

Q&A



HENNESSY CORNERSTONE GROWTH FUND (HFCGX, HICGX)

[Comments and Opinions]



Brian Peery
Portfolio Manager

» Over 25 years of investment industry experience

OVERALL MORNINGSTAR RATING

as of 6/30/17



(Investor)

Among 368 Mid-Cap Blend Funds
The Overall Morningstar Rating is based on risk adjusted returns, derived from a weighted average of the 3, 5, and 10 year Morningstar metrics.

FUND FACTS

Symbol	
Investor	HFCGX
Institutional	HICGX
CUSIP	
Investor	425 888 104
Institutional	425 888 500
Total Fund Assets	\$198 M
Number of Holdings	50

FOR MORE INFORMATION

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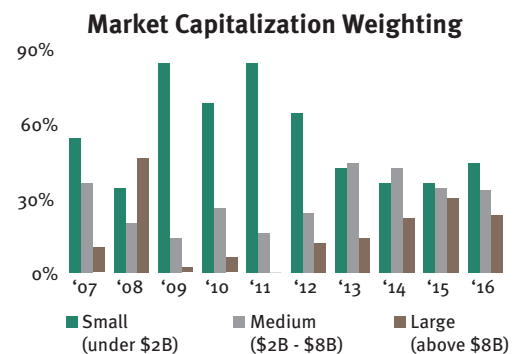
In the following commentary, Portfolio Manager Brian Peery discusses the Fund following the latest rebalancing, along with several developing trends.

1. What is the Fund's investment approach?

Our approach combines value with momentum. The Fund selects companies with a market capitalization exceeding \$175 million, a price-to-sales ratio of below 1.5 and a history of increasing annual earnings and a history of positive short-term stock price momentum. We rank companies that fit these criteria in order of highest 12-month price appreciation and select the top 50 for inclusion in the portfolio.

2. With the ability to invest in stocks across all market capitalizations, what was the portfolio composition after the most recent rebalance?

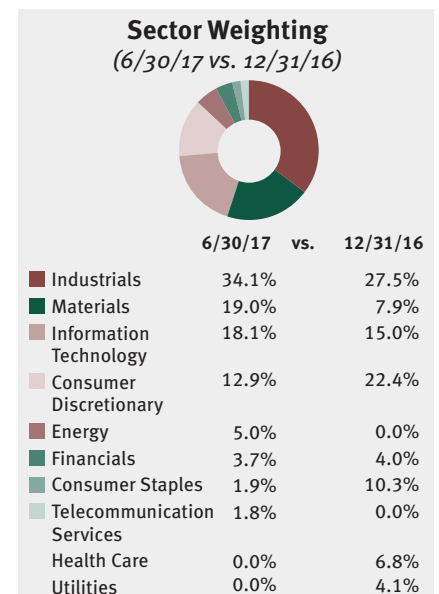
Following the most recent rebalance, the portfolio holds fewer mid- and large-cap stocks and a higher number of small-cap companies. The Fund had a median market cap of \$1.8 billion and an average market cap of about \$4.3 billion as of June 30, 2017. In comparison, the previous portfolio had a median market cap of approximately \$2.5 billion and average market cap of about \$9.6 billion as of the end of 2016.



3. How did sector weightings change in the most recent rebalance?

The Fund experienced a dramatic shift in sector weightings following the rebalance, as the weightings in Consumer Discretionary and Consumer Staples declined approximately 11 and 8 percentage points, respectively. Additionally, as of June 30, 2017, the Fund held no Utilities stocks or Health Care companies.

Conversely, the Fund increased its exposure to Industrials and Materials, which currently comprise 34% and 19% of the portfolio, respectively, as of June 30, 2017. Additionally, the Fund's Energy sector weighting rose from 0% as of the end of 2016 to 5% as of the end of the second quarter 2017.



(Q&A continued on next page)

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(Q3 continued...)

Over half of the Fund is invested in Materials, Industrials and Energy stocks. We believe these stocks could benefit directly from two of the most important policy proposals the Trump administration is planning to enact.

- 1. Higher Infrastructure Spending.** Increased government-directed investment spending on infrastructure could benefit U.S. construction and construction materials companies in the Materials and Industrials sectors.
- 2. Higher Defense Spending.** Higher defense spending could drive opportunities for defense companies and for the Industrials sector overall.

The Fund could benefit from the tax reform measures proposed by the Trump administration. Should the Trump administration be successful in passing some or all of these policy changes, it is possible the U.S. economy will enjoy a boost in its growth rate, potentially benefiting the Fund.

FUND PERFORMANCE

as of 6/30/17	Average Annualized Total Return					
	3 Month	1 Year	3 Year	5 Year	10 Year	Since Inception (11/1/96)
Investor Class - HFCGX	0.10%	7.83%	4.82%	12.64%	1.71%	8.90%
Institutional Class - HICGX ¹	0.14%	8.16%	5.07%	12.96%	2.00%	9.04%
Russell 2000 Index	2.46%	24.60%	7.36%	13.70%	6.92%	8.59%
S&P 500 Index	3.09%	17.90%	9.61%	14.63%	7.18%	8.18%
Gross Expense Ratio: 1.33% (Investor Class) 0.99% (Institutional Class)						

¹Represents the performance of the Institutional Class shares after March 3, 2008 (inception of the share class) and Investor Class for periods prior to that date.

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. 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 hennessyfund.com.

Important Disclosures

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

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, which can be obtained by calling 800-890-7118 or visiting hennessyfund.com. Please read the prospectus carefully before investing.

Mutual fund investing involves risk; Principal loss is possible. The Fund invests in small and medium capitalized companies, which may have limited liquidity and greater price volatility than large capitalization companies. Investments in foreign securities may involve political, economic and currency risks, greater volatility and differences in accounting methods. The Fund's formula-based strategy may cause the Fund to buy or sell securities at times when it may not be advantageous.

Each Morningstar category average represents a universe of funds with similar objectives. The S&P 500 and Russell 2000 are unmanaged indices commonly used to measure the performance of U.S. stocks. One cannot invest directly in an index.

Morningstar Proprietary Ratings reflect risk-adjusted performance as of 6/30/2017. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history, without adjustment for sales loads. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. HFCGX received 2 stars for the three and five year periods and 1 star for the 10 year period ended 6/30/17 among 368, 328 and 220 Mid-Cap Blend Funds, respectively. Ratings for other share classes may differ. **Past performance is no guarantee of future results.**

Price-to-sales ratio 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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