In the following discussion, the Portfolio Managers discuss expectations for Fund performance in different market conditions, a recent addition to the portfolio, and how macroeconomic factors support their decision-making.

1. With a “focused” portfolio of 21 holdings, in what kind of market does the Fund tend to outperform or underperform its peers?

We seek to own high quality businesses selling at discount valuations that will prosper over an anticipated 5-10 year holding period. These businesses tend to have strong competitive positions, conservative balance sheets and lower than average cyclicality.

Relative investment returns compared to the broad market indices or actively managed, long-only peers tend to be better during periods of general economic and market distress as the Fund’s holdings should endure the market adversity better than more cyclical or lower quality companies. Relative returns are likely to be weaker—but absolute returns could be better—during periods of general economic expansion when earnings and intrinsic value of the Fund’s holdings are growing quickly, but the more cyclical and lower quality companies, not owned by the Fund, are also growing rapidly.

2. Would you please discuss a recent Fund purchase?

During the first quarter of 2016, we established a 1% position in AMETEK, Inc. (AME) which makes a wide variety of specialized electrical and mechanical instruments for industrial applications. AMETEK compounded earnings per share at close to 16% per annum over the last 10 years by acquiring leading niche instruments businesses and dramatically improving them using management tools such as low cost sourcing, value engineering and lean manufacturing. The team that executed this business plan remain largely in place, and we believe the company can continue executing this acquisition model over the next decade.

When AMETEK was added to our watch list in the second quarter of 2015, we were concerned that falling oil prices, weakening emerging markets, and the strengthening U.S. dollar were not sufficiently reflected in consensus earnings expectations. By the first quarter of 2016, after revenue and earnings guidance were reset lower several times, expectations more accurately reflected the macroeconomic challenges. Our continued research had advanced our understanding and appreciation of the business, so we initiated a small position. Over time, should our ongoing research reinforce our investment thesis, we will look to add to the position opportunistically.

3. As a bottom-up, fundamental manager, what macroeconomic factors support your company-specific decision making?

We would expect each portfolio company to be affected differently by changes in various macroeconomic variables, such as employment levels, gas prices, the shape of the yield curve or overall consumer spending. At the portfolio level, we spread investments across a variety of industries and try to limit overall exposure to any particular factor, so that the occasional adverse outcome can be absorbed by potential progress in the rest of the portfolio.

As long-term investors, we expect our portfolio will face turbulent economic times at various points during our investment horizon. We prepare for this eventuality by owning companies with the business model and balance sheet to survive and thrive in many economic environments, owned at attractive valuations.
Optimal capital allocation decisions differ depending on the circumstances. The first question to ask is whether a dollar returned to a shareholder is worth more than a dollar retained? If the dollar is retained, where does the company get the best long-term risk-adjusted returns: M&A or internal opportunities, such as capital expenditures, working capital, or research and development? We prefer to partner with management teams who understand their capital allocation options and are willing to act when they see an unusual opportunity. If the dollar is returned, share repurchases are preferable if the shares can be bought at a discount to intrinsic value.

4. With regard to capital allocation decisions, would you prefer companies to return capital to shareholders or engage in mergers and acquisitions (M&A)?

FUND PERFORMANCE as of 9/30/16

<table>
<thead>
<tr>
<th>FUND PERFORMANCE</th>
<th>Average Annualized Total Return</th>
<th>3 Month</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>Since Inception (1/3/97)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor Class - HFCSX</td>
<td>2.97%</td>
<td>8.00%</td>
<td>8.89%</td>
<td>17.33%</td>
<td>9.42%</td>
<td>13.12%</td>
<td></td>
</tr>
<tr>
<td>Institutional Class - HFCIX¹</td>
<td>3.06%</td>
<td>8.40%</td>
<td>9.26%</td>
<td>17.71%</td>
<td>9.72%</td>
<td>13.28%</td>
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</tr>
<tr>
<td>Russell 3000 Index</td>
<td>4.40%</td>
<td>14.96%</td>
<td>10.44%</td>
<td>16.36%</td>
<td>7.37%</td>
<td>7.70%</td>
<td></td>
</tr>
<tr>
<td>Russell Midcap Growth Index</td>
<td>4.59%</td>
<td>11.24%</td>
<td>8.90%</td>
<td>15.85%</td>
<td>8.51%</td>
<td>8.30%</td>
<td></td>
</tr>
<tr>
<td>Morningstar % Rank in Category (Investor)²</td>
<td>—</td>
<td>55</td>
<td>20</td>
<td>6</td>
<td>14</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td># of funds in Mid-Cap Growth Category</td>
<td>—</td>
<td>721</td>
<td>660</td>
<td>574</td>
<td>425</td>
<td>—</td>
<td></td>
</tr>
</tbody>
</table>

Gross Expense Ratio: 1.47% (Investor Class) 1.12% (Institutional Class)

¹Represents the performance of the Institutional Class shares after May 30, 2008 (inception of the share class) and Investor Class for periods prior to that date. ²Based on total returns. Performance for periods prior to 10/26/12 is that of the FBR Focus Fund. The predecessor Focus Fund had the same investment objective and same investment strategy as the Fund. 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 www.hennessyfunds.com.

Important Disclosures

Opinions expressed are those of the Focus Fund Managers 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 hennessyfunds.com. Please read the prospectus carefully before investing.

Mutual fund investing involves risk; Principal loss is possible. A non-diversified fund, one that may concentrate its assets in fewer holdings than a diversified fund, is more exposed to individual stock volatility than a diversified fund. The Fund invests in small and medium capitalized companies, which involves additional risks such as limited liquidity and greater volatility. Investments in foreign securities may involve greater volatility and political, economic and currency risk and differences in accounting methods. Earnings growth is not a measure of the Fund’s future performance. Each Morningstar category average represents a universe of funds with similar objectives. Russell Midcap® Growth Index is an unmanaged index commonly used to compare mid-cap growth companies. Russell 3000® Index is an unmanaged total return index commonly used to measure performance of the largest 3000 U.S. companies. It is not possible to invest directly in an index. Earnings per share (EPS) is a company’s profit divided by its number of common outstanding shares. EPS growth is not a measure of future performance.

As of 9/30/16, the Fund held 0.89% in net assets of AMETEK, Inc. Fund holdings and sector allocations are subject to change and should not be considered recommendations to buy or sell any security. Morningstar Proprietary Ratings reflect risk-adjusted performance as of 9/30/16. For each fund with at least a three year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar risk-adjusted return measure that accounts for variation in a fund’s monthly performance placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each 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. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in distribution percentage. HFCXS received 4 stars for the three year period and 5 stars for the five and ten year periods ended 9/30/16 among 660, 574 and 425 Mid-Cap Growth Funds, respectively. Ratings for other share classes may differ. The Morningstar percentile ranking is based on the fund’s total-return percentile rank relative to all funds that have the same category for the same time period. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. Morningstar total return includes both income and capital gains or losses and is not adjusted for sales charges.