

# Frequently Asked Questions

## *Regarding the Reorganization of the Hennessy Large Value Fund into the Hennessy Cornerstone Value Fund*

### Why was this reorganization proposed?

The Board of Trustees of the Hennessy Large Value Fund and the Fund's investment advisor, Hennessy Advisors, Inc., believe this reorganization is in the best interests of the Hennessy Large Value Fund. The reorganization provides shareholders with a substantially similar investment opportunity at a lower expense ratio.

### When did the reorganization become effective?

The reorganization took place on February 28, 2017, based on valuations as of February 27, 2017.

### What fund am I invested in now that the reorganization has taken place?

Shareholders of Investor Class shares of the Hennessy Large Value Fund (HLVFX) received Investor Class shares of the Hennessy Cornerstone Value Fund, and shareholders of Institutional Class shares of the Hennessy Large Value Fund (HLVIX) received Institutional Class shares of the Hennessy Cornerstone Value Fund. Because the net asset values of the two funds were different, a conversion ratio was established that resulted in a different number of shares owned, however, the value of shareholders' accounts was unchanged.

INVESTOR: Hennessy Large Value Fund \$33.5172 → Hennessy Cornerstone Value Fund \$19.9769

INSTITUTIONAL: Hennessy Large Value Fund \$33.5523 → Hennessy Cornerstone Value Fund \$19.9812

Conversion ratio of 1.68 shares of Hennessy Cornerstone Value for each share of Hennessy Large Value

### Will fees and expenses change as a result of the reorganization?

Yes, it is expected that Hennessy Large Value Fund shareholders will see a reduction of 15 basis points for Investor Class shares and 33 basis points for Institutional Class shares once they are shareholders of the Hennessy Cornerstone Value Fund:

Hennessy Large Value Fund	1.37% (INV) 1.28% (INST)
Hennessy Cornerstone Value Fund	1.22% (INV) 0.95% (INST)

The expense ratio presented for the Hennessy Large Value Fund is from the Fund's most recent annual report. The expense ratio for the Hennessy Cornerstone Value Fund is the pro forma calculation of the combined Fund after the reorganization. A basis point is equal to 1/100th of 1%.

What is the ticker symbol and CUSIP number for the Hennessy Cornerstone Value Fund?

	<u>Ticker Symbol</u>	<u>CUSIP</u>
Hennessy Cornerstone Value Fund - Investor	HFCVX	425 888 203
Hennessy Cornerstone Value Fund - Institutional	HICVX	425 888 401

What are the tax implications resulting from the reorganization?

The reorganization has been structured with the intention that it qualify, for federal income tax purposes, as a tax-free reorganization under the Internal Revenue Code. Therefore, shareholders should not recognize any gain or loss on shares of the Hennessy Large Value Fund for federal income tax purposes as a result of the reorganization.

Did the Hennessy Large Value Fund make a distribution prior to the reorganization?

Yes, the Hennessy Large Value Fund distributed income and capital gains on February 23, 2017, to shareholders of record as of February 22, 2017, as follow:

	Ordinary Income	Long-Term Capital Gain	Short-Term Capital Gain
Per Investor Share	\$0.0323	\$0.1425	\$0.0318
Per Institutional Share	\$0.0392	\$0.1430	\$0.0319

How were shareholders notified of the reorganization?

A supplement to the Hennessy Large Value Fund's prospectus was filed on January 10, 2017, explaining the proposed reorganization of the Hennessy Large Value Fund into the Hennessy Cornerstone Value Fund. A prospectus was sent to Large Value shareholders in mid-February.

Did this reorganization require shareholders to vote?

No. In connection with this reorganization, we did not asking shareholders for a proxy and shareholders were requested not to send a proxy.

## How has the Hennessy Cornerstone Value Fund performed in comparison to the Hennessy Large Value Fund?

The Hennessy Cornerstone Value Fund has a proven track record of performance and has outperformed the Hennessy Large Value Fund in the one- and ten-year periods, and delivered roughly comparable performance in the three- and five-year periods.

### **AVERAGE ANNUAL TOTAL RETURNS - for the periods ended Dec. 31, 2016**

	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
Hennessy Cornerstone Value (Investor class - HFCVX)	17.25%	6.12%	11.08%	5.31%
Hennessy Large Value Fund (Investor class – HFLVX)	11.02%	6.34%	12.40%	4.61%
Hennessy Cornerstone Value (Investor class - HICVX)*	17.61%	6.30%	11.31%	5.53%
Hennessy Large Value Fund (Investor class – HLVIIX)*	11.15%	6.50%	12.69%	4.86%

\* The inception date of the Hennessy Cornerstone Value Fund's Institutional Class is March 3, 2008, and the inception date of the Hennessy Large Value Fund's Institutional Class is March 20, 2009. Performance shown prior to the inception of the Institutional Class shares reflects the performance of each Fund's Investor Class shares and includes expenses that are not applicable to and are higher than those of Institutional Class shares.

*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](http://hennessyfunds.com).*

## How is the Hennessy Cornerstone Value Fund managed?

The Hennessy Cornerstone Value employs a highly-disciplined and repeatable investment formula and invests in larger companies, those with market capitalization that exceeds the average of the Capital IQ Database (the "Database") historically dividend-paying companies. The Fund invests in both domestic and foreign companies.

The Fund selects the 50 common stocks with the highest dividend yield from the Database as of the date of purchase that also meet the following criteria:

- Market capitalization that exceeds the Database average.
- Number of shares outstanding that exceeds the Database average.
- Twelve-month sales that are 50% greater than the Database average.
- Cash flow that exceeds the Database average.

The universe of stocks is re-screened and the portfolio is rebalanced annually, generally in the winter.

## Who manages the Hennessy Cornerstone Value Fund?

The Hennessy Cornerstone Value Fund is co-managed by Neil Hennessy, President and Chief Investment Officer of the Hennessy Funds, and Brian Peery, Portfolio Manager.

Neil Hennessy is a seasoned portfolio manager with over three decades of financial industry experience. Neil began his career as a financial advisor, and in 1989 he opened his own broker/dealer firm. In 1996, Neil founded his own asset management firm and launched his first mutual fund. Neil has a successful history acquiring asset management companies and starting mutual funds, and today he oversees the entire family of Hennessy Funds.

Today, Neil serves as the Chief Executive Officer, President, and Chairman of the Board of Directors of Hennessy Advisors, Inc. He is also the President, Chief Investment Officer, Portfolio Manager, and Chairman of the Board of Trustees of Hennessy Funds Trust. Neil graduated from the University of San Diego and the Wharton School of Upper Management through the SIA.

Brian Peery has over two decades of experience in the financial services industry, having held institutional sales, trading, research and analyst positions. Brian began his financial career at a boutique investment research shop working as an equities analyst and went on to manage research and trading for a full service brokerage firm. Brian has been with Hennessy Funds since 2002, where he has served on the Investment and Research Committee and held roles as Director of Sales and Director of Research. Today Brian is a Portfolio Manager for the Hennessy Cornerstone series of funds as well as the Gas Utility and Technology Funds.

Brian holds a Bachelor's degree in Economics from the University of Richmond (VA).

## Who do I call if I have questions or would like more information?

Shareholders and Advisor Clients should call Hennessy Funds at 1-800-966-4353.

*In connection with the proposed reorganization and investing, shareholders should carefully consider the investment objectives, risks, charges and expenses of the Hennessy Large Value Fund and the Hennessy Cornerstone Value Fund. This and other important information can be found in the Funds' 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.*

Hennessy Funds Trust has filed a prospectus as part of a Registration Statement on Form N-14 with the Securities and Exchange Commission in connection with the proposed reorganization, which was sent to shareholders of the Hennessy Large Value Fund. **Shareholders are urged to read the prospectus because it contains important information about the proposed reorganization.** The prospectus, as well as other relevant documents (when available), may be obtained free of charge from the SEC's website at [www.sec.gov](http://www.sec.gov) or by calling 1-800-966-4354.

*The tax information provided is not exhaustive. Shareholders must consult their tax advisor for advice and information concerning their particular situation. The Hennessy Funds, including any of their representatives, may not give tax advice. Tax features of each fund may vary based on individual circumstances.*

The investment objective of the Hennessy Cornerstone Value Fund is total return, consisting of capital appreciation and current income. The investment objective of the Hennessy Large Value Fund is long-term growth of capital and current income.

Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

Market Capitalization is the market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share.

**Mutual fund investing involves risk. Principal loss is possible. The funds may invest in medium-capitalized companies, which may have limited liquidity and greater price volatility than large-capitalization companies. Investments in foreign securities involve greater volatility and political, economic and currency risk and differences in accounting methods. The Hennessy Cornerstone Value Fund's formula-based strategy may cause the Fund to buy or sell securities at times when it may not be advantageous.**

The Hennessy Funds are distributed by Quasar Distributors, LLC.

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