general risks and considerations of equity investing, the Fund is subject to the specific risks associated with the specific investments discussed below.

Because the Fund invests in securities of companies engaged in the real estate industry, the Fund is vulnerable to changes in real estate values or economic downturns and is subject to risks associated with real estate, such as liquidity risk, extended vacancy, development delays, environmental issues, tenant bankruptcies or changes in property taxes, interest rates and tax and regulatory requirements. In addition, the value of a real estate investment trust (REIT) can depend on the structure of the REIT and cash flow generated by the REIT. The prices of securities issued by companies engaged in the real estate industry may change in response to interest rate changes. At times, when interest rates go up, the value of securities issued by companies in the real estate industry goes down. If the Fund focuses its real estate related investments in a geographic area or in a property type, the Fund will be particularly subject to the risks associated with that geographic area or property type.

Foreign investment presents risks beyond those of securities of U.S. issuers. Such risks include political or economic instability, changes in foreign currency exchange rates, different accounting methods, restrictions of the withdrawal of investments, tax withholding on dividends, and less publicly available information. ADRs do not eliminate all the risk inherent in investing in foreign issuers, such as changes in foreign currency exchange rates. However, by investing in ADRs rather than directly in foreign issuers' stock, the Fund avoids currency risks during the settlement period. The Fund's Board of Trustees, without a shareholder vote, may change the above investment policy.

Fundamental Investment Restrictions

The Fund operates under the following investment restrictions that are deemed fundamental policies and may be changed only with the approval of the holders of a "majority of the outstanding voting securities" as defined in the Investment Company Act of 1940, as amended (the "1940 Act") of the Fund. As used in this Statement of Additional Information, the term "majority of the outstanding voting securities" as defined in the 1940 Act currently means the vote of (i) 67% or more of the voting securities present at a meeting, if the holders of more than 50% of the outstanding voting securities are present in person or represented by proxy; or (ii) more than 50% of the outstanding voting securities, whichever is less.

Fundamental investment restrictions limiting the Fund's investments provide that the Fund may not:

- (1) issue senior securities, except as permitted under the Investment Company Act of 1940 and as consistent with the Adviser's ethical guidelines;
- (2) purchase securities on margin or effect short sales of securities;
- (3) purchase or sell commodities or commodity contracts including futures contracts;

- (4) make loans of cash or portfolio securities or borrow money or property;
- (5) underwrite the securities of other issuers except to the extent that the Fund might be deemed to be an underwriter for purposes of the Securities Act of 1933 in connection with the purchase and sale of certain securities;
- (6) purchase securities of other investment companies unless (a) such securities are consistent with the investment objective of the Fund and the investment companies operate in a manner consistent with Azzad's ethical principles and (b) such purchase is in compliance with the Investment Company Act of 1940 and applicable state law. However, no such restriction shall apply to a purchase of investment company securities in connection with a merger, consolidation, acquisition or reorganization; and
- (7) purchase the securities of any issuer if, as a result, more than 25% of the Fund's total assets would be invested in the securities of issuers whose principal business activities are in the same industry.

In addition to the foregoing fundamental restrictions, the Fund has adopted the following non-fundamental policies that may be changed by the Board of Trustees:

- (1) The Fund has authority to invest a portion of its net assets in securities issued by foreign companies;
- (2) The Fund will not purchase or sell options, although the Fund has the power to use covered call options as a method to increase the income received from common stocks owned by the Fund. The Fund may sell (write) covered call options and purchase call options to close out call options previously written. The Fund currently does not write covered call options;
- (3) The Fund does not invest in preferred stock and will not invest its net assets in warrants;
- (4) The Fund will not purchase "restricted securities" (those which are subject to legal or contractual restrictions on resale, including securities that may be sold pursuant to Rule 144A under the Securities Act of 1933). Notwithstanding the foregoing, the Fund may invest up to 10% of its net assets in illiquid securities (excluding restricted securities) but currently the Fund has no intention to do so;
- (5) The Fund may not invest in a company to get control or manage the company.

Other Non-Fundamental Restrictions for the **Azzad Ethical Mid Cap Fund** that may be changed by the Board of Trustees:

The Fund may invest its net assets in equity securities issued by foreign companies. The Fund currently invests only in dollar-denominated foreign securities available for trading and settlement in the U.S., primarily in American Depository Receipts (ADRs) for foreign securities. ADRs are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying foreign security and denominated in U.S. dollars.

Portfolio Turnover

Although the Fund generally will not invest for short-term trading purposes, portfolio securities may be sold without regard to the length of time they have been held when, in the opinion of the portfolio manager, investment considerations warrant such action. Portfolio turnover rate is calculated by dividing (1) the lesser of purchases or sales of portfolio securities for the fiscal year by (2) the monthly average of the value of portfolio securities owned during the fiscal year. A 100% turnover rate would occur if all the securities in the Fund's portfolio, with the exception of securities whose maturities at the time of acquisition were one year or less, were sold and either repurchased or replaced within one year. A high rate of portfolio turnover (100% or more) generally leads to higher transaction costs and may result in a greater number of taxable transactions.

The Azzad Ethical Mid Cap Fund's portfolio turnover rates for the fiscal years ended June 30, 2009 and 2008 are shown in the table below:

	2009	2008
Portfolio Turnover Rate	21.11%	337.01%

*The increase in the portfolio turnover rate for the fund's fiscal year ending June 30, 2008 is attributable to the hiring of a new portfolio manager who reallocated the fund's assets in 2008. Normally, the fund's portfolio is not expected to exceed a turnover rate of 100%.

TRUSTEES AND EXECUTIVE OFFICERS

The Board of Trustees supervises the business activities of the Azzad Funds (the "Company"). Each Trustee shall hold office until the next meeting of shareholders, if any, called for the purpose of considering the election or re-election of such Trustee or of a successor to such Trustee, and until the election and qualification of his successor, if any, elected at such meeting, or until such Trustee dies, resigns, retires or is removed.

The following table contains information concerning each officer of the Company and each Trustee of the Company who is an "interested person" of the Company, as defined in the 1940 Act. Mr. Qasem is an "interested person" because he is an officer of the Company and an officer of the Adviser.

Name, Address And Age	Positions Held With the Company	Length of Time Served	Principal Occupation During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Bashar Qasem 3141 Fairview Park Drive Suite 460 Falls Church, VA 22042 Age: 45	Chairman, Treasurer and Trustee	Since 2001	President of Azzad Asset Management, Inc. (since its inception in 2000); Operating Manager of Azzad Asset Management LLC (investment adviser) (1997 to 1999)	2	None
Jamal Elbarmil 3141 Fairview Park Drive Suite 460 Falls Church, VA 22041 Age: 49	Secretary	Since 2003	Vice President of Azzad Asset Management, Inc.	2	None
Manal Fouz* 3141 Fairview Park Drive Suite 460 Falls Church, VA 22041 Age: 35	Chief Compliance Officer	Since 2007	Operations Manager (since 2002) & Compliance Officer for Azzad Asset Management	2	None

*Manal Fouz is the spouse of Bashar Qasem.

The following table provides information regarding each Trustee who is not an "interested person" of the Company, as defined in the 1940 Act.

Name, Address And Age	Positions Held With the Company	Length of Time Served	Principal Occupation During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Syed Shamsad Husain 1046 Longford Road Bartlett, IL 60103 Age: 73	Trustee	Since 2000	Managing Director of IQRA International Education Foundation (publisher located in Chicago, IL) (1995 to present)	2	Iqra' International Educational Foundation; Muslim Society, Inc.; Council of Islamic Organizations of Greater Chicago
Syed K. Raheemullah 25 W. 181 Salem Naperville, IL 60540 Age: 61	Trustee	Since 2000	Retired. Formerly a Member of the technical staff of Lucent Technologies (manufacturer of telephone equipment) (1986 to present)	2	Muslim Society, Inc.
QAMARUDDIN ALI YAR KHAN 330 Tuttle Drive Bloomington IL 60108 Age: 63	Trustee	Since December 2008	Certified Public Accountant (CPA) and Vice President for Sonoscan Inc.(2001-to present)	2	None

On July 11, 2003, the Company formed an audit committee consisting of the disinterested trustee members. The audit committee is responsible for overseeing the Fund's accounting and financial reporting policies and practices, its

internal controls and, as appropriate, the internal controls of certain service providers; overseeing the quality and objectivity of the Fund's financial statements and the independent audit of the financial statements; and acting as a liaison between the Fund's independent auditors and the full Board of Trustees. During the fiscal year ended June 30, 2009 the audit committee held two meetings.

The following table provides information regarding shares of and other portfolios of the Company owned by each Trustee as of September 30, 2009.

Name of Trustee	Dollar Range of Equity Securities in the Azzad Ethical Mid Cap Fund		Aggregate Dollar Range of Equity Securities in all Registered Investment Companies Overseen by Trustee Within the Azzad Funds
Bashar Qasem	\$10,001-\$50,000		\$10,001-\$50,000
Syed Shamshad Husain	\$10,001-\$50,000		\$10,001-\$50,000
Syed K. Raheemullah	\$1-\$10,000		\$1-\$10,000
Ali Khan	\$1-\$10,000		\$1-\$10,000

For their service as Trustees of the Company, the Trustees who are not "interested persons" are entitled to receive from the Fund a fee of \$250 for attendance at all meetings held on a day on which a regularly scheduled board meeting is held (for meetings held on other days, trustees receive a fee of \$50 for their attendance). As of June 30, 2009 the disinterested trustee members received compensation for their service as trustees for the amount of \$2,400. The "interested persons" who serve as Trustees of the Company receive no compensation for their service as trustees.

The Azzad Funds currently have two series, each of which is responsible for payment of its pro rata share of any compensation paid to the Trustees who are not "interested persons" of the Fund.

INVESTMENT ADVISORY AND OTHER SERVICES

The investment adviser for the Fund is Azzad Asset Management, Inc. (the "Adviser"). The Adviser's address is 3141 Fairview Park Drive, Suite 460, Falls Church, Virginia 22042. The Adviser can also be contacted by telephone at (888) 862-9923.

As of June 30, 2009, Messrs. Ziad Al-Bassam (24%), Bashar Qasem (26%), Khalid Zainy (22%), Khalid AlSubaihi (20%) each own the respective interest in the Adviser.

The Adviser currently serves as the investment adviser pursuant to an Advisory Agreement with the Fund dated August 8, 2002. The Adviser receives for its services to the Fund a management fee, at an annual rate of .80% of the average daily net assets of the Fund. The Adviser has agreed to waive all or a portion of its fee or reimburse the Fund for operating expenses, to the extent necessary to limit the Fund's total annual operating expenses to 0.99% of average daily net assets as of July 1, 2009. "Operating Expenses," for purposes of the expense cap agreement, excludes brokerage costs, interest, taxes, litigation, underlying fund fees and expenses and other extraordinary expenses.

Azzad Ethical Mid Cap Fund

	2009	2008	2007
Net Advisory Fee Paid	\$0*	\$0	\$29,858
Advisory Fees Earned	\$26,382	\$33,645	\$37,342
Advisory Fees Waived	\$26,382	\$33,645	\$7,484

*For the fiscal year ending June 30, 2009, the Adviser reimbursed the Azzad Ethical Mid Cap Fund in the amount of \$12,285 for operating expenses.

The Advisory Agreement will continue in effect for an initial term of two years, and from year to year thereafter, if such continuance is approved at least annually in accordance with the requirements of the 1940 Act as now in effect or as hereafter amended. The Advisory Agreement will terminate automatically in the event of its assignment. In addition, the Agreement is terminable at any time, without penalty, by the Board of Trustees of the Company or by vote of a majority of the Fund's outstanding voting securities upon 60 days' written notice to the Adviser.

Under the Advisory Agreement, the Adviser provides the Fund with advice and assistance in the acquisition and disposition of the Fund's investments. All investment decisions are subject to review by the Board of Trustees of the

Company. The Adviser is obligated to pay the salaries and fees of any affiliates of the Adviser serving as officers of the Company or the Fund.

The same security may be suitable for the Fund or other accounts managed by the Adviser. If and when the Fund or two or more accounts simultaneously purchase or sell the same security, the transactions will be allocated as to price and amount in accordance with arrangements equitable to the Fund or account. The simultaneous purchase or sale of the same securities by the Fund and other accounts may have a detrimental effect on the Fund, as this may affect the price paid or received by the Fund or the size of the position obtainable or able to be sold by the Fund.

PORTFOLIO MANAGEMENT

The Azzad Ethical Mid Cap Fund is managed by Jamal Elbarmil. The portfolio manager's compensation consists of a fixed salary that is set by industry standards. Mr. Elbarmil is also an owner and founder of the Adviser.

The following provides information regarding other accounts managed under the supervision of Mr. Jamal Elbarmil as of June 30, 2009:

Category of Account	Total Number of Accounts Managed	Total Assets in Accounts Managed (in millions)	Number of Accounts for which Advisory Fee is Based on Performance	Assets in Accounts for which Advisory Fee is Based on Performance
Other Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investment Vehicles	0	\$0	0	\$0
Other Accounts	10	\$16 Million	0	\$0

Because the Adviser performs investment management services for various clients, certain conflicts of interest could arise. The Adviser may give advice and take action with respect to its other clients that may differ from advice given or the timing or nature of action taken with respect to the Fund. The Adviser will have no obligation to purchase or sell for the Fund, or to recommend for purchase or sale by the Fund, any security that the Adviser, its principals, its affiliates, or its employees may purchase for themselves or for other clients and/or funds at the same time or the same price.

CONTROL PERSONS AND PRINCIPAL SHAREHOLDERS

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund under Section 2(a)(9) of the 1940 Act. As of September 30, 2009, FolioFn Investments, Inc., 8000 Towers Crescent Drive, Vienna, VA, 22812, in aggregate, owned approximately 61.82% (or 622,944.829 shares) of the Mid Cap Fund for the benefit of others.

As of June 30, 2009, the officers and Trustees of the Company, as a group, owned less than 1% of the outstanding shares of the **Azzad Ethical Mid Cap Fund**.

CODE OF ETHICS

Personnel of the Adviser may invest in securities for their own account pursuant to a Code of Ethics which has been adopted by the Fund and the Adviser that sets forth all employees' fiduciary responsibilities regarding the Fund, establishes procedures for personal investing and restricts certain transactions. For example, all personal trades in most securities require pre-clearance, and participation in initial public offerings is prohibited. Under the Code of Ethics, the Adviser's personnel may invest in securities, including securities that may be purchased or held by the Fund. For a free copy of the Adviser's Code of Ethics policy, call (888) 862-9923.

ADMINISTRATOR

Azzad Asset Management, Inc. 3141 Fairview Park Drive Suite 460, Falls Church, VA 22042 pursuant to an Administration Agreement with the Fund, administers the affairs of the Fund.

Pursuant to the Administration Agreement, the Adviser, subject to the overall supervision and review of the Board of Trustees of the Company, provides administrative services to the Fund, provides the Fund with office space, facilities and business equipment, and provides the services of executive and clerical personnel for administering the affairs of the Fund.

The Administration Agreement provides for the Fund to pay the Administrator an annual fee of \$9,000. The Administration Agreement is terminable by the Board of Trustees of the Company or the Administrator on ninety (90) days' written notice. The Agreement shall remain in effect for one year from the date of its initial execution, and subject to

annual approval of the Board of Trustees for one-year periods thereafter. The Agreement provides that in the absence of willful misconduct, bad faith or negligence on the part of the Administrator, the Administrator shall not be liable for any loss arising out of or in connection with its actions thereunder.

Under the Administration Agreement, the Administrator provides all administrative services, including, without limitation: (i) provides overall day-to-day administrative functions, including coordination of administrative and professional services to the Fund by others, including the Fund's Custodian; (ii) assisting Fund counsel in preparing, but not paying for, the periodic updating of the Fund's Registration Statement, Prospectus and Statement of Additional Information, including the printing of such documents for the purpose of filings with the Securities and Exchange Commission and state securities administrators, and preparing reports to the Fund's shareholders and the Securities and Exchange Commission; (iv) preparing agendas for meetings of the Board of Trustees; and (v) monitoring daily and periodic compliance with respect to all requirements and restrictions of the Investment Company Act, the Internal Revenue Code and the Prospectus.

TRANSFER AGENT

Mutual Shareholder Services, LLC, ("MSS") 8000 Towne Centre Drive, Suite 400, Broadview Heights, OH 44147, provides transfer agency, dividend disbursing and accounting services to the Fund. MSS also is involved in preparing all filings under the securities or "Blue Sky" laws of such states or countries as are designated, which may be required to register or qualify, or continue the registration or qualification, of the Fund and/or their shares under such laws.

CUSTODIAN

Huntington National Bank, 7 Easton Oval, Columbus, OH 43219 serves as custodian for the Fund's cash and securities (the "Custodian"). The Custodian is responsible for maintaining the books and records of the Fund's portfolio securities and cash. The Custodian does not assist in, and is not responsible for, investment decisions involving assets of the Fund.

SHAREHOLDER SERVICING AND DISTRIBUTION PLAN

The Fund has adopted a Distribution and Service Plan (the "Plan"), which was reviewed and approved by a majority of the disinterested Trustees of the Company, pursuant to Rule 12b-1 under the 1940 Act (the "Rule"). The Rule provides that an investment company, which bears any direct or indirect expense of distributing its shares, must do so only in accordance with a plan permitted by the Rule. The Plan provides that the Fund may use its assets to finance certain expenses and costs incurred in connection with providing marketing and promotional support to the Fund, shareholder servicing and maintaining shareholder accounts, to compensate parties with which they have written agreements and whose clients own shares of the Fund for providing servicing to their clients ("shareholder servicing") and financial institutions with which they have written agreements and whose clients are Fund shareholders (each a "broker-dealer") for providing distribution assistance and promotional support to the Fund, which is subject to a maximum of 0.15% (prior to June 30, 2007 this rate was 0.25%) per annum of the Fund's average daily net assets. Fees paid under the Plan may not be waived for individual shareholders.

Each shareholder servicing agent and broker-dealer will, as agent for its customers, among other things: answer customer inquiries regarding account status and history, the manner in which purchases and redemptions of shares of each may be effected and certain other matters pertaining to the Fund; assist shareholders in designating and changing dividend options, account designations and addresses; provide necessary personnel and facilities to establish and maintain shareholder accounts and records; assist in processing purchase and redemption transactions; arrange for the wiring of funds; transmit and receive funds in connection with customer orders to purchase or redeem shares; verify and guarantee shareholder signatures in connection with redemption orders and transfers and changes in shareholder designated accounts; furnish quarterly and year-end statements and confirmations within five business days after activity in the account; transmit to shareholders Fund proxy statements, annual reports, updated prospectuses and other communications; receive, tabulate and transmit proxies executed by shareholders with respect to meetings of shareholders of the Fund; and provide such other related services as either the Fund or a shareholder thereof may request.

Shareholder servicing agents and broker-dealers may charge investors a fee in connection with their use of specialized purchase and redemption procedures offered to investors by the shareholder servicing agents and broker-dealers. In addition, shareholder servicing agents and broker-dealers offering purchase and redemption procedures similar to those offered to shareholders who invest in the Fund directly may impose charges, limitations, minimums and restrictions in addition to or different from those applicable to shareholders who invest in the Fund directly. Accordingly, the net yield to investors who invest through shareholder servicing agents and broker-dealers may be less than realized by investing in the Fund directly. An investor should read the Prospectus in conjunction with the materials provided by the shareholder servicing agent and broker-dealer describing the procedures under which Fund shares may be purchased and redeemed through the shareholder servicing agent and broker-dealer.

In accordance with the Rule, the Plan provides that all written agreements relating to the Plan must be in a form satisfactory to the Board of Trustees. In addition, the Plan requires the Fund to prepare, at least quarterly, written reports setting forth all amounts expended for distribution purposes by the Fund pursuant to the Plan and identifying the distribution activities for which those expenditures were made for review by the Board of Trustees.

For the period July 1, 2008 to June 30, 2009 the Azzad Ethical Mid Cap Fund paid \$1,538 to Foliofn Investments for broker-dealer services under Rule 12b-1.

Bashar Qasem, as an interested person of the Fund and the Adviser may be deemed to have a direct or indirect interest in the operation of the Plan.

OTHER EXPENSES

The Fund pays certain operating expenses that are not assumed by the Adviser, the Administrator or any of their respective affiliates. These expenses, together with fees paid to the Adviser, the Administrator and the Transfer Agent, are deducted from the income of the Fund, respectively, before dividends are paid. These expenses include, but are not limited to, organizational costs; expenses of officers and Trustees who are not affiliated with the Adviser, the Administrator or any of their respective affiliates; taxes; interest; legal fees; custodian fees; audit fees; brokerage fees and commissions; fees and expenses of registering and qualifying the Fund and its shares for distribution under federal and various state securities laws, the expenses of reports to shareholders, shareholders' meetings proxy solicitations and costs of investing in underlying funds.

BROKERAGE ALLOCATION AND SOFT DOLLARS

The Fund's assets are invested by the Adviser in a manner consistent with its investment objective, policies, and restrictions and with any instructions the Board of Trustees may issue from time to time. Within this framework, the Adviser is responsible for making all determinations as to the purchase and sale of portfolio securities and for taking all steps necessary to implement securities transactions on behalf of the Fund.

In placing orders for the purchase and sale of portfolio securities for the Fund, the Adviser will use its best efforts to obtain the best possible price and execution and will otherwise place orders with broker-dealers subject to and in accordance with any instructions the Board of Trustees may issue from time to time. The full range and quality of services available will be considered in making these determinations, such as the size of the order, the difficulty of execution, the operational facilities of the firm involved and other factors. In those instances where it is reasonably determined that more than one broker-dealer can offer the services needed to obtain the most favorable price and execution available, consideration may be given to those broker-dealers which furnish or supply research and statistical information to the Adviser that it may lawfully and appropriately use in its investment advisory capacities.

While it is the Fund's general policy to first seek to obtain the most favorable price and execution available in selecting a broker-dealer to execute portfolio transactions for the Fund, in accordance with Section 28(e) under the Securities and Exchange Act of 1934 ("1934 Act"), when it is determined that more than one broker can deliver best execution, weight is also given to the ability of a broker-dealer to furnish brokerage and research services to the Fund or to the Adviser, even if the specific services are not directly useful to the Fund and may be useful to the Adviser in advising other clients. In negotiating commissions with a broker or evaluating the spread to be paid to a dealer, the Fund may therefore pay a higher commission or spread than would be the case if no weight were given to the furnishing of these supplemental services, provided that the amount of such commission or spread has been determined in good faith by the Adviser to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer.

Transactions on U.S. stock exchanges, commodities markets and futures markets and other agency transactions involve the payment by the Fund of negotiated brokerage commissions. Such commissions vary among different brokers. A particular broker may charge different commissions according to such factors as the difficulty and size of the transaction. Transactions in foreign investments often involve the payment of fixed brokerage commissions, which may be higher than those in the United States. There is generally no stated commission in the case of securities traded in the over-the-counter markets, but the price paid by the Fund usually includes an undisclosed dealer commission or mark-up. In underwritten offerings, the price paid by the Fund includes a disclosed, fixed commission or discount retained by the underwriter or dealer.

It has for many years been a common practice in the investment advisory business for advisers of investment companies and other institutional investors to receive brokerage and research services (as defined in the 1934 Act) from broker-dealers that execute portfolio transactions for the clients of such advisers and from third parties with which such broker-dealers have arrangements. Consistent with this practice, the Adviser may receive brokerage and research services and other similar services from many broker-dealers with which the Adviser may place the Fund's portfolio transactions and from third parties with which these broker-dealers have arrangements. These services include such matters as general

economic and market reviews, industry and company reviews, evaluations of investments, recommendations as to the purchase and sale of investments, pricing services, and quotation services utilized by the Adviser. Where the services referred to above are not used exclusively by the Adviser for research purposes, the Adviser, based upon its own allocations of expected use, bears that portion of the cost of these services which directly relates to their non-research use. Some of these services are of value to the Adviser and its affiliates in advising several of their clients (including the Fund), although not all of these services are necessarily useful and of value in managing the Fund. The management fee paid by the Fund is not reduced because the Adviser and its affiliates receive these services even though the Adviser might otherwise be required to purchase some of these services for cash. The Adviser would, through the use of such services, avoid the additional expenses that would be incurred if it should attempt to develop comparable information through its own staff or obtain such services independently.

Consistent with the Conduct Rules of the Financial Industry Regulatory Authority and subject to seeking the most favorable price and execution available and such other policies as the Trustees may determine, the Adviser may consider sales of shares of the Fund as a factor in the selection of broker-dealers to execute portfolio transactions for the Fund.

For the fiscal year ended June 30, 2009, the Fund directed the following amount of transactions and paid the following brokerage commissions to brokers who provided research services in connection with such transactions (as stated previously, the provision of research services was not necessarily a factor in the placement of all this business with such brokers):

	<u>Amount of Transactions</u>	<u>Commissions Paid</u>
Azzad Ethical Mid Cap Fund	35,467	\$886

The table below shows the amount of aggregate brokerage commissions incurred by the Fund for the fiscal years ended June 30. The adviser does not have an affiliated broker:

Azzad Ethical Mid Cap Fund	Fiscal Year	Aggregate Brokerage Commissions
	2009	\$1,453
	2008	\$10,467
	2007	\$40,232
	2006	\$12,460

TAXATION

The Fund intends to qualify each year as a "regulated investment company" under Subchapter M of the Code. By so qualifying, the Fund will not incur federal income or state taxes on their net investment income and on net realized capital gains to the extent distributed as dividends to shareholders.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax at the Fund level. To avoid the tax, the Fund must distribute during each calendar year an amount equal to the sum of (a) at least 98% of its ordinary income (not taking into account any capital gains or losses) for the calendar year, (b) at least 98% of its capital gains in excess of capital losses (adjusted for certain ordinary losses) for a one-year period generally ending on October 31st of the calendar year, and (c) all ordinary income and capital gains for previous years that were not distributed during such years.

Under the Code, dividends derived from interest, and any short-term capital gains, are taxable to shareholders as ordinary income for federal and state tax purposes, regardless of whether such dividends are taken in cash or reinvested in additional shares. Distributions made from the Fund's net realized long-term capital gains (if any) and designated as capital gain dividends are taxable to shareholders as long-term capital gains, regardless of the length of time Fund shares are held. Corporate investors are not eligible for the dividends-received deduction with respect to distributions derived from interest on short-or long-term capital gains from the Fund but may be entitled to such a deduction in respect to distributions attributable to dividends received by the Fund. A distribution will be treated as paid on December 31st of a calendar year if it is declared by the Fund in October, November or December of the year with a record date in such a month and paid by the Fund during January of the following year. Such distributions will be taxable to shareholders in the calendar year the distributions are declared, rather than the calendar year in which the distributions are received.

Distributions paid by the Fund from net long-term capital gains (excess of long-term capital gains over long-term capital losses), if any, whether received in cash or reinvested in additional shares, are taxable as long-term capital gains, regardless of the length of time you have owned shares in the Fund. Distributions paid by the Fund from net short-term capital gains (excess of short-term capital gains over short-term capital losses), if any, whether received in cash or reinvested in additional shares are taxable as ordinary income. Capital gains distributions are made when the Fund realizes

net capital gains on sales of portfolio securities during the year. Realized capital gains are not expected to be a predictable part of the Fund's investment return.

Any redemption of Fund shares is a taxable event and may result in a capital gain or loss. A capital gain or loss may be realized from an ordinary redemption of shares. Dividend distributions, capital gains distributions, and capital gains or losses from redemptions and exchanges may also be subject to state and local taxes.

Ordinarily, distributions and redemption proceeds paid to Fund shareholders are not subject to withholding of federal income tax. However, the Fund's distributions and redemption proceeds are subject to tax withholding if a Fund shareholder fails to supply the Fund or its agent with such shareholder's taxpayer identification number or if the Fund shareholder who is otherwise exempt from withholding fails to properly document such shareholder's status as an exempt recipient.

The information above is only a summary of some of the tax considerations generally affecting the Fund and its shareholders. No attempt has been made to discuss individual tax consequences. To determine whether the Fund is a suitable investment based on his or her tax situation, a prospective investor may wish to consult a tax adviser.

PURCHASE OF SHARES

Fund shares may be purchased at the net asset value per share in proper form with accompanying check or other bank wire payment arrangements satisfactory to the Fund. The Fund's minimum initial investment is \$1,000 and the minimum subsequent investment is \$50. The minimum initial investment through enrollment in the Fund's automatic investment program is \$50. There are no investment minimums for investments made through FundSERV. The Fund is self distributed and carries no sales charges.

The Fund reserves the right in its sole discretion (i) to suspend the continued offering of the Fund's shares, (ii) to reject purchase orders in whole or in part when in the judgment of the Adviser such rejection is in the best interest of the Fund, and (iii) to reduce or waive the minimum for initial and subsequent investments for certain fiduciary accounts or under circumstances where certain economies can be achieved in sales of the Fund's shares.

DIVIDENDS AND DISTRIBUTIONS

Net investment income, if any, is declared as dividends and paid annually. Substantially all the realized net capital gains for the Fund, if any, are also declared and paid on an annual basis. Dividends and distributions are payable to shareholders of record at the time of declaration. Distributions are automatically reinvested in additional Fund shares unless the shareholder has elected to have them paid in cash.

NET ASSET VALUE

The method for determining the Fund's net asset value is summarized in the Prospectus in the text following the heading "How Your Share Price (NAV) is Determined". The net asset value of the Fund's shares is determined on each day on which the New York Stock Exchange is open, provided that the net asset value need not be determined on days when no Fund shares are tendered for redemption and no order for Fund shares is received. The New York Stock Exchange is not open for business on the following holidays (or on the nearest Monday or Friday if the holiday falls on a weekend): New Year's Day, Martin Luther King, Jr. Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

REDEMPTION OF SHARES

Redemption of shares, or payment for redemptions, may be suspended at times (a) when the New York Stock Exchange is closed for other than customary weekend or holiday closings, (b) when trading on said Exchange is restricted, (c) when an emergency exists, as a result of which disposal by the Fund of securities owned by it is not reasonably practicable, or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or (d) during any other period when the Securities and Exchange Commission, by order, so permits, provided that applicable rules and regulations of the Securities and Exchange Commission shall govern as to whether the conditions prescribed in (b) or (c) exist.

Shareholders who purchased shares through a third party broker-dealer may also redeem such shares by written request to the Transfer Agent which shares are held by the Transfer Agent at the address set forth in the Prospectus. To be considered in "good order", written requests for redemption should indicate the dollar amount or number of shares to be redeemed, refer to the shareholder's Fund account number, including either the social security or tax identification number. The request should be signed in exactly the same way the account is registered. If there is more than one owner of the shares, all owners must sign. If shares to be redeemed have a value of \$50,000 or more or redemption proceeds are to be paid by someone other than the shareholder at the shareholder's address of record, the signature(s) must be guaranteed by an "eligible guarantor institution," which includes a commercial bank that is a member of the Federal Deposit Insurance Corporation, a trust company, a member firm of a domestic stock exchange, a savings association or a credit union that is

authorized by its charter to provide a signature guarantee. The Transfer Agent may reject redemption instructions if the guarantor is neither a member of nor a participant in a signature guarantee program. Signature guarantees by notaries public are not acceptable. The purpose of a signature guarantee is to protect shareholders against the possibility of fraud. Further documentation will be requested from corporations, administrators, executors, personal representatives, trustees and custodians. Redemption requests given by facsimile will not be accepted. Unless other instructions are given in proper form, a check for the proceeds of the redemption will be sent to the shareholder's address of record.

REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM

Sanville & Company, 1514 Old York Road, Abington, PA 19001, is the Fund's registered independent public accounting firm providing services including (1) audit of annual financial statements, and (2) assistance and consultation in connection with SEC filings.

OTHER INFORMATION

The Adviser has been continuously registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940 since August 21, 2000. The Fund has filed a registration statement under the Securities Act of 1933 and the 1940 Act with respect to the shares offered. Such registrations do not imply approval or supervision of the Fund or the Adviser by the SEC. For further information, please refer to the registration statement and exhibits on file with the SEC in Washington, D.C. These documents are available upon payment of a reproduction fee. Statements in the Prospectus and in this Statement of Additional Information concerning the contents of contracts or other documents, copies of which are filed as exhibits to the registration statement, are qualified by reference to such contracts or documents.

ORGANIZATION

The Fund is a series of the Company, an open-end diversified management investment company under the Investment Company Act of 1940. The **Azzad Ethical Mid Cap Fund** began operating on December 22, 2000 (as the Azzad/Dow Jones Ethical Market Fund until December 16, 2003). The Board of Trustees of the Company is authorized to issue an unlimited number of shares in one or more series or "Funds," which may be divided into classes of shares. Currently, there are two series authorized and outstanding. Each series has only one class of shares.

Each share of each Fund has equal rights as to voting, redemption, dividends, and liquidation as the other shares of the Fund. There are no conversions, preemptive or other subscription rights. The Board of Trustees has the right to establish additional series in the future, to change those series and to determine the preferences, voting powers, rights and privileges thereof.

In the interest of economy and convenience, certificates representing shares purchased will not be ordinarily issued. The investor, however, will have the same rights of ownership with respect to such shares as if certificates had been issued.

The Company is not required and does not intend to hold annual meetings of shareholders. Shareholders owning more than 10% of the outstanding shares of a Fund have the right to call a special meeting to remove Trustees or for any other purpose.

Under the Declaration of Trust of the Company, the Company or any series of the Company (including the Fund) may be terminated at any time by the Trustees by written notice to the shareholders of the Company, or such series as the case may be, without a vote of the shareholders of the Company, or of such series, or the Company or any series of the Company may be terminated by the affirmative vote of the shareholders in accordance with provisions of the Declaration of Trust.

Under Massachusetts' law applicable to Massachusetts business trusts, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust of the Company contains an express disclaimer of shareholder liability for acts or obligations of the Company and requires that notice of this disclaimer be given in each agreement, obligation or instrument entered into or executed by the Company or the Trustees. The Company's Declaration of Trust further provides for indemnification out of the assets and property of the Company for all loss and expense of any shareholder held personally liable for the obligations of the Company. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which inadequate insurance existed and the Company or Fund itself was unable to meet its obligations. The Company believes the likelihood of the occurrence of these circumstances is remote.

FINANCIAL STATEMENTS

The Fund's Statement of Net Assets, Statement of Operations, Statement of Changes in Net Assets, Financial Highlights, each for the fiscal period ended June 30, 2009; and Notes to Financial Statements and the Report of the Registered Independent Public Accounting Firm, are included in the Fund's annual report for the period ended June 30, 2009, and are hereby incorporated by reference in this Statement of Additional Information. They can be obtained free of charge by calling the Fund's transfer agent at 1-888-350-3369

PROXY VOTING PROCEDURES

The Board of Trustees for the Fund has delegated responsibilities for decisions regarding proxy voting for securities held by the Fund to the Fund's Adviser, Azzad Asset Management, Inc. The Adviser will vote such proxies in accordance with its proxy policies and procedures. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, the Adviser shall be guided by its proxy voting guidelines. These guidelines will be reviewed annually, updated and changed as needed. To obtain a copy of the proxy voting guidelines for the Fund, please contact the Adviser by writing Azzad Asset Management, Inc. Attention: Proxy Voting Guidelines 3141 Fairview Park Dr. Suite 460 Falls Church, VA 22042. The Fund is required to file a Form N-PX, with the Fund's complete proxy voting record for the 12 months ended June 30, no later than August 31 of each year. Form N-PX for the Fund will be available without charge, upon request, by calling toll-free 1-888-350-3369. The information is also available on the SEC's website at www.sec.gov.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Fund is required to include a schedule of portfolio holdings in its annual and semi-annual reports to shareholders, which is sent to shareholders within 60 days of the end of the second and fourth fiscal quarters and which is filed with the SEC on Form N-CSR within 70 days of the end of the second and fourth fiscal quarters. The Fund also is required to file a schedule of portfolio holdings with the SEC on Form N-Q within 60 days of the end of the first and third fiscal quarters. The Fund must also provide a copy of the complete schedule of portfolio holdings as filed with the SEC to any shareholder of the Fund, upon request, free of charge.

The Fund releases portfolio holdings to third party servicing agents on a daily basis in order for those parties to perform their duties on behalf of the Fund. These third party servicing agents include the Adviser, Transfer Agent, Fund Accounting Agent, Administrator and Custodian. Additionally, the Fund may release portfolio holdings to third party rating agencies and data reporting platforms on a periodic basis. The Fund also may disclose portfolio holdings, as needed, to auditors, legal counsel, proxy voting services (if applicable), pricing services, parties to merger and reorganization agreements and their agents, and prospective or newly hired investment advisers or sub-advisers. This information is disclosed to third parties under conditions of confidentiality. "Conditions of confidentiality" include (i) confidentiality clauses in written agreements, (ii) confidentiality implied by the nature of the relationship (e.g., attorney-client relationship), (iii) confidentiality required by fiduciary or regulatory principles (e.g., custody relationships) or (iv) understandings or expectations between the parties that the information will be kept confidential.

Except as described above, the Fund is prohibited from entering into any arrangements with any person to make available information about the Fund's portfolio holdings without the specific approval of the Board of Trustees. The Adviser must submit any proposed arrangement pursuant to which the Adviser intends to disclose the Fund's portfolio holdings to the Board, which will review such arrangement to determine whether the arrangement is in the best interests of Fund shareholders. Additionally, the Adviser, and any affiliated persons of the Adviser, is prohibited from receiving compensation or other consideration, for themselves or on behalf of the Fund, as a result of disclosing the Fund's portfolio holdings.

ANTI-MONEY LAUNDERING COMPLIANCE

The Fund is required to comply with various anti-money laundering laws and regulations, including the appointment of an anti-money laundering compliance officer. Consequently, the Fund may request additional information from you to verify your identity and will request a copy of your driver's license (or a similar picture identification document). If at any time the Fund believes a shareholder may be involved in suspicious activity or if certain account information matches information on government lists of suspicious persons, the Fund may choose not to establish a new account or may be required to "freeze" a shareholder's account. The Fund also may be required to provide a governmental agency with information about transactions that have occurred in a shareholder's account, or to transfer monies received to establish a new account, transfer an existing account or transfer the proceeds of an existing account to a governmental agency. In some circumstances, the law may not permit a Fund to inform the shareholder that it has taken the actions described above.

GLOSSARY

As used in this SAI, the following terms have the meanings listed.

"Adviser" means Azzad Asset Management, Inc.

"Board" means the Board of Trustees of the Company.

"Mutual Shareholder Services" means Mutual Shareholder Services, LLC, the administrator, fund accountant, and transfer and distribution-disbursing agent of the Fund.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means Azzad Funds, a Massachusetts business trust that is registered with the SEC as an open-end, management investment company, commonly referred to as a "mutual fund."

"Custodian" means Huntington National Bank, the custodian of the Fund's assets.

"Fund" means the Azzad Ethical Mid Cap Fund

"Moody's" means Moody's Investors Service.

"NRSRO" means a nationally recognized statistical rating organization.

"NAV" means net asset value.

"SEC" means the U.S. Securities and Exchange Commission.

"S&P" means Standard & Poor's.

"Trust" means Azzad Funds, a Massachusetts business trust that is registered with the SEC as an open-end management investment company, commonly referred to as a "mutual fund".

"U.S. Government Securities" means obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

"1933 Act" means the Securities Act of 1933, as amended.

"1940 Act" means the Investment Company Act of 1940, as amended.