

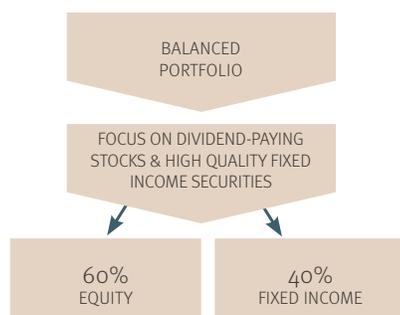


## HENNESSY FUNDS

# Hennessy Equity and Income Fund

As of December 31, 2017 | Investor Class: **HEIFX** | Institutional Class: **HEIIX**

### INVESTMENT STRATEGY



### PORTFOLIO MANAGEMENT TEAM

#### The London Company

Sub-Advisor, Equity Allocation

#### Financial Counselors, Inc.

Sub-Advisor, Fixed Income Allocation

### MORNINGSTAR RATING



Among 718 Allocation—50% to 70%  
Equity 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. HEIFX received 2 stars for the three year period, 3 stars for the five year period and 4 stars for the 10 year period ended 12/31/17 among 718, 670 and 477 Allocation—50% to 70% Equity Funds, respectively. Ratings for other share classes may differ.

### CONTACT US

#### Financial Professionals

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#### Shareholder Services

800-966-4354

fundinfo@hennessyfund.com

**HENNESSYFUNDS.COM**

*Investing, Uncompromised*

### OBJECTIVE AND OVERVIEW

The Fund seeks long-term capital growth and current income by investing in stocks, bonds and other fixed income securities designed to provide a balanced portfolio with broad market exposure and low volatility.

### PERFORMANCE AS OF 12/31/17

|   | Average Annual Total Return |        |        |        |        |       | Since Inception (6/3/97) |
|---|-----------------------------|--------|--------|--------|--------|-------|--------------------------|
|   | 3 MO                        | YTD    | 1 YR   | 3 YR   | 5 YR   | 10 YR |                          |
| <b>Hennessy Equity and Income Fund</b>          |                             |        |        |        |        |       |                          |
| Investor Class - HEIFX <sup>1</sup>             | 4.67%                       | 13.51% | 13.51% | 5.33%  | 8.39%  | 6.50% | 7.03%                    |
| Institutional Class - HEIIX                     | 4.76%                       | 13.88% | 13.88% | 5.73%  | 8.76%  | 6.81% | 7.23%                    |
| Blended Balanced Index <sup>2</sup>             | 3.87%                       | 13.59% | 13.59% | 7.60%  | 9.99%  | 6.70% | 6.83%                    |
| S&P 500 Index                                   | 6.64%                       | 21.83% | 21.83% | 11.41% | 15.79% | 8.50% | 7.76%                    |
| Morningstar % Rank in Category (Investor)*      | —                           | —      | 51%    | 76%    | 47%    | 23%   | —                        |
| # of funds in Allocation—50% to 70% Equity Cat. | —                           | —      | 810    | 718    | 670    | 477   | —                        |

Gross Expense Ratio: 1.48% (Investor Class) | 1.08% (Institutional Class)

\*Based on total returns

### CALENDAR YEAR TOTAL RETURNS

|                                     | 2008    | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|-------------------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| HEIFX                               | -20.91% | 18.43% | 11.34% | 10.61% | 8.82%  | 15.03% | 11.26% | -2.62% | 5.73%  | 13.51% |
| Blended Balanced Index <sup>2</sup> | -22.08% | 18.11% | 11.84% | 3.86%  | 11.16% | 18.10% | 9.43%  | 1.49%  | 8.06%  | 13.59% |
| S&P 500 Index                       | -37.00% | 26.46% | 15.06% | 2.11%  | 16.00% | 32.39% | 13.69% | 1.38%  | 11.96% | 21.83% |

### HYPOTHETICAL GROWTH OF \$10,000 (INVESTOR CLASS, SINCE INCEPTION - 12/31/17)



This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund on the Inception Date. Assumes reinvestment of dividends and capital gains. This Chart does not imply future performance.

<sup>1</sup>Represents the performance of the Investor Class shares after September 24, 2001 (inception of the share class) and Institutional Class for periods prior to that date.

<sup>2</sup>The Blended Balanced Index consists of 60% common stocks represented by the S&P 500 Index and 40% bonds represented by the Barclays Capital Intermediate U.S. Government/Credit Index.

Performance for periods prior to 10/26/12 is that of the FBR Balanced Fun. **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](http://hennessyfund.com).**

**FUND FACTS**

|   |                   |
|---|-------------------|
| <b>Ticker/CUSIP</b>                     |                   |
| Investor Class                          | HEIFX/425 88P 825 |
| Institutional Class                     | HEIIX/425 88P 817 |
| <b>Total Fund Assets</b>                | \$266.5 million   |
| <b>Number of Holdings (% of assets)</b> |                   |
| Equity                                  | 29 (59.2%)        |
| Fixed Income                            | 101 (35.7%)       |
| <b>Annual Total Expense Ratio</b>       |                   |
| Investor Class                          | 1.48%             |
| Institutional Class                     | 1.08%             |
| <b>Inception Dates</b>                  |                   |
| Investor Class                          | 9/24/01           |
| Institutional Class                     | 6/03/97           |

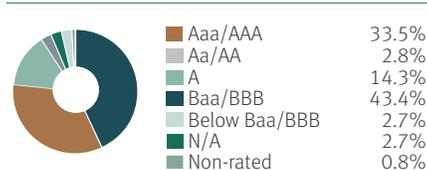
**PORTFOLIO CHARACTERISTICS**

|                                   |                |
|-----------------------------------|----------------|
| <b>Portfolio Turnover</b>         | 19%            |
| <b>Median Price/Earnings</b>      | 20.52x         |
| <b>Median Price/Book</b>          | 4.41x          |
| <b>Median Market Cap</b>          | \$83.2 billion |
| <b>Effective Duration (Years)</b> | 3.95 years     |
| <b>Effective Maturity (Years)</b> | 5.04 years     |

**YIELD INFORMATION**

|                         |           |
|-------------------------|-----------|
| <b>30-Day SEC Yield</b> |           |
| Investor Class          | 0.64%     |
| Institutional Class     | 1.04%     |
| <b>Dividends Paid</b>   | Quarterly |

**BOND QUALITY DISTRIBUTION**



**ABOUT HENNESSY**

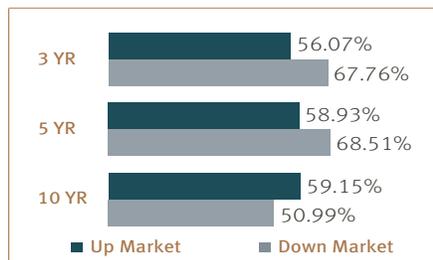
Hennessy Funds has a longstanding track record of proven performance and offers a broad range of mutual funds, with strategies that can play a role in nearly every investor's portfolio allocation.

Each of the Hennessy Funds employs a consistent and repeatable investment process, combining time-tested stock selection strategies with a highly disciplined, team-managed approach. Our goal is to provide products that investors can have confidence in, knowing their money is invested as promised, with their best interest in mind.

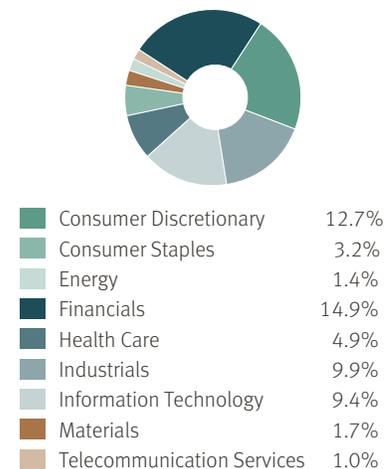
**TOP TEN EQUITY HOLDINGS**

|                                    |              |
|------------------------------------|--------------|
| Berkshire Hathaway, Inc. (Class B) | 4.4%         |
| Apple, Inc.                        | 3.1%         |
| Dollar Tree, Inc.                  | 3.1%         |
| Progressive Corp.                  | 2.9%         |
| Carnival Corp.                     | 2.8%         |
| Visa, Inc.                         | 2.6%         |
| BlackRock, Inc.                    | 2.5%         |
| Deere & Co.                        | 2.4%         |
| General Dynamics Corp.             | 2.4%         |
| Norfolk Southern Corp.             | 2.3%         |
| <b>Total as % of Net Assets</b>    | <b>28.5%</b> |

**CAPTURE RATIOS RELATIVE TO S&P 500 INDEX (INVESTOR CLASS)**



**EQUITY SECTOR WEIGHTING**



**RISK METRICS (INVESTOR CLASS)**

|  | 3 YR  | 5 YR  | 10 YR |
|--|-------|-------|-------|
| <b>Standard Deviation</b>                            |       |       |       |
| Equity and Income Fund                               | 6.35  | 6.05  | 8.82  |
| S&P 500 Index  | 10.07 | 9.49  | 15.08 |
| <b>Risk Statistics (relative to the S&amp;P 500)</b> |       |       |       |
| Beta   | 0.60  | 0.61  | 0.56  |
| Alpha  | -1.60 | -1.06 | 1.36  |

*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 [hennessyfund.com](http://hennessyfund.com). Please read the prospectus carefully before investing.*

Mutual fund investing involves risk; Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. The risk is greater for longer term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Mortgage- and asset-backed securities are subject to prepayment risk, which is the risk that the borrower will prepay some or all of the principal owed to the issuer. Investments in foreign securities may involve political, economic and currency risks, greater volatility and differences in accounting methods. 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. The Barclays Capital Intermediate U.S. Government/Credit Index is an unmanaged index commonly used to measure the performance of U.S. bonds. One cannot invest directly in an index. Fund holdings and sector weightings are subject to change and should not be considered a recommendation to buy or sell any security.

Morningstar Proprietary Ratings reflect risk-adjusted performance as of 12/31/17. 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. 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. The Morningstar Style Box reveals the Fund's investment style as of 12/31/17. The vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth). **Past performance is no guarantee of future results.**

Price/Earnings Ratio is the market price per share divided by earnings per share. Price/Book Ratio is the market price per share divided by book value. Standard deviation is a statistical measure of the historical volatility of a mutual fund or portfolio. 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. Alpha is an annualized return measure of how much better or worse a fund's performance is relative to an index of funds in the same category, after allowing for differences in risk. Market Capture Ratio are used to evaluate how well an investment performed relative to an index during periods when that index has risen or fallen. Credit Quality Bond Ratings typically range from AAA/Aaa (highest) to D (lowest). The credit ratings shown are based on each portfolio security's rating as generally provided by Moody's. If a Moody's rating is not available, then the rating is provided by Standard and Poor's ("S&P"), a Nationally Recognized Statistical Rating Organization ("NRSRO"). The credit quality of the investments in the Fund's portfolio does not apply to the stability or safety of the Fund. 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.