

# Frequently Asked Questions

## *Regarding the Reorganization of The Westport Funds into the Hennessy Cornerstone Mid Cap 30 Fund*

### **Why was this reorganization pursued?**

Westport Advisers, LLC, the investment advisor to The Westport Funds, recently completed a strategic review of the management and operations of The Westport Funds and determined, in light of Westport Advisers' succession planning considerations, that it would be advisable to pursue a reorganization with another fund group. They sought a mutual fund company that they could feel confident would provide the same excellent portfolio management and customer service that shareholders of The Westport Funds currently receive, and that search led them to Hennessy Advisors, Inc.

### **When did the reorganization become effective?**

Shareholders of The Westport Funds voted in favor of the reorganization on Sept. 19, 2016, and the reorganization was effective as of September 26, 2016.

### **What fund are Westport Funds shareholders invested in following the reorganization and what was the conversion ratio?**

The assets of the Westport Fund and the Westport Select Cap Fund have been transferred into the Hennessy Cornerstone Mid Cap 30 Fund, a concentrated, mid-cap fund with a similar investment objective and a long track record of proven performance. All Westport Fund and Westport Select Cap Fund shareholders, including holders of both the Class R and Class I shares, received Institutional Class shares of the Hennessy Cornerstone Mid Cap 30 Fund.

Based on closing fund prices as of September 23, shareholders of The Westport Funds received shares of the Hennessy Cornerstone Mid Cap 30 Fund (HIMDX) as follows:

	<u>NAV as of Sept. 23</u>	<u>Conversion Ratio</u>
Westport Fund, Class I (WPFIX)	\$26.1380	1.34193800 shares of HIMDX
Westport Fund, Class R (WPFRX)	\$25.8105	1.32512398 shares of HIMDX
Westport Select Cap Fund, Class I (WPSCX)	\$8.5035	0.43657394 shares of HIMDX
Westport Select Cap Fund, Class R (WPSRX)	\$7.1534	0.36725913 shares of HIMDX
Hennessy Cornerstone Mid Cap 30 Fund, Class I (HIMDX)	\$19.4778	—

### **What is the ticker symbol and CUSIP number for Institutional Class shares of the Hennessy Cornerstone Mid Cap 30 Fund?**

	<u>Ticker Symbol</u>	<u>CUSIP</u>
Hennessy Cornerstone Mid Cap 30 Fund – Institutional	HIMDX	425 888 609

## What are the tax implications resulting from the reorganization?

The reorganization has been structured with the intention that it qualify, for federal income tax purposes, as a tax-free reorganization under the Internal Revenue Code. Therefore, shareholders should not recognize any gain or loss on shares of the Westport Fund or the Westport Select Cap Fund for federal income tax purposes as a result of the reorganization.

## What are fees and expenses following the reorganization?

Shareholders of The Westport Funds have received the lowest cost shares of the Hennessy Cornerstone Mid Cap 30 Fund and will benefit from a lower expense ratio as a result of this reorganization, a reduction of anywhere from 10 to 46 basis points (a basis point is equal to 1/100th of 1%).

Name of Westport Fund	Expense Ratio	Name of Hennessy Fund	Expense Ratio*
Westport Fund	1.23% (Class R) 1.07% (Class I)	Hennessy Cornerstone Mid Cap 30 Fund	0.97% (Institutional)
Westport Select Cap Fund	1.43% (Class R) 1.17% (Class I)	Hennessy Cornerstone Mid Cap 30 Fund	0.97% (Institutional)

\* The expense ratios presented are from each fund's current Prospectus. The pro forma calculation of the annual expense ratio of the Hennessy Cornerstone Mid Cap 30 Fund Institutional Class shares (0.97%) is equal to the Hennessy Cornerstone Mid Cap 30 Fund's current annual expense ratio for Institutional Class shares.

The Hennessy Cornerstone Mid Cap 30 Fund is no-load, and like The Westport Funds, is not subject to any sales charges, redemption fees or exchange fees.

## Was a special capital gain paid?

Yes, following the approval of the reorganization by The Westport Funds shareholders, but prior to the reorganization taking place, The Westport Funds paid special capital gains as follow:

Record date: September 20, 2016

Ex and Payable Date: September 21, 2016

Westport Fund (Classes I and R)                      \$5.8083 per share                      100% long term

Westport Select Cap Fund (Classes I and R)                      \$7.2620 per share                      100% long term

## Who is Hennessy Advisors, Inc.?

Founded in 1989, Hennessy Advisors, Inc. is a publicly traded investment manager offering 16 mutual funds under the Hennessy Funds brand. Hennessy is focused on providing high-quality investment management services and superior customer service to the shareholders of the Hennessy Funds. Following the reorganization, Hennessy Advisors will have assets under management of approximately \$6.8 billion.

## How is the Hennessy Cornerstone Mid Cap 30 Fund managed?

The Hennessy Cornerstone Mid Cap 30 Fund employs a highly-disciplined and repeatable investment formula and selects the 30 stocks (excluding American Depositary Receipts) that have the highest one-year stock price appreciation at the time of purchase that also meet the following criteria:

- Market capitalization between \$1 and 10 billion
- Price-to-sales ratio below 1.5
- Annual earnings higher than the previous year
- Positive stock price appreciation for the past three- and six-month periods

## Who manages the Hennessy Cornerstone Mid Cap 30 Fund?

The Hennessy Cornerstone Mid Cap 30 Fund is co-managed by Neil Hennessy, President and Chief Investment Officer of the Hennessy Funds, and Brian Peery, Portfolio Manager.

Neil Hennessy is a seasoned portfolio manager with over three decades of financial industry experience. Neil began his career as a financial advisor, and in 1989 he opened his own broker/dealer firm. In 1996, Neil founded his own asset management firm and launched his first mutual fund. Neil has a successful history acquiring asset management companies and starting mutual funds, and today he oversees the entire family of Hennessy Funds. Today, Neil serves as the Chief Executive Officer, President, and Chairman of the Board of Directors of Hennessy Advisors, Inc. He is also the President, Chief Investment Officer, Portfolio Manager, and Chairman of the Board of Trustees of Hennessy Funds Trust. Neil graduated from the University of San Diego and the Wharton School of Upper Management through the SIA.

Brian Peery has over two decades of experience in the financial services industry, having held institutional sales, trading, research and analyst positions. Brian began his financial career at a boutique investment research shop working as an equities analyst and went on to manage research and trading for a full service brokerage firm. Brian has been with Hennessy Funds since 2002, where he has served on the Investment and Research Committee and held roles as Director of Sales and Director of Research. Today Brian is the Portfolio Manager for the Hennessy Cornerstone series of funds. Brian holds a Bachelor's degree in Economics from the University of Richmond (VA).

## Who do I call if I have questions or would like more information?

Please call Hennessy Funds at 1-800-966-4353.

*Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This and other important information can be found in the Fund's statutory and summary prospectuses. To obtain a free prospectus, please call 800-966-4354 or visit [hennessyfund.com](http://hennessyfund.com). Please read the prospectus carefully before investing.*

*The tax information provided is not exhaustive. Shareholders must consult their tax advisor for advice and information concerning their particular situation. The Hennessy Cornerstone Mid Cap 30 Fund, including any of its representatives, may not give tax advice.*

**Mutual fund investing involves risk. Principal loss is possible. The Hennessy Cornerstone Mid Cap 30 Fund invests in small and medium capitalized companies, which may have limited liquidity and greater price volatility than large capitalization companies. The Fund's formula-based strategy may cause the Fund to buy or sell securities at times when it may not be advantageous.**

Price-to-sales is a tool for calculating a stock's valuation relative to other companies. It is calculated by dividing a stock's current price by its revenue per share.

The Hennessy Funds are distributed by Quasar Distributors, LLC.

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