

Q&A



HENNESSY CORNERSTONE VALUE FUND (HFCVX, HICVX)

[Comments and Opinions]



Brian Peery

Portfolio Manager

» Over 25 years of investment industry experience

OVERALL MORNINGSTAR RATING

as of 3/31/17



(Investor)

Among 1,084 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 Morningstar metrics.

FUND FACTS

Symbol	
Investor	HFCVX
Institutional	HICVX
CUSIP	
Investor	425 888 203
Institutional	425 888 401
Total Fund Assets	\$280 M
Number of Holdings	52

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?

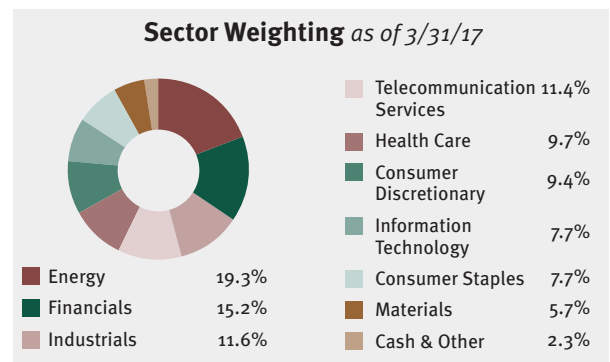
The Fund utilizes a disciplined quantitative process to uncover widely held, large-cap companies with strong sales and cash flows from the S&P Capital IQ Database universe. Each holding must possess the following criteria:

- 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. The portfolio is generally rebalanced once a year. What significant sector weighting changes occurred after the most recent rebalancing?

Following the most recent rebalance, 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, 2017, the Fund had a 19% 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.



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

After the most recent rebalance, the Fund's weighting in American Depositary Receipts (ADRs), foreign stocks traded in the U.S., declined to 18% as of March 31, 2017. At the end of 2016, the weighting was nearly 23%. Historically, approximately 14% to 36% of

(Q&A continued on next page)

Q&A



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(Q3 continued...)

the portfolio has been comprised of ADRs. In the current portfolio, a majority of these foreign portfolio holdings are Canadian companies.

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

As the Federal Reserve has raised the Fed funds rate in each of the past two quarters, many investors may be wary of the possibility 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.

FUND PERFORMANCE as of 3/31/17

	Average Annualized Total Return					
	3 Month	1 Year	3 Year	5 Year	10 Year	Since Inception (11/1/96)
Investor Class - HFCVX	4.09%	15.65%	6.85%	10.63%	5.51%	6.89%
Institutional Class - HICVX ¹	4.20%	15.99%	7.04%	10.86%	5.74%	7.01%
Russell 1000 Value Index	3.27%	19.22%	8.67%	13.13%	5.93%	8.63%
S&P 500 Index	6.07%	17.17%	10.37%	13.30%	7.51%	8.12%

Gross Expense Ratio: 1.22% (Investor Class) | 0.95% (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 hennessyfunds.com.

YIELD as of 3/31/17

30-Day SEC Yield

Investor	2.50%
Institutional	2.78%

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 hennessyfunds.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.

Each Morningstar category average represents a universe of funds with similar objectives. The S&P 500 and Russell 1000 Value are unmanaged indices commonly used to measure the performance of U.S. stocks. The Russell 1000 Value measures value-oriented, large-cap stocks. One cannot invest directly in an index.

Morningstar Proprietary Ratings reflect risk-adjusted performance as of 3/31/17. 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. HFCVX received 3 stars for the three year period and 2 stars for the five and ten year periods ended 3/31/17 among 1,084, 936 and 679 Large Value Funds, respectively. Ratings for other share classes may differ. ©Morningstar, Inc. All Rights Reserved. **Past performance does not guarantee future results.**

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.