

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.

OVERALL MORNINGSTAR RATING

as of 6/30/17



(Investor)

Among 1,091 Large Value Funds

The Overall Morningstar Rating is based on risk adjusted returns, derived from a weighted average of the 3, 5, and 10 year (if applicable) Morningstar metrics.

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.

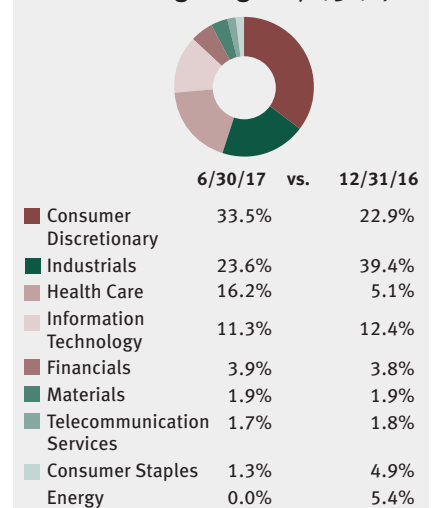
3. How did the portfolio's composition change following the Fund's most recent rebalance?

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.

Reflecting the market's growth, the portfolio's median market cap has increased to \$23 billion from approximately \$18 billion, and the price to cash flow ratio rose to approximately 13 times from about 12 times following the rebalance.

Sector Weighting as of 6/30/17



FUND FACTS

Symbol	
Investor	HFLGX
Institutional	HILGX
CUSIP	
Investor	425 88P 205
Institutional	425 88P 403
Total Fund Assets	\$106 M
Number of Holdings	49

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**]

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.

FUND PERFORMANCE

as of 6/30/17	Average Annualized Total Return				
	3 Month	1 Year	3 Year	5 Year	Since Inception (3/20/09)
Investor Class - HFLGX	2.48%	24.42%	6.77%	13.23%	16.89%
Institutional Class - HILGX	2.63%	24.81%	6.98%	13.47%	17.19%
Russell 1000 Index	3.06%	18.03%	9.26%	14.67%	17.53%
S&P 500 Index	3.09%	17.90%	9.61%	14.63%	17.34%
Morningstar % Rank in Category (Investor) ²	—	6	45	34	—
# of funds in Large Value Category	—	1,251	1,091	936	—
Gross Expense Ratio: 1.26% (Investor Class) 1.02% (Institutional Class)					

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.

²Based on total returns.

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.

Each Morningstar category average represents a universe of funds with similar objectives. The S&P 500 and Russell 1000 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 6/30/17. 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. HFLGX received 3 stars for the three and five year periods ended 6/30/17 among 1,091 and 936 Large Value Funds, respectively. Morningstar Percentile Ranking compares a fund's Morningstar risk and return scores with all the funds in the same Category, where 1% = Best and 100% = Worst. ©Morningstar, Inc. All Rights Reserved. **Past performance does not guarantee future results.**

As of 6/30/17, the Fund held 2.1%, 2.2% and 1.9% 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.