

Q&A



HENNESSY CORNERSTONE VALUE FUND (HFCVX, HICVX)

[Comments and Opinions]



Brian Peery

Portfolio Manager

- » Over 26 years of investment industry experience

FUND FACTS

Symbol	
Investor	HFCVX
Institutional	HICVX
CUSIP	
Investor	425 888 203
Institutional	425 888 401

FOR MORE INFORMATION

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In its pursuit of total return, the Hennessy Cornerstone Value Fund seeks large, dividend-yielding companies that we believe to be undervalued. In the following discussion, Portfolio Manager, Brian Peery, discusses the Fund's strategy, the most recent portfolio rebalancing and inclusion of foreign securities.

1. How does the Hennessy Cornerstone Value Fund identify value opportunities?

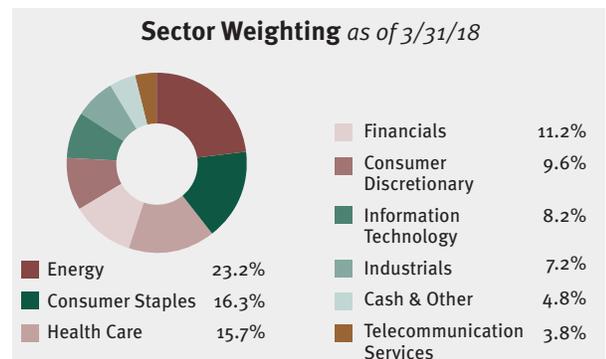
The Fund utilizes a disciplined quantitative process to uncover widely held, large-cap companies with strong sales and cash flows from the S&P Capital IQ Database universe. Each holding must possess the following criteria:

- Market capitalization that exceeds the average of the Database
- Number of shares outstanding that exceeds the average of the Database
- 12-month sales that are 50% greater than the average of the Database
- Cash flows that exceed the average of the Database

The remaining companies, excluding Utility stocks, are then ranked based on the highest dividend yield, and we select the top 50 companies. We believe this stringent process in identifying value opportunities has the potential to yield a portfolio of high-quality, dividend-paying companies.

2. What significant sector weighting changes occurred after the Fund's most recent rebalance?

Following the rebalance in 2017, the portfolio increased its exposure to the Energy, Health Care, and Telecommunications sectors and decreased its exposure to Information Technology, Financials, and Materials. Notably, as of March 31, 2018, the Fund had a 23% weighting in Energy stocks, making it the largest sector weighting in the portfolio. Within the sector, many Integrated Oil and Gas companies fit the Fund's strict criteria. We believe as oil and gas prices stabilize, these holdings are positioned to benefit.



[Comments and Opinions]

3. The Fund selects dividend-paying companies across the entire universe of publicly traded stocks. Would you please discuss the inclusion of foreign stocks?

The Fund's weighting in American Depositary Receipts (ADRs), foreign stocks traded in the U.S., was 33% as of March 31, 2018, and a majority of these foreign portfolio holdings are Canadian companies. Historically, ADRs have comprised approximately 14% to 36% of the portfolio.

4. How might a rising rate environment affect the ability of the holdings to maintain or increase dividends?

The Federal Reserve has raised the interest rate a number of times, and there is an expectation of more hikes over the next year. While we are very cognizant of these expected moves, we feel confident in our underlying positions' ability to largely keep pace. Because the Hennessy Cornerstone Value Fund focuses on above-average sales and cash flows, we believe a rising rate environment should not have an adverse effect on the ability of our holdings' to pay dividends.

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. 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.

30-Day SEC Yield is a standardized yield computed by dividing the net investment income per share earned during the past 30-day period by the share price at the end of the period, expressed as an annual percentage rate. Cash flow can be used as an indication of a company's financial strength and represents earnings before depreciation, amortization, and non-cash charges.

The Hennessy Funds are distributed by Quasar Distributors, LLC.

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