

Q&A



HENNESSY CORNERSTONE LARGE GROWTH FUND (HFLGX, HILGX)

[Comments and Opinions]



Brian Peery

Portfolio Manager

- » Over two decades of investment industry experience
- » Portfolio Manager Since Inception

In the following commentary, Portfolio Manager Brian Peery discusses the Fund's investment process, notable changes following the most recent rebalance, and the key benefit of a quantitatively driven investment formula.

1. Would you please discuss the Fund's investment process?

Using a disciplined and time-tested formula, the Fund selects 50 larger, growth-oriented companies that we believe are undervalued and have above-average growth potential. To be included in the portfolio, a stock must possess the following:

- Market capitalization that is above the average of our stock universe¹
- Price-to-cash flow ratio less than the median of the universe to help uncover potentially undervalued stocks¹
- Positive total capital

Remaining stocks are then ranked on their one-year return on total capital and the top 50 are selected.

2. Why does the Fund rank companies on return on capital?

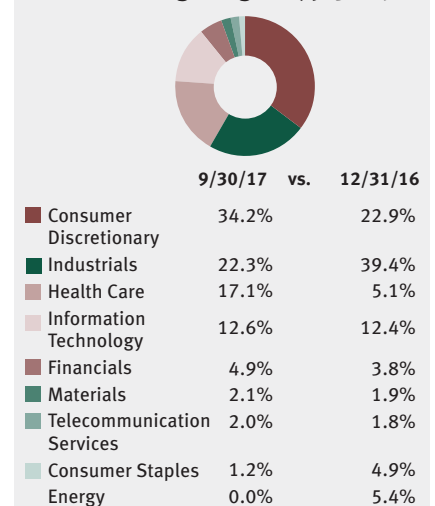
Return on total capital reflects a company's efficacy at turning capital into profits. Only those companies with a relatively strong return on total capital and a demonstrated ability to effectively deploy cash and build shareholder value are considered for inclusion in the portfolio.

3. How did the portfolio's composition change following the Fund's most recent rebalance?

Following the 2017 rebalance, the Fund's largest sector weightings were in Consumer Discretionary, Health Care, Industrials and Information Technology. Compared to the previous portfolio, more Consumer Discretionary and Health Care companies stocks met our strict criteria, while fewer companies in the Industrials and Energy sectors fit our criteria.

Notably, the Fund currently has an approximate 10% weighting in airline stocks including Delta, Southwest and United Continental. With a declining number of carriers, airlines have not experienced fare price pressure, which has added stability to the business. The decline in jet fuel prices provided an additional lift to stock prices. Finally, air traffic was strong in recent years and is expected to remain at a healthy level.

Sector Weighting as of 9/30/17



FUND FACTS

Symbol	
Investor	HFLGX
Institutional	HILGX
CUSIP	
Investor	425 88P 205
Institutional	425 88P 403

FOR MORE INFORMATION

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¹Stocks in the S&P Capital IQ Database, a robust source of data on the universe of publicly traded companies.

[Comments and Opinions]

Reflecting the market's growth, the portfolio's median market cap has increased to \$22 billion from approximately \$18 billion, and the price to cash flow ratio remained at about 12 times following the rebalance.

4. Why should an investor consider adding a quantitatively driven Fund to their portfolio?

The Fund employs a consistent and repeatable, quantitative process, which can provide a strong building block for investors' portfolios. In times of heightened volatility, emotions can act as a roadblock to long-term investment success. A quantitatively driven process removes emotion from decision making and allows our focus to remain on company fundamentals rather than market sentiment.

Important Disclosures

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 may invest in medium capitalized companies, which may have more 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.

As of 9/30/17, the Fund held 1.9%, 2.0% and 1.6% in net assets of Delta, Southwest and United Continental, respectively. Fund holdings and sector allocations are subject to change and should not be considered recommendations to buy or sell any security.

Price-to-cash flow is an indicator of a stock's valuations. It is the ratio of a stock's price to its cash flow per share. Return on total capital is a ratio estimated by dividing the after-tax operating income by the book value of invested capital.

The Hennessy Funds are distributed by Quasar Distributors, LLC.

10/17