AZZAD ASSET MANAGEMENT

Dear Client:

Weakness in the stock markets continued into the first two months of first quarter 2009. The S&P 500 shed another 11%, the Russell 2000 was down 15%, and the Dow Jones Industrial Average lost -12 %. International stocks did not fare any better- the MSCI EAFE index declined 13.9% in 2009's first quarter. From its historic high in October 9, 2007, the S&P 500 has fallen 47.2% through March 31, 2009.

Beginning of March, stocks embarked on a rally which led some market pundits to declare a market bottom. We are cautiously optimistic. Our managers believe this recent rally is attributable more to an over-sold market than to any fundamental improvements in the economy or credit markets. It's also important to remember that every bear market sees its share of short-term, bull-market bursts. That's why systematic investing over a long period through *dollar cost averaging* can help potentially reduce risk and increase returns; especially in todays markets.

The U.S. is now 17 months into the current recession. It is already the most severe recession the U.S. economy has experienced in at least half a century. Bear in mind, however, that the government's monetary policy and fiscal policy response to the recession are unprecedented. In addition, several economic indicators suggest that the *rate* of economic descent may be moderating. Evidence of this can be found in the Federal Reserve Bank of Chicago's National Activity Index (NAI)*. Orders for durable goods, a key economic indicator, rose unexpectedly by 3.4% in February for its biggest gain in a year. New home sales also reversed the downward spiral with a year-on-year gain of 4.7%. Furthermore, first quarter earnings results, although generally poor, were not as awful as had been previously expected.

A deteriorating job market, however, continues to dampen hopes for any quick recovery. The March unemployment rate reached 8.5%. Most economists expect this figure to easily surpass 10% in the second half of this year. Consumers, fearful they may lose their jobs, continue to tighten their purse strings. Since consumer spending accounts for two thirds of the U.S. economy, this does not fare well for the broader economy. Reflecting a more restrained consumer as well as tight credit, auto sales continued to remain sluggish.

Meanwhile, the credit markets have begun thawing in response to various government programs. The government's Public-Private Investment Program- designed to remove bad assets from bank balance sheets and to promote lending- was welcomed news. The government announced that it would also purchase $1 trillion worth of Treasury bonds. Most analysts believe the credit markets must stabilize before we will see any sustained stability in the stock markets.

What about inflation? All of the stimulus being pumped into the economy should eventually stabilize business activity and reinvigorate the economy. However, it may also germinate the seeds of inflation. That's because the government does not have to borrow money to fund its stimulus programs. All it needs to do is simply print more money on the back of a large projected government deficit. Furthermore, the government actually has an incentive to inflate the economy given the size of its current debt load and its future obligations. Inflation diminishes the relative value of its outstanding debt.

Federal Reserve Board Chairman Ben Bernanke recently admitted in a speech that, *"Although inflation seems set to be low for a while, the time will come when the economy has begun to strengthen, financial markets are healing and the demand for goods and services, which is currently very weak, begins to increase again. At that point, the liquidity that the Fed has put into the system could begin to pose an inflationary threat unless we act to remove some of that liquidity and raise the federal funds rate."* Our managers share Bernanke's concerns. Although we do not yet know when and to what extent inflation will rear its ugly head, we've already begun taking steps to protect your portfolio. Our recent allocation rebalances, for example, included increasing our exposure to commodities such as gold, silver, energy and industrial metals. Our managers are also concentrating their research on domestic as well as international companies whose sales and earnings are likely to withstand inflation as well as expected U.S. dollar depreciation.

Where are the markets headed? Despite an anemic economy, negative sentiment and poor first quarter performance, our managers believe that current valuations are extremely attractive and create the potential for strong returns for securities over the next three to five years. For the remaining year, we believe stocks will continue to bump along in a slowly positive direction. We expect that the markets will remain highly volatile but that they will generally follow an upward trend as investors' confidence gradually returns.

As we've stated in previous newsletters, we believe that stocks will recognize the end of the recession first. Although the timing of this event is difficult to forecast, we feel confident that the markets will experience a recovery, albeit a long and slow one. This seems entirely sensible considering the challenges the economy faces.

What is Azzad doing to adjust to current market conditions? We believe that the kind of opportunities this bear market has provided is unprecedented. Our managers continue to take advantage of what they identify as bargains all over the markets. These are companies with sound businesses but whose stock prices were badly beaten down by massive selling. In addition, we believe that our ethical investment philosophy's restriction against investing in companies with high debt/equity ratios gives our portfolios an added advantage. Our managers continue to focus on promising companies with low debt that are likely to emerge out of today's recession with stronger balance sheets.

As previously stated, we've also recently rebalanced all our allocations to be well positioned to combat inflation; which we believe is on the horizon. We have also increased our exposure to emerging markets which not only guard against inflation risk and expected US dollar depreciation but also exhibit a history of outperformance over developed countries on signs of global economic recovery. Lastly, we believe it's naïve to think that all these government stimulus programs will not eventually lead to higher taxes. Therefore, we've taken steps to reduce the turnover in all our taxable accounts.

What's new at Azzad? We recently welcomed the addition of another independent money management team to manage our mid cap value portfolio, Pekin, Singer & Strauss. The firm also manages the AppleSeed Fund, a socially responsible fund with a proven track record. Of course, Pekin will incorporate our investment philosophy to identify promising companies for our mid cap value portfolio.

You may have noticed our monthly electronic newsletters. These newsletters are filled with financial information we hope you'll find useful. It's just another way we're trying to stay in touch with you during these challenging times.

We've also started a financial planning service to help you gain a clearer sense of your overall financial situation. Financial planning is more important now than ever before! It can help you identify any financial leakage, show you how to gain control of your assets and protect your wealth from taxes and other hidden dangers, and help you better visualize what you need to do to reach your financial goals. For a limited time, we're offering a free introductory financial plan to our existing clients. Please let your adviser know if you're interested in this service.

Please access your account online for your specific performance results and how they compare with the benchmarks. We appreciate your confidence in us during these challenging times.

Sincerely,
Jamal Elbarmil
Vice President
April 30, 2009

** The NAI is a weighted average of 85 existing monthly indicators of economic activity drawn from these five broad categories: 1) output and income 2) employment, unemployment and hours 3) personal consumption, housing starts and sales 4) manufacturing and trade sales and 5) inventories and orders.*
**Please contact your adviser if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account. Our current disclosure statement is set forth on Part II of Form ADV and is available for your review free of charge upon request. You can contact us at 888-862-9923. Remember, past performance can't guarantee future results. You may lose money by investing in the stock markets, and stocks are not FDIC insured. Dollar cost averaging is an investment strategy that cannot guarantee a profit or loss. Azzad cannot guarantee that the information contained in this market commentary is correct, complete or accurate. For more information about our company visit: www.azzad.net.*