

Q&A



HENNESSY CORNERSTONE GROWTH FUND (HFCGX, HICGX)

[Comments and Opinions]



Brian Peery
Portfolio Manager

» Over 25 years of investment industry experience

FUND FACTS

Symbol	
Investor	HFCGX
Institutional	HICGX
CUSIP	
Investor	425 888 104
Institutional	425 888 500

FOR MORE INFORMATION

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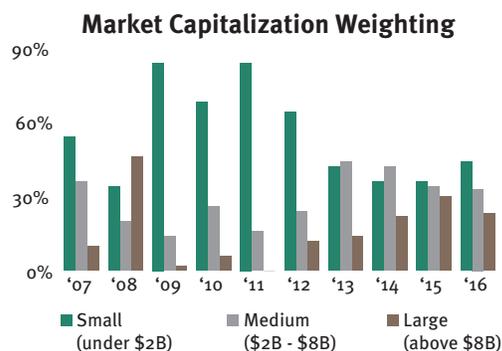
In the following commentary, Portfolio Manager Brian Peery discusses the Fund following the latest rebalancing, along with several developing trends.

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?

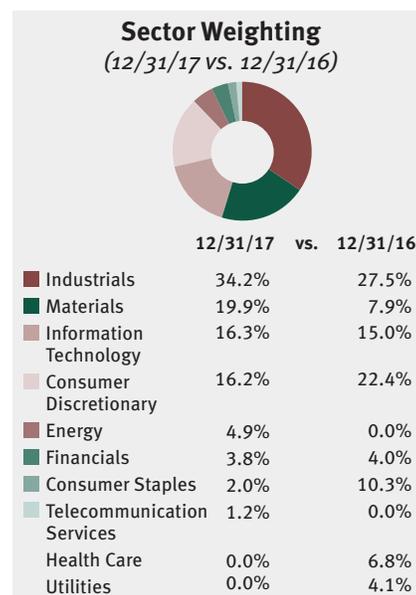
Following the most recent rebalance, the portfolio holds fewer mid- and large-cap stocks and a higher number of small-cap companies. The Fund had a median market cap of \$2.3 billion and an average market cap of about \$5.0 billion as of December 31, 2017. In comparison, the previous portfolio had a 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 6 and 8 percentage points, respectively. Additionally, as of December 31, 2017, the Fund held no Utilities stocks.

Conversely, the Fund increased its exposure to Industrials and Materials, which currently comprise 34% and 20% of the portfolio, respectively, as of December 31, 2017. Additionally, the Fund's Energy



(Q&A continued on next page)

[Comments and Opinions]

(Q3 continued...)

sector weighting rose from 0% as of the end of 2016 to 5% as of the end of the fourth quarter 2017.

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.

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

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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