Q&A

[Comments and Opinions]

HENNESSY FUNDS

HENNESSY GAS UTILITY FUND (GASFX/HGASX)

Winsor "Skip" Aylesworth
Portfolio Manager

- Over three decades of investment industry experience
- Portfolio Manager of the Fund since 2001

Ryan Kelley, CFA
Portfolio Manager

- Over 20 years of investment industry experience

LIPPER AWARD

LIPPER FUND AWARDS UNITED STATES

2017 Best Utility Fund (GASFX)
For the risk-adjusted performance among 14 Utility Funds for the 10-year period ended 11/30/16.

OVERALL MORNINGSTAR RATING

as of 6/30/17

★★★★

(Investor)

Among 59 Utilities 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. GASFX received 2 stars for the three year period, 4 stars for the five year period and 5 stars for the 10 year period ended 6/30/17 among 59, 56 and 50 Utilities Funds, respectively.

FUND FACTS

Ticker/CUSIP	
Investor	GASFX/425 88P 833
Institutional	HGASX/425 88P 759
Total Fund Assets	$1.4 B
Number of Holdings	54
30-Day SEC Yield	2.57%
Beta (3 year vs. S&P 500)	0.57

Portfolio Managers Skip Aylesworth and Ryan Kelley believe the case for natural gas remains strong, due to an abundance of supply under U.S. political control, relatively low and competitive pricing, and increasing demand. In the following commentary, they discuss the demand drivers of natural gas and factors that could drive the Fund's results.

1. How might the new administration affect the natural gas industry?

While we view natural gas as a non-partisan issue, we do expect a far more favorable regulatory and legislative environment for Energy under the Trump administration. Although the future of the Environmental Protection Agency's Clean Power Plan to reduce carbon dioxide emissions remains unknown, natural gas use in electricity generation continues to be a key growth market due to its low cost and environmental advantages compared to coal.

Utilities are largely regulated at the state level, so we may not see significant regulatory changes there. However 40 states and Washington, DC have developed an accelerated infrastructure replacement program, and 38 states have a program or policy to facilitate expansion. These programs provide incentives for Utility companies to spend on capital improvement, which could be immediately accretive to earnings. These programs should also expand the base of natural gas customers.

Importantly, the U.S. is the world's top producer of natural gas, putting the country in a position to be energy self-sufficient and a net exporter of gas.

2. What is the current state of natural gas exportation?

The first liquefied natural gas, or LNG, export left the U.S. in February, 2016, and in the past year LNG shipments reached South America, Europe, Asia and the Middle East. The economics continue to be attractive for U.S.-sourced LNG, with lower prices in the U.S. compared to Europe and Asia. We anticipate significant export growth as additional capacity comes on line and new terminals open over the next few years.

Pipeline exports to Mexico have been growing as well, with volumes increasing 40% in 2016 compared to 2015. We expect this trend to continue as three large pipeline projects are underway to help increase overall capacity and compensate for Mexico's declining natural gas production.

Overall, LNG and pipeline exports have increased approximately 30% in 2016. Although exports make up only 7% of total gas production in the lower 48 states, exports are anticipated to continue growing and remain an important support for both production and prices.

3. How might rising interest rates affect the Fund's holdings?

Utilities tend to be a total return product, comprised in part of dividend yield, which is generally interest rate sensitive. However, for the Fund, capital appreciation from business growth and the outlook for natural gas distribution companies have driven performance. Historically there is no statistically significant correlation between interest rates and the Fund's performance. The underlying fundamentals of the holdings should continue to drive performance.

(Q&A continued on next page)

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HENNESSY GAS UTILITY FUND (GASFX/HGASX)

4. What factors drove the Fund's rebound in 2016 following only its seventh negative calendar year return since 1989?

We believe three trends helped boost the Fund's return and appear to remain in place to potentially drive 2017 performance:

1. **Robust merger and acquisition (M&A) activity.** M&A activity has been driven by the desire for growth among large utility companies, as they look to gain or expand their foothold in the natural gas infrastructure area. In 2016, there were nine announced or completed acquisitions out of the 61 companies in the portfolio, and we saw pre-transaction price premiums that added to the Fund's overall return.

2. **A rebound in interstate pipeline and LNG-related businesses as oil prices stabilized.** The Fund focuses on natural gas distribution businesses, including interstate pipeline companies. These pipeline companies are vulnerable to swings in the price of oil and were hurt when overall production was curtailed due to falling oil prices. As prices rebounded in 2016, prices for these midstream companies rose as well.

3. **Underlying earnings of the companies.** Unusually warm weather last summer drove higher levels of electricity generation for air conditioning, resulting in positive earnings growth for natural gas companies, favorably impacting stock prices.

FUND PERFORMANCE as of 6/30/17

		Average Annualized Total Return			
Hennessy Gas Utility Fund	1 Year	3 Year	5 Year	10 Year	Since Inception (5/10/89)
Investor Class - GASFX	4.13%	3.14%	11.07%	8.92%	9.88%
Institutional Class - HGASX[1]	4.25%	3.18%	11.10%	8.93%	9.88%
S&P 500 Index	17.90%	9.61%	14.63%	7.18%	9.98%
Morningstar Utilities Category	3.41%	4.51%	9.68%	5.20%	NA
Morningstar % Rank in Category*	30	64	24	1	–
# of funds in Morningstar Utilities Category	62	59	56	50	–
Gross Expense Ratio: 1.01% (Investor Class) / 0.64% (Institutional Class)					

[1]Represents the performance of the Institutional Class shares after March 1, 2017 (inception of the share class) and Investor Class shares prior to that date. *Based on total returns

Performance for periods prior to 10/26/12 is that of the FBR Gas Utility Fund. The predecessor Gas Utility 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 hennessyfunds.com.*

Important Disclosures

Opinions expressed are those of Skip Aylesworth and Ryan Kelley 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. To obtain a free prospectus, please call 800-966-4354 or visit 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. Investments in foreign securities may involve political, economic and currency risks, greater volatility and differences in accounting methods. Investments are focused in the natural gas distribution and transmission industry; sector funds may be subject to a higher degree of market risk. The Fund may experience higher fees due to investments in pooled investment vehicles (including ETFs).

Each Morningstar category average represents a universe of funds with similar objectives. S&P 500 Index is an unmanaged index commonly used to measure the performance of U.S. stocks. One cannot invest directly in an index. 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. Beta measures the volatility of the fund, as compared to that of the overall market. The Market's beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. Correlation is a statistical measure of the degree to which the movements of two variables (stock/option/convertible prices or returns) are related. Dividend yield is calculated by annualizing the last quarterly dividend paid and dividing it by the current share prices. The dividend yield is that of the securities held in the portfolio; it is not reflective of the yield distributed to shareholders.

Earnings growth is not representative of the Fund's future performance.

Morningstar Proprietary Ratings reflect risk-adjusted performance as of 6/30/2017. 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. **Past performance does not guarantee future results.**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.

A Lipper Fund Award is awarded to one fund in each Lipper classification for achieving the strongest trend of consistent risk-adjusted performance against its classification peers over a three, five or ten-year period. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Lipper Analytical Services, Inc. is an independent mutual fund research and rating service.

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