



HENNESSY
FUNDS

ANNUAL REPORT

OCTOBER 31, 2017



HENNESSY LARGE CAP
FINANCIAL FUND

Investor Class **HLFNX**
Institutional Class **HILFX**

Investing, Uncompromised

hennessyfund.com | 1-800-966-4354

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Dear Hennessy Funds Shareholder:

Over the past year, global equity markets have made strong advances, fueled by continued, broad-based economic growth in most countries and regions, and in spite of a somewhat unsettling geopolitical backdrop.

U.S. stocks performed well in the first year of the new administration in Washington, and, ignoring the debate and the bluster, investors have continued to focus on what concerns them the most – tax reform, deregulation, and the hope of an increase in infrastructure spending. As we move into the final weeks of the calendar year, with the major indices reaching new highs, I find myself envisioning the Dow Jones Industrial Average building momentum toward 30,000.

Over the past 12 months, the U.S. economy has continued to grow at a steady rate of almost 2.5% on an annualized basis, as measured by GDP. Companies have added over 170,000 jobs per month on average over the past year, and the current unemployment rate of 4.1% is the lowest in 17 years. Consumer confidence is high and still rising, and corporate profits are at all-time highs. The Federal Reserve has been increasing interest rates, but at a gradual pace. The bond market has also continued to support the equity market and equity market valuations. Since December of last year, long bond yields have stayed within a narrow band, with the 10-year U.S. Treasury yield hovering in the 2.0% to 2.5% range, and remain low compared to historical averages. In my opinion, long bond yields have stayed low despite three increases in the Federal Funds rate over the last 12 months in part due to persistent low inflation.

Meanwhile, the prospective price-to-earnings multiples for the Dow Jones Industrial Average and S&P 500 Index are just above long-term averages at 19.5x and 19.9x, respectively. I believe these levels of stock valuation, while higher than a year ago, are still very reasonable. At the peak of the technology/dot-com bubble, U.S. equities sold at much higher multiples across the board than they do today, and bond yields were also much higher. In June of 1999, the Dow Jones Industrial Average sold at 28x earnings and the 10-year bond yield was close to 6%. Today, the Dow is selling at under 20x earnings and is offering a 2.2% dividend yield, on par with the yield of the 10-year government bond at 2.4%.

Equity markets in the U.S. have been rising for almost nine years, and financial media reports have speculated that this bull run will come to end, but why? I see no substantial reasons or indicators that a major correction is on the horizon. I remain confident that this bull market has room to run. Overall, investment fundamentals are strong. Corporate earnings are growing at a healthy rate, and companies are generating excess cash flow. Cash continues to build on corporate balance sheets, with \$5.2 trillion in cash and short term investments among the S&P 500 Index companies as of October 31, 2017. If our government leaders can pass a meaningful tax reform bill and continue efforts toward regulatory relief, it could be icing on the cake for equities.

There have been, and will likely continue to be, downturns throughout this extended bull market. Since 2010, there have been 18 downturns in the market, 14 of which were between 5% and 10% and four of which were corrections of between 10% and 20%. Yet the market has bounced back following each pullback and then has moved higher. A correction is not the end of the bull market. What might signal that we are at the end of this bull market? Euphoria. And I still see no signs of euphoria in this market. In the past,

I have likened the current bull market to that of 1982-2000, and I am confident in the strength of the market today and believe the economy will continue its slow, but steady, growth into the coming year.

Thank you for your continued confidence and investment in our funds. If you have any questions or would like to speak with us directly, please don't hesitate to call us at (800) 966-4354.

Best regards,



Neil J. Hennessy
President and Chief Investment Officer

Past performance does not guarantee future results.

Mutual fund investing involves risk. Principal loss is possible.

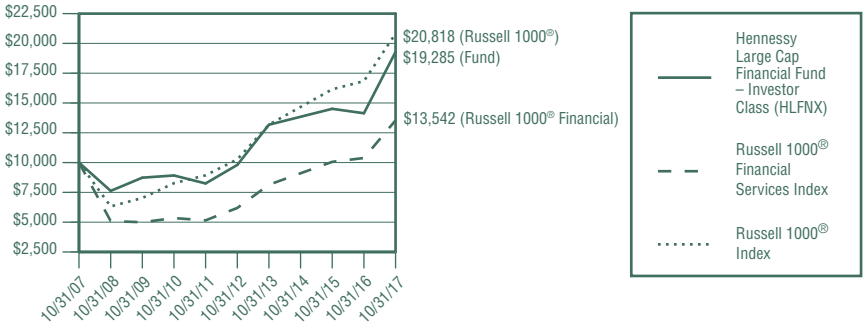
Opinions expressed are those of Neil Hennessy and are subject to change, are not guaranteed, and should not be considered investment advice.

The Dow Jones Industrial Average and S&P 500 Index are unmanaged indices commonly used to measure the performance of U.S. stocks. One cannot invest directly in an index.

Price to earnings is calculated by dividing a company's market price per share by its earnings per share. **Dividend yield** is calculated as the annual dividends paid by a company divided by the price of a share of its stock. **Cash flow** provides an indication of a company's financial strength and represents earnings before depreciation, amortization, and non-cash charges.

Performance Overview (Unaudited)

CHANGE IN VALUE OF \$10,000 INVESTMENT



This graph illustrates the performance of an initial investment of \$10,000 made in the Fund ten years ago and assumes the reinvestment of dividends.

AVERAGE ANNUAL TOTAL RETURN FOR PERIODS ENDED OCTOBER 31, 2017

	<u>One Year</u>	<u>Five Years</u>	<u>Ten Years</u>
Hennnessy Large Cap Financial Fund – Investor Class (HLFNX)	36.41%	14.49%	6.79%
Hennnessy Large Cap Financial Fund – Institutional Class (HILFX) ⁽¹⁾	36.92%	14.71%	6.89%
Russell 1000® Financial Services Index	30.42%	16.94%	3.08%
Russell 1000® Index	23.67%	15.18%	7.61%

Expense ratios: 1.68% (Investor Class); 1.23% (Institutional Class)

⁽¹⁾ The inception date of Institutional Class shares is June 15, 2015. Performance shown prior to the inception of Institutional Class shares reflects the performance of Investor Class shares and includes expenses that are not applicable to, and are higher than, those of Institutional Class shares.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The performance table does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting hennessyfunds.com. Performance for periods prior to October 26, 2012, is that of the FBR Large Cap Financial Fund.

The Russell 1000® Financial Services Index is an unmanaged index commonly used to measure the performance of large-capitalization financial sector stocks. The Russell 1000® Index is an unmanaged index commonly used to measure the performance of U.S. stocks. One cannot invest directly in an index.

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The expense ratios presented are from the most recent prospectus. The expense ratios for the current reporting period are available in the Financial Highlights section of this report.

PERFORMANCE NARRATIVE

Portfolio Managers David H. Ellison and Ryan C. Kelley

Performance:

For the 12-month period ended October 31, 2017, the Investor Class of the Hennessy Large Cap Financial Fund returned 36.41%, outperforming the Russell 1000[®] Financial Services Index and the Russell 1000[®] Index, which returned 30.42% and 23.67% for the same period, respectively.

In a year of strong performance in the broader domestic equity market, both the Fund and its primary benchmark index posted strong returns. The Fund's outperformance versus its primary benchmark, the Russell 1000[®] Financial Services Index, was principally due to the Fund's overweight positions in U.S. and multinational banks and electronic payment processors. Large-cap financial stocks have performed well since the Presidential election in November 2016, as expectations of tax reform, regulatory relief, steady economic growth and rising interest rates have focused positive investor attention on this group.

Positive contributors to the Fund's performance during the year included PayPal Holdings, Inc., Bank of America Corporation, and PNC Financial Services Group, Inc. Companies which most negatively affected the Fund's performance during the period included Assured Guaranty Ltd., Ventas, Inc. and Zions Bancorporation. The Fund continues to hold the companies mentioned, with the exception of Ventas, Inc.

Portfolio Strategy:

Traditionally, the Fund tilts its investments more heavily toward regional banks and diversified global banks, and to a lesser degree toward non-bank companies such as insurance companies, real estate companies, and asset managers. However, we have increased our exposure to electronic payment companies over the last year. We believe that growth in the electronic payment industry will continue as the use of mobile payment methods spreads. In general, we seek financial companies that we believe have high-quality management teams, less complex business models, and the prospect of sustainable earnings growth over time. We also try to identify companies that we expect will do well in the current environment, which is characterized by low, but rising, interest rates, competitive loan markets, and growing competition from electronic payment platforms. We are less interested in focusing solely on companies that appear to promise an increase in profitability when interest rates rise, loan demand increases, or pricing becomes more favorable, as the timing of these macro industry dynamics is difficult to predict.

Investment Commentary:

We believe that the financial industry as a whole has recovered well from the Financial Crisis of 2007 and 2008 and continues to prosper. Larger financial companies in the U.S. are highly profitable, and we believe large banks are well positioned to see net interest margins rise as the Federal Reserve gradually increases short-term interest rates. Management teams generally continue to focus on improving the efficiency of their operations and paring their cost bases, and earnings growth has been robust across the

financial industry this year. We continue to see improvement in many bank industry metrics, including liquidity, capital, credit, loan loss reserves, book value growth, and cost ratios. We expect short-term interest rates to continue to rise and anticipate that their upward movement will continue to improve bank lending and investing spreads, enhancing profitability still further.

We continue to have a positive outlook for the Fund. We believe the condition of the financial system in the U.S. today is stronger than it has been in quite some time and that the outlook for stocks in the Financials sector appears bright.

Opinions expressed are those of the Portfolio Managers as of the date written and are subject to change, are not guaranteed, and should not be considered investment advice or an indication of trading intent.

The Russell 1000[®] Financial Services Index is an unmanaged index commonly used to measure the performance of large-capitalization Financial sector stocks. The Russell 1000[®] Index is an unmanaged index commonly used to measure the performance of U.S. stocks. One cannot invest directly in an index.

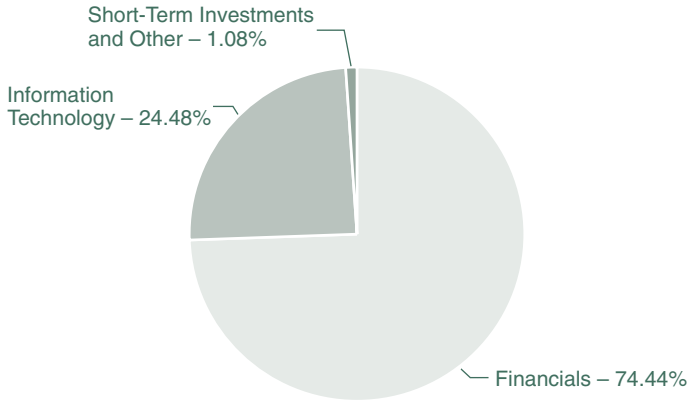
The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund, making it more exposed to individual stock volatility than a diversified fund. Investments are focused in the Financial Services industry; sector funds may be subject to a higher degree of market risk. The Fund invests in medium-sized companies, which may have limited liquidity and greater volatility compared to larger companies. Please see the Fund's prospectus for a more complete discussion of these and other risks.

References to specific securities should not be considered a recommendation to buy or sell any security. Fund holdings and sector allocations are subject to change. Please refer to the Schedule of Investments included in this report for additional portfolio information.

Book value is the net asset value of a company, calculated by total assets minus liabilities. **Spread** is the difference between the average yield a financial institution receives from loans and other interest-accruing activities and the average rate it pays on deposits and borrowings. The net interest rate spread is a key determinant of a financial institution's profitability. **Earnings growth is not a measure of the Fund's future performance.**

HENNESSY LARGE CAP FINANCIAL FUND

(% of Net Assets)



TOP TEN HOLDINGS (EXCLUDING CASH/CASH EQUIVALENTS)

% NET ASSETS

MasterCard, Inc., Class A	5.55%
PayPal Holdings, Inc.	5.53%
Bank of America Corp.	5.37%
Visa, Inc., Class A	5.30%
Berkshire Hathaway, Inc., Class B	5.23%
Citigroup, Inc.	5.14%
JPMorgan Chase & Co.	5.01%
Moody's Corp.	4.87%
Morgan Stanley	4.82%
Global Payments, Inc.	4.68%

Note: For presentation purposes, the Fund has grouped some of the industry categories. For purposes of categorizing securities for compliance with section 8(b)(1) of the Investment Company Act of 1940, as amended, the Fund uses more specific industry classifications.

COMMON STOCKS – 98.92%

	Number of Shares	Value	% of Net Assets
Financials – 74.44%			
American Express Co.	15,000	\$ 1,432,800	4.45%
Assured Guaranty Ltd. (b)	15,000	556,500	1.73%
Bank of America Corp.	63,000	1,725,570	5.37%
Berkshire Hathaway, Inc., Class B (a)	9,000	1,682,460	5.23%
Capital One Financial Corp.	7,000	645,260	2.01%
Citigroup, Inc.	22,500	1,653,750	5.14%
Citizens Financial Group, Inc.	20,000	760,200	2.36%
Comerica, Inc.	5,000	392,850	1.22%
East West Bancorp, Inc.	12,000	718,080	2.23%
Fifth Third Bancorp	35,000	1,011,500	3.15%
First Republic Bank	8,000	779,200	2.42%
JPMorgan Chase & Co.	16,000	1,609,760	5.01%
Moody's Corp.	11,000	1,566,510	4.87%
Morgan Stanley	31,000	1,550,000	4.82%
Signature Bank (a)	7,000	910,070	2.83%
SunTrust Banks, Inc.	16,000	963,360	3.00%
The Charles Schwab Corp.	31,000	1,390,040	4.32%
The Goldman Sachs Group, Inc.	6,000	1,454,880	4.52%
The PNC Financial Services Group, Inc.	9,500	1,299,505	4.04%
U.S. Bancorp (d)	17,000	924,460	2.87%
Wells Fargo & Co.	13,000	729,820	2.27%
Zions Bancorporation	4,000	185,840	0.58%
		23,942,415	74.44%
Information Technology – 24.48%			
Global Payments, Inc.	14,500	1,507,275	4.68%
MasterCard, Inc., Class A	12,000	1,785,240	5.55%
PayPal Holdings, Inc. (a)	24,500	1,777,720	5.53%
Square, Inc., Class A (a)	16,000	595,040	1.85%
Total System Services, Inc.	7,000	504,350	1.57%
Visa, Inc., Class A	15,500	1,704,690	5.30%
		7,874,315	24.48%
Total Common Stocks (Cost \$24,557,763)		31,816,730	98.92%

The accompanying notes are an integral part of these financial statements.

SHORT-TERM INVESTMENTS – 1.07%

	Number of Shares	Value	% of Net Assets
Money Market Funds – 1.07%			
Fidelity Government Portfolio, Institutional Class, 0.92% (c)	344,073	\$ 344,073	1.07%
Total Short-Term Investments (Cost \$344,073)		344,073	1.07%
Total Investments (Cost \$24,901,836) – 99.99%		32,160,803	99.99%
Other Assets in Excess of Liabilities – 0.01%		2,554	0.01%
TOTAL NET ASSETS – 100.00%		<u>\$32,163,357</u>	<u>100.00%</u>

Percentages are stated as a percent of net assets.

- (a) Non-income producing security.
- (b) U.S. traded security of a foreign corporation.
- (c) The rate listed is the fund's 7-day yield as of October 31, 2017.
- (d) Investment in affiliated security. Quasar Distributors, LLC, which serves as the Fund's distributor, is a subsidiary of U.S. Bancorp. Details of transactions with this affiliated company for the year ended October 31, 2017, are as follows:

<u>Issuer</u>	<u>U.S. Bancorp</u>
Beginning Cost	\$ 751,400
Purchase Cost	\$ 632,641
Sales Cost	<u>\$(545,921)</u>
Ending Cost	\$ 838,120
Dividend Income	\$ 18,840
Net Change in	
Unrealized Appreciation	\$ 32,060
Realized Gain	\$ 132,555
Shares	17,000
Market Value	\$ 924,460

Summary of Fair Value Exposure at October 31, 2017

The following is a summary of the inputs used to value the Fund's net assets as of October 31, 2017 (see Note 3 in the accompanying notes to the financial statements):

	Level 1	Level 2	Level 3	Total
Common Stocks				
Financials	\$23,942,415	\$ —	\$ —	\$23,942,415
Information Technology	7,874,315	—	—	7,874,315
Total Common Stocks	<u>\$31,816,730</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$31,816,730</u>
Short-Term Investments				
Money Market Funds	\$ 344,073	\$ —	\$ —	\$ 344,073
Total Short-Term Investments	<u>\$ 344,073</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 344,073</u>
Total Investments	<u>\$32,160,803</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$32,160,803</u>

Transfers between levels are recognized at the end of the reporting period. During the year ended October 31, 2017, the Fund recognized no transfers between levels.

The accompanying notes are an integral part of these financial statements.

Financial Statements

Statement of Assets and Liabilities as of October 31, 2017

ASSETS:

Investments in unaffiliated securities, at value (cost \$24,063,716)	\$31,236,343
Investments in affiliated securities, at value (cost \$838,120)	924,460
Total Investments in securities, at value (cost \$24,901,836)	32,160,803
Dividends and interest receivable	30,765
Receivable for fund shares sold	37,802
Prepaid expenses and other assets	16,063
Total Assets	32,245,433

LIABILITIES:

Payable for fund shares redeemed	1,897
Payable to advisor	24,179
Payable to administrator	4,877
Payable to auditor	20,699
Accrued distribution fees	4,305
Accrued service fees	2,219
Accrued interest payable	91
Accrued trustees fees	5,579
Accrued expenses and other payables	18,230
Total Liabilities	82,076

NET ASSETS

\$32,163,357

NET ASSETS CONSIST OF:

Capital stock	\$23,982,221
Accumulated net investment loss	(114,001)
Accumulated net realized gain on investments	1,036,170
Unrealized net appreciation on investments	7,258,967
Total Net Assets	\$32,163,357

NET ASSETS

Investor Class:

Shares authorized (no par value)	Unlimited
Net assets applicable to outstanding Investor Class shares	\$26,331,446
Shares issued and outstanding	1,196,060
Net asset value, offering price and redemption price per share	\$ 22.02

Institutional Class:

Shares authorized (no par value)	Unlimited
Net assets applicable to outstanding Institutional Class shares	\$ 5,831,911
Shares issued and outstanding	266,201
Net asset value, offering price and redemption price per share	\$ 21.91

The accompanying notes are an integral part of these financial statements.

Financial Statements

Statement of Operations for the year ended October 31, 2017

INVESTMENT INCOME:

Dividend income from unaffiliated securities	\$ 393,815
Dividend income from affiliated securities	18,840
Interest income	8,102
Total investment income	<u>420,757</u>

EXPENSES:

Investment advisory fees (See Note 5)	271,191
Sub-transfer agent expenses – Investor Class (See Note 5)	47,315
Sub-transfer agent expenses – Institutional Class (See Note 5)	3,340
Distribution fees – Investor Class (See Note 5)	40,551
Federal and state registration fees	36,702
Administration, fund accounting, custody and transfer agent fees (See Note 5)	28,777
Compliance expense (See Note 5)	28,705
Service fees – Investor Class (See Note 5)	27,034
Audit fees	20,699
Trustees' fees and expenses	16,136
Reports to shareholders	7,303
Interest expense (See Note 7)	2,150
Legal fees	622
Other expenses	6,569
Total expenses	<u>537,094</u>

NET INVESTMENT LOSS

\$ (116,337)

REALIZED AND UNREALIZED GAINS:

Net realized gain on:	
Unaffiliated investments	\$4,326,670
Affiliated investments	132,555
Net change in unrealized appreciation on:	
Unaffiliated investments	4,693,017
Affiliated investments	32,060
Net gain on investments	<u>9,184,302</u>

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS

\$9,067,965

The accompanying notes are an integral part of these financial statements.

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Financial Statements

Statements of Changes in Net Assets

	Year Ended October 31, 2017	Year Ended October 31, 2016
OPERATIONS:		
Net investment income (loss)	\$ (116,337)	\$ 124,972
Net realized gain (loss) on investments	4,459,225	(3,033,040)
Net change in unrealized appreciation on investments	4,725,077	(2,828,079)
Net increase (decrease) in net assets resulting from operations	9,067,965	(5,736,147)
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income		
Investor Class	(158,906)	(132,180)
Institutional Class	(29,650)	(3,703)
Net realized gains		
Investor Class	—	(9,653,373)
Institutional Class	—	(61,676)
Total distributions	(188,556)	(9,850,932)
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares subscribed – Investor Class	5,666,734	87,222,461
Proceeds from shares subscribed – Institutional Class	5,259,686	415,907
Dividends reinvested – Investor Class	154,596	9,523,602
Dividends reinvested – Institutional Class	29,650	65,379
Cost of shares redeemed – Investor Class	(14,389,624)	(155,323,687)
Cost of shares redeemed – Institutional Class	(458,597)	(319,893)
Net decrease in net assets derived from capital share transactions	(3,737,555)	(58,416,231)
TOTAL INCREASE (DECREASE) IN NET ASSETS	5,141,854	(74,003,310)
NET ASSETS:		
Beginning of year	27,021,503	101,024,813
End of year	\$ 32,163,357	\$ 27,021,503
Undistributed net investment income (loss), end of year	\$ (114,001)	\$ 188,556
CHANGES IN SHARES OUTSTANDING:		
Shares sold – Investor Class	289,553	5,612,390
Shares sold – Institutional Class	265,747	22,100
Shares issued to holders as reinvestment of dividends – Investor Class	8,027	567,448
Shares issued to holders as reinvestment of dividends – Institutional Class	1,551	3,885
Shares redeemed – Investor Class	(745,488)	(10,022,406)
Shares redeemed – Institutional Class	(22,449)	(20,446)
Net decrease in shares outstanding	(203,059)	(3,837,029)

The accompanying notes are an integral part of these financial statements.

Financial Statements

Financial Highlights

For an Investor Class share outstanding throughout each year

PER SHARE DATA:

Net asset value, beginning of year

Income from investment operations:

Net investment income (loss)

Net realized and unrealized gains (losses) on investments

Total from investment operations

Less distributions:

Dividends from net investment income

Dividends from net realized gains

Total distributions

Net asset value, end of year

TOTAL RETURN

SUPPLEMENTAL DATA AND RATIOS:

Net assets, end of year (millions)

Ratio of expenses to average net assets

Ratio of net investment income (loss) to average net assets

Portfolio turnover rate⁽²⁾

⁽¹⁾ Amount is less than \$0.01.

⁽²⁾ Portfolio turnover is calculated on the basis of the Fund as a whole.

The accompanying notes are an integral part of these financial statements.

Year Ended October 31,				
<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>\$16.23</u>	<u>\$18.36</u>	<u>\$20.87</u>	<u>\$19.01</u>	<u>\$14.16</u>
(0.08)	0.07	0.01	0.00 ⁽¹⁾	(0.03)
<u>5.97</u>	<u>(0.49)</u>	<u>(0.40)</u>	<u>2.44</u>	<u>4.89</u>
<u>5.89</u>	<u>(0.42)</u>	<u>(0.39)</u>	<u>2.44</u>	<u>4.86</u>
(0.10)	(0.02)	—	—	(0.01)
<u>—</u>	<u>(1.69)</u>	<u>(2.12)</u>	<u>(0.58)</u>	<u>—</u>
<u>(0.10)</u>	<u>(1.71)</u>	<u>(2.12)</u>	<u>(0.58)</u>	<u>(0.01)</u>
<u>\$22.02</u>	<u>\$16.23</u>	<u>\$18.36</u>	<u>\$20.87</u>	<u>\$19.01</u>
36.41%	(2.57)%	(2.57)%	13.04%	34.37%
\$26.33	\$26.67	\$100.73	\$98.07	\$88.30
1.81%	1.66%	1.57%	1.49%	1.57%
(0.41)%	0.16%	0.03%	(0.01)%	(0.22)%
76%	141%	74%	58%	75%

The accompanying notes are an integral part of these financial statements.

Financial Statements

Financial Highlights

For an Institutional Class share outstanding throughout each period

	Year Ended October 31,		Period Ended
	2017	2016	October 31, 2015 ⁽¹⁾
PER SHARE DATA:			
Net asset value, beginning of period	\$16.26	\$18.39	\$19.72
Income from investment operations:			
Net investment income (loss)	0.18	0.02	0.01
Net realized and unrealized gains (losses) on investments	5.78	(0.36)	(1.34)
Total from investment operations	5.96	(0.34)	(1.33)
Less distributions:			
Dividends from net investment income	(0.31)	(0.09)	—
Dividends from net realized gains	—	(1.70)	—
Total distributions	(0.31)	(1.79)	—
Net asset value, end of period	\$21.91	\$16.26	\$18.39
TOTAL RETURN	36.92%	(2.14)%	(6.74)% ⁽²⁾
SUPPLEMENTAL DATA AND RATIOS:			
Net assets, end of period (millions)	\$5.83	\$0.35	\$0.29
Ratio of expenses to average net assets	1.50%	1.24%	1.19% ⁽³⁾
Ratio of net investment income (loss) to average net assets	(0.17)%	0.52%	0.25% ⁽³⁾
Portfolio turnover rate ⁽⁴⁾	76%	141%	74% ⁽²⁾

(1) Institutional Class shares commenced operations on June 15, 2015.

(2) Not annualized.

(3) Annualized.

(4) Portfolio turnover is calculated on the basis of the Fund as a whole.

The accompanying notes are an integral part of these financial statements.

1). ORGANIZATION

The Hennessy Large Cap Financial Fund (the “Fund”) is a series of Hennessy Funds Trust (the “Trust”), which was organized as a Delaware statutory trust on September 17, 1992. The Fund is an open-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund did not have Institutional Class shares until June 15, 2015. The investment objective of the Fund is capital appreciation. The Fund is a non-diversified fund.

The Fund offers Investor Class and Institutional Class shares. Each class of shares differs principally in its respective 12b-1 distribution and service, shareholder servicing, and sub-transfer agent expenses. There are no sales charges. Each class has identical rights to earnings, assets, and voting privileges, except for class-specific expenses and exclusive rights to vote on matters affecting only an individual class.

As an investment company, the Fund follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services—Investment Companies.”

2). SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of the financial statements. These policies conform to U.S. generally accepted accounting principles (“GAAP”).

- a). Investment Valuation – All investments in securities are recorded at their estimated fair value, as described in Note 3.
- b). Federal Income Taxes – No provision for federal income taxes or excise taxes has been made because the Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all of its taxable income to its shareholders and otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Net investment income/loss and realized gains/losses for federal income tax purposes may differ from those reported in the financial statements because of temporary book and tax basis differences. Temporary differences are primarily the result of the treatment of wash sales for tax reporting purposes. The Fund recognizes interest and penalties related to income tax benefits, if any, in the Statement of Operations as an income tax expense. Distributions from net realized gains for book purposes may include short-term capital gains, which are included as ordinary income to shareholders for tax purposes. The Fund may utilize equalization accounting for tax purposes and designate earnings and profits, including net realized gains distributed to shareholders on redemption of shares, as part of the dividends paid deduction for income tax purposes.

Due to inherent differences in the recognition of income, expenses, and realized gains/losses under GAAP and federal income tax regulations, permanent differences between book and tax basis for reporting for fiscal year 2017 have been identified and appropriately reclassified in the Statement of Assets and Liabilities. The adjustments are as follows:

<u>Accumulated Net Investment</u>	<u>Accumulated Net Realized</u>	
<u>Loss</u>	<u>Gain on Investments</u>	<u>Capital Stock</u>
\$2,336	\$(213,120)	\$210,784

- c). Accounting for Uncertainty in Income Taxes – The Fund has accounting policies regarding recognition and measurement of tax positions taken or expected to be taken on a tax return. The tax returns of the Fund for the prior three fiscal years are open for examination. The Fund has reviewed all open tax years in major jurisdictions and concluded that there is no impact on the Fund’s net assets and no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken or expected to be taken on a tax return. The Fund’s major tax jurisdictions are U.S. federal and Delaware.
- d). Income and Expenses – Dividend income is recognized on the ex-dividend date or as soon as information is available to the Fund. Interest income, which includes the amortization of premium and accretion of discount, is recognized on an accrual basis. The Fund is charged for those expenses that are directly attributable to the portfolio, such as advisory, administration, and certain shareholder service fees. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains/losses on investments are allocated to each class of shares based on such class’s net assets.
- e). Distributions to Shareholders – Dividends from net investment income for the Fund, if any, are declared and paid annually, usually in December. Distributions of net realized capital gains, if any, are declared and paid annually, usually in December.
- f). Security Transactions – Investment and shareholder transactions are recorded on the trade date. The Fund determines the realized gain/loss from an investment transaction by comparing the original cost of the security lot sold with the net sale proceeds. Discounts and premiums on securities purchased are accreted/amortized over the life of the respective security.
- g). Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported change in net assets during the reporting period. Actual results could differ from those estimates.
- h). Share Valuation – The net asset value (“NAV”) per share of the Fund is calculated by dividing (i) the sum of the value of the securities held by the Fund, plus cash or other assets, minus all liabilities (including estimated accrued expenses) by (ii) the total number of shares outstanding for the Fund, rounded to the nearest cent. The Fund’s shares will not be priced on days the New York Stock Exchange is closed for trading. The offering and redemption price per share for the Fund is equal to the Fund’s NAV per share.

3). SECURITIES VALUATION

The Fund follows authoritative fair valuation accounting standards that establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 – Unadjusted, quoted prices in active markets for identical instruments that the Fund has the ability to access at the date of measurement.

Level 2 – Other significant observable inputs (including, but not limited to, quoted prices in active markets for similar instruments, quoted prices in markets that are not active for identical or similar instruments, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets, such as interest rates, prepayment speeds, credit risk curves, default rates, and similar data).

Level 3 – Significant unobservable inputs (including the Fund's own assumptions about what market participants would use to price the asset or liability based on the best available information) when observable inputs are unavailable.

Following is a description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis.

Equity Securities – Equity securities, including common stocks, preferred stocks, foreign-issued common stocks, exchange-traded funds, closed-end mutual funds, partnerships, rights, and real estate investment trusts, that are traded on a securities exchange for which a last-quoted sales price is readily available will generally be valued at the last sales price as reported by the primary exchange on which the securities are listed. Securities listed on The NASDAQ Stock Market ("NASDAQ") will generally be valued at the NASDAQ Official Closing Price, which may differ from the last sales price reported. Securities traded on a securities exchange for which a last-quoted sales price is not readily available will generally be valued at the mean between the bid and ask prices. To the extent these securities are actively traded and valuation adjustments are not applied, they are classified in Level 1 of the fair value hierarchy. Securities traded on foreign exchanges generally are not valued at the same time the Fund calculates its NAV because most foreign markets close well before such time. The earlier close of most foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim. In certain circumstances, it may be determined that a security needs to be fair valued because it appears that the value of the security might have been materially affected by events occurring after the close of the market in which the security is principally traded, but before the time the Fund calculates its NAV, such as by a development that affects an entire market or region (e.g., weather-related events) or a potentially global development (e.g., a terrorist attack that may be expected to have an effect on investor expectations worldwide).

Registered Investment Companies – Investments in registered investment companies (e.g., mutual funds) are generally priced at the ending NAV provided by the applicable registered investment company's service agent and will be classified in Level 1 of the fair value hierarchy.

Debt Securities – Debt securities, including corporate bonds, asset-backed securities, mortgage-backed securities, municipal bonds, U.S. Treasuries, and U.S. government agency issues, are generally valued at market on the basis of valuations furnished by an independent pricing service that utilizes both dealer-supplied valuations and formula-based techniques. The pricing service may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, and fundamental data relating to the issuer. In addition, the model may incorporate observable market data, such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued primarily using dealer quotations. These securities are generally classified in Level 2 of the fair value hierarchy.

Short-Term Securities – Short-term equity investments, including money market funds, are valued in the manner specified above. Short-term debt investments with an original term to maturity of 60 days or less are valued at amortized cost, which approximates fair market value. If the original term to maturity of a short-term debt investment exceeded 60 days, then the values as of the 61st day prior to maturity are amortized. Amortized cost is not used if its use would be inappropriate due to credit or other impairments of the issuer, in which case the security's fair value would be determined, as described below. Short-term securities are generally classified in Level 1 or Level 2 of the fair market hierarchy depending on the inputs used and market activity levels for specific securities.

The Board of Trustees of the Fund (the “Board”) has adopted fair value pricing procedures that are followed when a price for a security is not readily available or if a significant event has occurred that indicates the closing price of a security no longer represents the true value of that security. Fair value pricing determinations are made in good faith in accordance with these procedures. There are numerous criteria that will be given consideration in determining a fair value of a security, such as the trading volume of a security and markets, the values of other similar securities, and news events with direct bearing on a security or markets. Fair value pricing results in an estimated price for a security that reflects the amount the Fund might reasonably expect to receive in a current sale. Depending on the relative significance of the valuation inputs, these securities may be classified in either Level 2 or Level 3 of the fair value hierarchy.

The fair valuation of foreign securities may be determined with the assistance of a pricing service using correlations between the movement of prices of such securities and indices of domestic securities and other appropriate indicators, such as closing market prices of relevant American Depositary Receipts or futures contracts. The effect of using fair value pricing is that the Fund's NAV will reflect the affected portfolio securities' values as determined by the Board or its designee instead of being determined by the market. Using a fair value pricing methodology to price a foreign security may result in a value that is different from the foreign security's most recent closing price and from the prices used by other investment companies to calculate their NAVs and are generally classified in Level 2 of the fair valuation hierarchy. Because the Fund may invest in foreign securities, the value of the Fund's portfolio securities may change on days when you will not be able to purchase or redeem your shares.

The Board has delegated day-to-day valuation matters to a Valuation Committee comprised of one or more representatives from Hennessy Advisors, Inc., the Fund's investment advisor (the “Advisor”). The function of the Valuation Committee is to value securities where current and reliable market quotations are not readily available. All actions taken by the Valuation Committee are reviewed by the Board.

The Fund has performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. Various inputs are used to determine the value of the Fund's investments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Details related to the fair valuation hierarchy of the Fund's securities as of October 31, 2017, are included in the Schedule of Investments.

4). INVESTMENT TRANSACTIONS

Purchases and sales of investment securities (excluding government and short-term investments) for the Fund during fiscal year 2017 were \$21,862,285 and \$24,822,454, respectively.

There were no purchases or sales/maturities of long-term U.S. government securities for the Fund during fiscal year 2017.

The Fund is permitted to purchase or sell securities from or to another fund in the Hennessy Funds family of funds (the “Hennessy Funds”) under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Fund from or to another Hennessy Fund complies with Rule 17a-7 of the Investment Company Act of 1940, as amended. For fiscal year 2017, the Fund did not engage in purchases or sales of securities pursuant to Rule 17a-7 of the Investment Company Act of 1940, as amended.

5). INVESTMENT MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

The Advisor provides the Fund with investment management services under an Investment Advisory Agreement. The Advisor provides all investment advice, office space, and facilities, as well as most of the personnel needed by the Fund. As compensation for its services, the Advisor is entitled to a monthly fee from the Fund. The fee is based upon the average daily net assets of the Fund at an annual rate of 0.90%. The net investment advisory fees expensed by the Fund during fiscal year 2017 are included in the Statement of Operations.

The Board has approved a Shareholder Servicing Agreement for Investor Class shares of the Fund, which was instituted to compensate the Advisor for the non-investment management services it provides to the Fund. The Shareholder Servicing Agreement provides for a monthly fee paid to the Advisor at an annual rate of 0.10% of the average daily net assets of the Fund attributable to Investor Class shares. The shareholder service fees expensed by the Fund during fiscal year 2017 are included in the Statement of Operations.

The Fund has adopted a plan pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended, that authorizes payments in connection with the distribution of the Fund’s shares at an annual rate of up to 0.25% of the Fund’s average daily net assets attributable to Investor Class shares. Even though the authorized rate is up to 0.25%, the Fund is currently only using up to 0.15% of its average daily net assets attributable to Investor Class shares for such purpose. Amounts paid under the plan may be spent on any activities or expenses primarily intended to result in the sale of shares, including, but not limited to, advertising, shareholder account servicing, the printing and mailing of prospectuses to other than current shareholders, the printing and mailing of sales literature, and compensation for sales and marketing activities or to financial institutions and others, such as dealers and distributors. The distribution fees expensed by the Fund during fiscal year 2017 are included in the Statement of Operations.

The Fund has entered into agreements with various brokers, dealers, and financial intermediaries in connection with the sale of shares of the Fund. The agreements provide for periodic payments by the Fund to the brokers, dealers, and financial intermediaries for providing certain shareholder maintenance services (sub-transfer agent expenses). These shareholder services include the pre-processing and quality control of new accounts, shareholder correspondence, answering customer inquiries regarding account status, and facilitating shareholder telephone transactions. The sub-transfer agent fees expensed by the Fund during fiscal year 2017 are included in the Statement of Operations.

U.S. Bancorp Fund Services, LLC (“USBFS”) provides the Fund with administrative, fund accounting, and transfer agent services and necessary office equipment. As administrator, USBFS is responsible for activities such as (i) preparing various federal and state regulatory filings, reports, and returns for the Fund, (ii) preparing reports and materials to be supplied to the Board, (iii) monitoring the activities of the Fund’s

custodian, transfer agent, and accountants, and (iv) coordinating the preparation and payment of the Fund's expenses and reviewing the Fund's expense accruals. U.S. Bank, N.A., an affiliate of USBFS, serves as the Fund's custodian. The servicing agreements between the Trust, USBFS, and U.S. Bank N.A. contain a fee schedule that is inclusive of administrative, fund accounting, custody, and transfer agent fees. The administrative, fund accounting, custody, and transfer agent fees expensed by the Fund during fiscal year 2017 are included in the Statement of Operations.

Quasar Distributors, LLC acts as the Fund's principal underwriter in a continuous public offering of the Fund's shares. Quasar Distributors, LLC is an affiliate of USBFS and U.S. Bank, N.A.

The officers of the Fund are affiliated with the Advisor. Such officers, with the exception of the Chief Compliance Officer and the Senior Compliance Officer, receive no compensation from the Fund for serving in their respective roles. The Fund, along with the other Hennessy Funds, makes reimbursement payments, on an equal basis, to the Advisor for a portion of the salary and benefits associated with the office of the Chief Compliance Officer and for all of the salary and benefits associated with the office of the Senior Compliance Officer. The compliance fees expensed by the Fund during fiscal year 2017 are included in the Statement of Operations.

6). GUARANTEES AND INDEMNIFICATIONS

Under the Hennessy Funds' organizational documents, their officers and trustees are indemnified by the Hennessy Funds against certain liabilities arising out of the performance of their duties to the Hennessy Funds. Additionally, in the normal course of business, the Hennessy Funds enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. Currently, the Fund expects the risk of loss to be remote.

7). LINE OF CREDIT

The Fund has an uncommitted line of credit with the other Hennessy Funds in the amount of the lesser of (i) \$100,000,000 or (ii) 33.33% of each Hennessy Fund's net assets, or 30% for the Hennessy Gas Utility Fund and 10% for the Hennessy Balanced Fund, intended to provide short-term financing, if necessary, subject to certain restrictions, in connection with shareholder redemptions. The credit facility is with the Hennessy Funds' custodian bank, U.S. Bank, N.A. Borrowings under this arrangement bear interest at the bank's prime rate and are secured by all of the Fund's assets (as to its own borrowings only). During fiscal year 2017, the Fund had an outstanding average daily balance and a weighted average interest rate of \$10,734 and 3.97%, respectively. The interest expensed by the Fund during fiscal year 2017 is included in the Statement of Operations. The maximum amount outstanding for the Fund during the period was \$779,000. At October 31, 2017, the Fund did not have any borrowings outstanding under the line of credit.

8). FEDERAL TAX INFORMATION

As of October 31, 2017, the components of accumulated earnings (losses) for income tax purposes were as follows:

	<u>Investments</u>
Cost of investments for tax purposes	\$ 25,381,152
Gross tax unrealized appreciation	\$ 7,376,803
Gross tax unrealized depreciation	(597,152)
Net tax unrealized appreciation	<u>\$ 6,779,651</u>
Undistributed ordinary income	\$ —
Undistributed long-term capital gains	<u>1,515,486</u>
Total distributable earnings	<u>\$ 1,515,486</u>
Other accumulated loss	<u>\$ (114,001)</u>
Total accumulated gain	<u>\$ 8,181,136</u>

The difference between book-basis unrealized appreciation/depreciation (as shown in the Statement of Assets and Liabilities) and tax-basis unrealized appreciation/depreciation (as shown above) is attributable primarily to wash sales.

At October 31, 2017, the Fund had no tax basis capital losses to offset future capital gains.

During fiscal year 2017, the capital losses utilized for the Fund were \$1,792,283.

At October 31, 2017, the Fund deferred, on a tax basis, a late-year ordinary loss of \$114,001. Late-year ordinary losses are net ordinary losses incurred after December 31, 2016, but within the taxable year, that are deemed to arise on the first day of the Fund's next taxable year.

During fiscal years 2017 and 2016, the tax character of distributions paid by the Fund was as follows:

	<u>Year Ended</u> <u>October 31, 2017</u>	<u>Year Ended</u> <u>October 31, 2016</u>
Ordinary income ⁽¹⁾	\$187,217	\$ 114,806
Long-term capital gain	<u>1,339</u>	<u>9,736,126</u>
	<u>\$188,556</u>	<u>\$9,850,932</u>

⁽¹⁾ Ordinary income includes short-term gain/loss.

9). EVENTS SUBSEQUENT TO YEAR END

Management has evaluated the Fund's related events and transactions that occurred subsequent to October 31, 2017, through the date of issuance of the Fund's financial statements. Other than as disclosed below, management has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

On December 7, 2017, capital gains were declared and paid to shareholders of record on December 6, 2017, as follows:

	<u>Long-term</u>
Investor Class	\$1.00493
Institutional Class	\$1.00418

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Hennessy Funds Trust
and the Shareholders of the Hennessy Large Cap Financial Fund
Novato, CA

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of the Hennessy Large Cap Financial Fund (the “Fund”), a series of Hennessy Funds Trust (the “Trust”) as of October 31, 2017, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2017, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Hennessy Large Cap Financial Fund as of October 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
December 22, 2017

Trustees and Officers of the Fund (Unaudited)

The business and affairs of the Funds are managed under the direction of the Board of Trustees of the Trust, and the Board of Trustees elects the Officers of the Trust. Beginning in March 2015, the Board of Trustees has from time to time appointed advisers to the Board of Trustees (“Advisers”), with the intention of having qualified individuals serve in an advisory capacity in order to garner experience in the mutual fund and asset management industry and be considered as potential Trustees in the future. There are currently three Advisers to the Board of Trustees: Brian Alexander, Doug Franklin, and Claire Knoles. As Advisers, Mr. Alexander, Mr. Franklin, and Ms. Knoles attend meetings of the Board and act as non-voting participants. Information pertaining to the Trustees, Advisers, and the Officers of the Trust is set forth below. The Trustees and Officers serve until their successors are duly elected and qualified or until their earlier death, resignation, or removal. Each of the Trustees oversees 14 Hennessy Funds. Unless otherwise indicated, the address of all persons listed below is 7250 Redwood Boulevard, Suite 200, Novato, CA 94945. The Fund’s Statement of Additional Information includes more information about the persons listed below and is available, without charge, upon request by calling 1-800-966-4354.

<u>Name, (Year of Birth), and Position Held with the Trust</u>	<u>Start Date of Service</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u>Other Directorships Held Outside of Fund Complex During Past Five Years⁽¹⁾</u>
Disinterested Trustees and Advisers			
J. Dennis DeSousa (1936) <i>Trustee</i>	January 1996	Mr. DeSousa is a real estate investor.	None.
Robert T. Doyle (1947) <i>Trustee</i>	January 1996	Mr. Doyle has been the Sheriff of Marin County, California since 1996.	None.
Gerald P. Richardson (1945) <i>Trustee</i>	May 2004	Mr. Richardson is an independent consultant in the securities industry.	None.
Brian Alexander (1981) <i>Adviser to the Board</i>	March 2015	Mr. Alexander has been employed by Sutter Health Novato Community Hospital since 2012, first as an Assistant Administrator and then, beginning in 2013, as the Chief Administrative Officer. From 2011 through 2012, Mr. Alexander was employed by Sutter Health West Bay Region as the Regional Director of Strategic Decision Support.	None.

**Name, (Year of Birth),
and Position Held
with the Trust**

Doug Franklin
(1964)
Adviser to the Board

**Start Date
of Service**

March 2016

**Principal Occupation(s)
During Past Five Years**

Mr. Franklin is a retired insurance industry executive. From 1987 through 2015, he was employed by Allianz-Fireman's Fund Insurance Company in various positions, including Chief Actuary and Chief Risk Officer.

**Other
Directorships
Held Outside
of Fund
Complex During
Past Five Years⁽¹⁾**

None.

Claire Knoles
(1974)
Adviser to the Board

December 2015

Ms. Knoles is a founder of Kiosk and has served as its Chief Operating Officer since 2004. Kiosk is a full service marketing agency with offices in the San Francisco Bay Area, Toronto, and Liverpool, UK.

None.

Interested Trustee⁽²⁾

Neil J. Hennessy
(1956)
*Trustee, Chairman of
the Board, Chief
Investment Officer,
Portfolio Manager,
and President*

January 1996 as
a Trustee and
June 2008 as
an Officer

Mr. Hennessy has been employed by Hennessy Advisors, Inc. since 1989 and currently serves as its President, Chairman and Chief Executive Officer.

Hennessy
Advisors, Inc.

**Name, (Year of Birth),
and Position Held
with the Trust**

Officers

Teresa M. Nilsen
(1966)
*Executive Vice President
and Treasurer*

January 1996

Ms. Nilsen has been employed by Hennessy Advisors, Inc. since 1989 and currently serves as its Executive Vice President, Chief Operations Officer, Chief Financial Officer, and Secretary.

Daniel B. Steadman
(1956)
*Executive Vice President
and Secretary*

March 2000

Mr. Steadman has been employed by Hennessy Advisors, Inc. since 2000 and currently serves as its Executive Vice President and Chief Compliance Officer.

Brian Carlson
(1972)
*Senior Vice President and
Head of Distribution*

December 2013

Mr. Carlson has been employed by Hennessy Advisors, Inc. since December 2013. Mr. Carlson was previously a co-founder and principal of Trivium Consultants, LLC from February 2011 through November 2013.

Jennifer Cheskiewicz
(1977)
*Senior Vice President and
Chief Compliance Officer*

June 2013

Ms. Cheskiewicz has been employed by Hennessy Advisors, Inc. as its General Counsel since June 2013. She previously served as in-house counsel to Carlson Capital, L.P., an SEC-registered investment advisor to several private funds, from February 2010 to May 2013.

Name, (Year of Birth), and Position Held with the Trust	Start Date of Service	Principal Occupation(s) During Past Five Years
David Ellison (1958) ⁽³⁾ <i>Senior Vice President and Portfolio Manager</i>	October 2012	Mr. Ellison has been employed by Hennessy Advisors, Inc. since October 2012. He has served as a Portfolio Manager of the Hennessy Small Cap Financial Fund and the Hennessy Large Cap Financial Fund since inception. Mr. Ellison also served as a Portfolio Manager of the Hennessy Technology Fund from its inception until February 2017. Mr. Ellison served as Director, CIO and President of FBR Fund Advisers, Inc. from December 1999 to October 2012.
Ryan Kelley (1972) ⁽⁴⁾ <i>Vice President and Portfolio Manager</i>	March 2013	Mr. Kelley has been employed by Hennessy Advisors, Inc. since October 2012. He has served as a Portfolio Manager of the Hennessy Gas Utility Fund, the Hennessy Small Cap Financial Fund, and the Hennessy Large Cap Financial Fund since October 2014. He served as Co-Portfolio Manager of the same funds from March 2013 through September 2014, and as a Portfolio Analyst for the Hennessy Funds from October 2012 through October 2014. Mr. Kelley has also served as a Portfolio Manager of the Hennessy Cornerstone Growth Fund, the Hennessy Cornerstone Mid Cap 30 Fund, the Hennessy Cornerstone Large Growth Fund, and the Hennessy Cornerstone Value Fund and as a Co-Portfolio Manager of the Hennessy Technology Fund since February 2017. Mr. Kelley served as Portfolio Manager of FBR Fund Advisers, Inc. from January 2008 to October 2012.
Brian Peery (1969) <i>Senior Vice President and Portfolio Manager</i>	March 2003 as an Officer and February 2011 as a Co-Portfolio Manager or Portfolio Manager	Mr. Peery has been employed by Hennessy Advisors, Inc. since 2002. He has served as a Portfolio Manager of the Hennessy Cornerstone Growth Fund, the Hennessy Cornerstone Mid Cap 30 Fund, the Hennessy Cornerstone Large Growth Fund, the Hennessy Cornerstone Value Fund, the Hennessy Total Return Fund, and the Hennessy Balanced Fund since October 2014. He served as Co-Portfolio Manager of the same funds from February 2011 through September 2014. Mr. Peery has also served as a Portfolio Manager of the Hennessy Gas Utility Fund since February 2015 and as Lead Portfolio Manager of the Hennessy Technology Fund since February 2017.
Daniel P. Hennessy (1990) <i>Assistant Vice President and Associate Analyst</i>	December 2016	Mr. Daniel Hennessy has been employed by Hennessy Advisors, Inc. since 2015. He has served as an Associate Analyst of the Hennessy Technology Fund since February 2017. He previously served as a Mutual Fund Specialist at U.S. Bancorp Fund Services, LLC from November 2014 to July 2015. Prior to that, he attended the University of San Diego, where he earned a degree in Political Science.

⁽¹⁾ Messrs. DeSousa, Doyle, Hennessy, and Richardson previously served on the Board of Directors of Hennessy Mutual Funds, Inc. ("HMF"), The Hennessy Funds, Inc. ("HFI"), and Hennessy SPARX Funds Trust ("HSFT"). Pursuant to an internal reorganization effective as of February 28, 2014, the series of HFMI, HFI, and HSFT were reorganized into corresponding series of Hennessy Funds Trust that mirrored them. Subsequent to the reorganization, HFMI, HFI, and HSFT were dissolved.

⁽²⁾ Mr. Hennessy is considered an "interested person," as defined in the Investment Company Act of 1940, as amended, because he is an officer of the Hennessy Funds.

⁽³⁾ The address of this officer is 101 Federal Street, Suite 1900, Boston, MA 02110.

⁽⁴⁾ The address of this officer is 1340 Environ Way, Chapel Hill, NC 27517.

Expense Example (Unaudited)

October 31, 2017

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, reinvested dividends, or other distributions, redemption fees, and exchange fees; and (2) ongoing costs, including management fees, service fees, and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from May 1, 2017, through October 31, 2017.

Actual Expenses

The first line of the table below under the “Investor Class” and “Institutional Class” headings provides information about actual account values and actual expenses. Although the Fund charges no sales loads or transaction fees, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Fund’s transfer agent. If you request that a redemption be made by wire transfer, currently a \$15 fee is charged by the Fund’s transfer agent. IRA accounts will be charged a \$15 annual maintenance fee. The example below includes, but is not limited to, management fees, shareholder servicing fees, fund accounting, custody, and transfer agent fees. However, the example below does not include portfolio trading commissions and related expenses, and other extraordinary expenses as determined under generally accepted accounting principles. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line of the table under the “Investor Class” or “Institutional Class” headings in the column entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below under the “Investor Class” and “Institutional Class” headings provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), or exchange fees. Therefore, the second line of the table under the “Investor Class” and “Institutional Class” headings is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value May 1, 2017	Ending Account Value October 31, 2017	Expenses Paid During Period ⁽¹⁾ May 1, 2017 – October 31, 2017
Investor Class			
Actual	\$1,000.00	\$1,148.10	\$9.58
Hypothetical (5% return before expenses)	\$1,000.00	\$1,016.28	\$9.00
Institutional Class			
Actual	\$1,000.00	\$1,149.50	\$8.34
Hypothetical (5% return before expenses)	\$1,000.00	\$1,017.44	\$7.83

⁽¹⁾ Expenses are equal to the Fund's annualized expense ratio of 1.77% for Investor Class shares or 1.54% for Institutional Class shares, as applicable, multiplied by the average account value over the period, multiplied by 184/365 days (to reflect one-half year period).

How to Obtain a Copy of the Fund's Proxy Voting Policy and Proxy Voting Records

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge: (1) by calling 1-800-966-4354; (2) on the Hennessy Funds' website at hennessyfunds.com/proxy-voting/policy.fs; or (3) on the U.S. Securities and Exchange Commission's (the "SEC") website at www.sec.gov. The Fund's proxy voting record is available without charge on both the Hennessy Funds' website at hennessyfunds.com/proxy-voting/vote.fs and the SEC's website at www.sec.gov no later than August 31 for the prior 12 months ending June 30.

Quarterly Filings on Form N-Q

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are made available on the SEC's website at www.sec.gov. The Fund's Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Information included in the Fund's Forms N-Q will also be available upon request by calling 1-800-966-4354.

Federal Tax Distribution Information (Unaudited)

For fiscal year 2017, certain dividends paid by the Fund may be subject to a maximum tax rate of 23.8%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was 100.00%.

For corporate shareholders, the percent of ordinary income distributions that qualified for the corporate dividends received deduction for fiscal year 2017 was 100.00%.

The percentage of taxable ordinary income distributions that are designated as short-term capital gain distributions under Section 871(k)(2)(C) of the Internal Revenue Code of 1986, as amended, for the Fund was 0.00%.

Householding

To help keep the Fund's costs as low as possible, we generally deliver a single copy of most financial reports and prospectuses to shareholders who share an address, even if the accounts are registered under different names. This process, known as "householding," does not apply to account statements. You may request an individual copy of a prospectus or financial report at any time. If you would like to receive separate mailings, please call U.S. Bancorp Fund Services, LLC at 1-800-261-6950 or 1-414-765-4124 and we will begin individual delivery within 30 days of your request. If your account is held through a financial institution or other intermediary, please contact them directly to request individual delivery.

Privacy Policy

We collect the following non-public personal information about you:

- information we receive from you on or in applications or other forms, correspondence, or conversations, including, but not limited to, your name, address, phone number, social security number, assets, income, and date of birth; and
- information about your transactions with us, our affiliates, or others, including, but not limited to, your account number and balance, payment history, parties to transactions, cost basis information, and other financial information.

We do not disclose any non-public personal information about our current or former shareholders to non-affiliated third parties, except as permitted by law. For example, we are permitted by law to disclose all of the information we collect, as described above, to our Transfer Agent to process your transactions. Furthermore, we restrict access to your non-public personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your non-public personal information.

In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information will be shared with non-affiliated third parties.

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*For information, questions or assistance, please call
The Hennessy Funds*

1-800-966-4354 or 1-415-899-1555

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This report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.