

HENNESSY ADVISORS INC  
Form 10-K  
December 04, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-K**

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Fiscal Year Ended September 30, 2013**

**or**

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number 000-49872**

**HENNESSY ADVISORS, INC.**

**(Exact name of registrant as specified in its charter)**

<b>California</b> <b>(State or other jurisdiction of incorporation or organization)</b>	<b>68-0176227</b> <b>(IRS Employer Identification No.)</b>
<b>7250 Redwood Blvd., Suite 200</b> <b>Novato, California</b> <b>(Address of principal executive office)</b>	<b>94945</b> <b>(Zip Code)</b>
<b>(415) 899-1555</b>	

**(Registrant's telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act: None.**

**Securities registered pursuant to Section 12(g) of the Act:**

**Common Stock, no par value**

**(Title of class)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act:

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of Common Stock held by non-affiliates (as affiliates are defined in Rule 12b-2 of the Exchange Act) of the Registrant, based on the closing price of \$7.70 on March 28, 2013, was \$26,702,946.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

As of December 2, 2013 there were 5,898,756 shares of Common Stock (no par value) issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Portions of the registrant's definitive proxy statement for its 2014 annual meeting of stockholders will be, when filed, incorporated by reference in Part III, Items 10, 11, 12, 13 and 14.

**Table of Contents**

HENNESSY ADVISORS, INC.

FORM 10-K

For the Fiscal Year Ended September 30, 2013

Table of Contents:

**PART I**

ITEM 1	<u>GENERAL</u>	3
	<u>HISTORICAL TIMELINE</u>	3
	<u>PRODUCT INFORMATION</u>	5
	<u>ASSETS UNDER MANAGEMENT, SOURCES OF REVENUES AND 12b-1 PLANS</u>	12
	<u>CUSTODIAL AND BROKERAGE ARRANGEMENTS</u>	18
	<u>LICENSE AGREEMENT</u>	18
	<u>BUSINESS STRATEGY</u>	18
	<u>COMPETITION</u>	20
	<u>REGULATION</u>	21
	<u>EMPLOYEES</u>	21
ITEM IA	<u>RISK FACTORS</u>	22
ITEM 1B	<u>UNRESOLVED STAFF COMMENTS</u>	29
ITEM 2	<u>DESCRIPTION OF PROPERTY</u>	29
ITEM 3	<u>LEGAL PROCEEDINGS</u>	29
ITEM 4	<u>MINE SAFETY DISCLOSURES</u>	29

**PART II**

ITEM 5	<u>MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	30
ITEM 6	<u>SELECTED FINANCIAL DATA</u>	31
ITEM 7	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	31
ITEM 7A	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	41
ITEM 8	<u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	42
ITEM 9	<u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	62
ITEM 9A	<u>CONTROLS AND PROCEDURES</u>	62
ITEM 9B	<u>OTHER INFORMATION</u>	63

**PART III**

ITEM 10	<u>DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE</u>	63
ITEM 11	<u>EXECUTIVE COMPENSATION</u>	63
ITEM 12	<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	64

ITEM 13	<u>CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	65
ITEM 14	<u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	65

PART IV

ITEM 15	<u>EXHIBITS AND FINANCIAL STATEMENT SCHEDULES</u>	65
	<u>SIGNATURES</u>	70

---

**Table of Contents**

PART I

**ITEM 1. BUSINESS**  
**GENERAL**

We are a publicly traded investment management firm whose primary business activity is managing, servicing and marketing our open-end mutual funds, the Hennessy Funds. We are committed to employing a consistent and repeatable investment process for the Hennessy Funds, combining time-tested stock selection strategies with a highly disciplined, team-managed approach, and to superior service to investors. 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. We were founded on these principles 25 years ago and the same principles guide us today.

We earn revenues primarily by providing investment advisory services to the Hennessy Funds and secondarily by providing shareholder services to some of the Hennessy Funds. The fees we receive for these services are calculated as a percentage of the average daily net asset values of the Hennessy Funds. Accordingly, our revenues increase or decrease as our average assets under management increases or decreases, respectively. Our average assets under management for the fiscal year ended September 30, 2013 were \$3.3 billion. As of the end of our fiscal year, our assets under management were \$4.034 billion, an increase of 976% from \$375 million as of the end of our first fiscal year as a public company, which was September 30, 2002. We pursue a growth strategy through two distinct efforts: organic growth through our marketing and sales efforts and growth through strategic purchases of management-related assets.

**HISTORICAL TIMELINE**

- 1989** In February, we were founded as a California corporation under our previous name, Edward J. Hennessy, Inc., and registered as a broker-dealer with the National Association of Securities Dealers (now known as the Financial Industry Regulatory Authority).
- 1996** In September, we launched our first mutual fund, the Hennessy Balanced Fund.
- 1998** In October, we launched our second mutual fund, the Hennessy Total Return Fund.
- 2000** In June, we successfully completed our first asset purchase by purchasing the assets related to the management of two funds previously managed by Netfolio, Inc. (formerly known as O Shaughnessy Capital Management, Inc.), named the O Shaughnessy Cornerstone Growth Fund and O Shaughnessy Cornerstone Value Fund, which are now called the Hennessy Cornerstone Growth Fund and the Hennessy Cornerstone Value Fund. The amount of the purchased assets as of the closing date totaled approximately \$197 million.
- 2002** In May, we successfully completed a self-underwritten initial public offering of our stock by raising \$5.7 million at a split adjusted price of \$2.97 (HNNA.OB) and changed our firm name to Hennessy Advisors, Inc. Our assets under management at the time of our initial public offering were \$358 million.
- 2003** In September, we purchased the assets related to the management of a fund previously managed by SYM Financial Corporation, named the SYM Select Growth Fund, and reorganized the assets of such fund into the Hennessy Cornerstone Mid Cap 30 Fund. The amount of the purchased assets as of the closing date was approximately \$35 million.

**2004** In March, we purchased the assets related to the management of five funds previously managed by Lindner Asset Management, Inc. and reorganized the assets of such funds into four of our existing Hennessy Funds. The amount of the purchased assets as of the closing date totaled approximately \$301 million.

**Table of Contents**

- 2005** In July, we purchased the assets related to the management of a fund previously managed by Landis Associates LLC, named The Henlopen Fund, and changed the fund name to the Hennessy Cornerstone Growth, Series II Fund. The amount of the purchased assets as of the closing date was approximately \$299 million.
- 2007** In November, we launched the Hennessy Micro Cap Growth Fund, LLC, a non-registered private pooled investment fund.
- 2009** In March, we purchased the assets related to the management of two funds previously managed by RBC Global Asset Management (U.S.) Inc., named the Tamarack Large Growth Fund and the Tamarack Value Fund, and reorganized the assets of such funds into the Hennessy Cornerstone Large Growth Fund and the Hennessy Large Value Fund, respectively. In conjunction with the completion of the transaction, RBC Global Asset Management (U.S.) Inc. became the sub-advisor to the Hennessy Large Value Fund. The amount of the purchased assets as of the closing date totaled approximately \$158 million.
- In September, we purchased the assets related to the management of two funds previously managed by SPARX Investment & Research, USA, Inc. and sub-advised by SPARX Asset Management Co., Ltd., named the SPARX Japan Fund and the SPARX Japan Smaller Companies Fund, which are now called the Hennessy Japan Fund and the Hennessy Japan Small Cap Fund, respectively. In conjunction with the completion of the transaction, SPARX Asset Management Co., Ltd. became the sub-advisor to the Hennessy Japan Fund and the Hennessy Japan Small Cap Fund. The amount of the purchased assets as of the closing date totaled approximately \$74 million.
- 2011** In October, we reorganized the assets of the Hennessy Cornerstone Growth, Series II Fund into the Hennessy Cornerstone Growth Fund.
- 2012** In October, we purchased the assets related to the management of ten funds previously managed by FBR Fund Advisers (the FBR Funds ). We reorganized the assets of three of such funds into our existing Hennessy Funds and changed the fund names of the other seven funds. In conjunction with the completion of the transaction, Broad Run Investment Management, LLC became the sub-advisor to the Hennessy Focus Fund, Financial Counselors, Inc. became the sub-advisor to the Hennessy Equity and Income Fund (fixed income sleeve) and the Hennessy Core Bond Fund, and The London Company of Virginia, LLC became the sub-advisor to the Hennessy Equity and Income Fund (equity sleeve). The amount of the purchased assets as of the closing date was approximately \$2.2 billion. Immediately following completion of the purchase, we managed 16 Hennessy Funds, our total assets under management were approximately \$3.1 billion and our total number of shareholders was approximately 180,000.
- In December, we closed the Hennessy Micro Cap Growth Fund, LLC.
- 2013** In September, we surpassed \$4 billion of assets under management.



**Table of Contents****PRODUCT INFORMATION***Investment Strategies of the Hennessy Funds*

We manage 16 mutual funds that have each been categorized as a Domestic Equity product, Balanced and Fixed Income product, or Sector and Specialty product, as shown below:

**The Hennessy Funds Family**

<b>Domestic Equity</b>	<b>Balanced and Fixed Income</b>	<b>Sector and Specialty</b>
Hennessy Cornerstone Growth Fund	Hennessy Equity and Income Fund	Hennessy Gas Utility Index Fund
Hennessy Focus Fund	Hennessy Balanced Fund	Hennessy Small Cap Financial Fund
Hennessy Cornerstone Mid Cap 30 Fund	Hennessy Core Bond Fund	Hennessy Large Cap Financial Fund
Hennessy Cornerstone Large Growth Fund		Hennessy Technology Fund
Hennessy Cornerstone Value Fund		Hennessy Japan Fund
Hennessy Large Value Fund		Hennessy Japan Small Cap Fund
Hennessy Total Return Fund		
<u>Domestic Equity Funds</u>		

Seven of the Hennessy Funds are categorized as a Domestic Equity product. Of those seven funds, five utilize a quantitative investment strategy and two are actively managed, but they all employ a highly disciplined, team-managed approach to investing. Following is a brief description of the objectives and investment strategies of the Hennessy Funds in the Domestic Equity product category.

**Hennessy Cornerstone Growth Fund** (investor class symbol HFCGX and institutional class symbol HICGX). The Hennessy Cornerstone Growth Fund seeks long-term growth of capital by investing in growth-oriented common stocks by utilizing a highly-disciplined purely quantitative formula. While it has historically selected small capitalization companies, the formula may also select mid and large cap companies. This fund screens a universe of stocks with a market capitalization of more than \$175 million, a price-to-sales ratio of less than 1.5, higher annual earnings than in the previous year and stock price appreciation, or positive relative strength, over the prior three- and six-month periods. The fund then invests in the 50 common stocks with the highest one-year price appreciation.

**Hennessy Focus Fund** (investor class symbol HFCSX and institutional class symbol HFCIX). The Hennessy Focus Fund seeks capital appreciation by employing a fundamental, bottom-up investment approach that concentrates the fund's holdings in companies most attractive to its portfolio managers. The Fund seeks high quality, growth-oriented companies with demonstrated strong competitive positions, predictable cash earnings growth, high return on invested capital, excellent management, and modest valuation. It maintains a concentrated portfolio of 20 to 30 stocks that are conviction-weighted with 60-80% of the fund's assets invested in the fund's top 10 holdings.

**Hennessy Cornerstone Mid Cap 30 Fund** (investor class symbol HFMDX and institutional class symbol HIMDX). The Hennessy Cornerstone Mid Cap 30 Fund seeks long-term growth of capital by investing in mid-capitalization, growth-oriented companies by utilizing a highly disciplined, purely quantitative formula. This fund screens a universe of stocks with a market capitalization of between \$1 to \$10 billion, excluding American Depository Receipts ( ADRs ), a price-to-sales ratio of less than 1.5, higher annual earnings than in the previous year and positive stock price appreciation, or positive relative strength, over the three- and six-month periods. The fund then invests in the 30 common stocks with the highest one-year price appreciation.

---

**Table of Contents**

**Hennessy Cornerstone Large Growth Fund** (investor class symbol HFLGX and institutional class symbol HILGX). The Hennessy Cornerstone Large Growth Fund seeks long-term growth of capital by investing in growth-oriented common stocks of larger companies by utilizing a highly disciplined, purely quantitative formula. This fund screens a universe of stocks with a market capitalization exceeding the average on the database, excluding ADRs, a price-to-cash flow ratio less than the median of the database (this value criterion helps to uncover relative bargains among large companies), and positive total capital. The fund then invests in the 50 common stocks with the highest one-year return on total capital.

**Hennessy Cornerstone Value Fund** (investor class symbol HFCVX and institutional class symbol HICVX). The Hennessy Cornerstone Value Fund seeks total return, consisting of capital appreciation and current income, by investing in larger, dividend-paying companies by utilizing a highly disciplined, purely quantitative formula. This fund screens a universe of stocks with a market capitalization that exceeds the average of the database, shares outstanding that exceeds the average of the database, cash flow that exceeds the average of the database, and 12-month sales that are 50% greater than the average of the database. The fund then invests in the 50 common stocks with the highest dividend yield, which is calculated as the annual dividends paid by a company divided by the per share price of its stock.

**Hennessy Large Value Fund** (investor class symbol HLVFX and institutional class symbol HLVIX). The Hennessy Large Value Fund seeks long-term growth of capital and current income by investing in common stock that are considered to be undervalued. Specifically, the fund invests in stocks that its portfolio managers consider to be undervalued based on earnings, dividends and/or assets or other widely recognized stock valuation measurements and that also have sound businesses with good future potential based on their fundamental characteristics.

**Hennessy Total Return Fund** (investor class symbol HDOGX). The Hennessy Total Return Fund seeks total return, consisting of capital appreciation and current income, by investing approximately 50% of its assets in the 10 highest dividend-yielding common stocks of the Dow Jones Industrial Average (commonly referred to as the Dogs of the Dow ) and the remaining 50% in U.S. Treasury securities with a maturity of less than one year. The fund then utilizes a borrowing strategy that allows the fund's performance to approximate what it would be if the fund had an asset allocation of roughly 75% Dogs of the Dow stocks and 25% U.S. Treasury securities.

**Balanced and Fixed Income Funds**

Three of the Hennessy Funds are categorized as a Balanced and Fixed Income product. Of those three funds, two utilize a quantitative investment strategy and one is actively managed. These funds follow a more conservative investment strategy focused on generating income and providing an alternative to mutual funds containing only equity stocks. Following is a brief description of the objectives and investment strategies of the Hennessy Funds in the Balanced and Fixed Income product category.

**Hennessy Equity and Income Fund** (investor class symbol HEIFX and institutional class symbol HEIIX). The Hennessy Equity and Income 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. Under normal circumstances, the fund invests approximately 60%

of its assets in equities, focusing on dividend-paying stocks, and approximately 40% of its assets in high-quality domestic corporate, agency and government bonds.

---

**Table of Contents**

**Hennessy Balanced Fund** (investor class symbol HBF BX). The Hennessy Balanced Fund seeks a combination of capital appreciation and current income by investing approximately 50% of its assets in the Dogs of the Dow stocks and approximately 50% of its assets in U.S. Treasury securities with a maturity of less than one year.

**Hennessy Core Bond Fund** (investor class symbol HCBFX and institutional class symbol HCBIX). The Hennessy Core Bond Fund seeks current income with capital growth as a secondary objective by investing in fixed income securities. The fund employs a core bond philosophy focusing on higher quality, intermediate term fixed income securities and is invested primarily in domestic investment grade corporate, agency and governmental bonds.

**Sector and Specialty Funds**

Six of the Hennessy Funds are categorized as a Sector and Specialty product. Of those six funds, one is designed as an index fund and the other five are actively managed, but they all focus on a niche sector of the stock market. Following is a brief description of the objectives and investment strategies of the Hennessy Funds in the Sector and Specialty product category.

**Hennessy Gas Utility Index Fund** (investor class symbol GASFX). The Hennessy Gas Utility Index Fund seeks income and capital appreciation by investing in the companies that deliver natural gas and are members of the American Gas Association (AGA). The fund owns all of the publicly-traded companies that comprise the AGA Stock Index, which is market cap weighted and adjusted for the percentage of natural gas assets on each company's balance sheet.

**Hennessy Small Cap Financial Fund** (investor class symbol HSFNX and institutional class symbol HISFX). The Hennessy Small Cap Financial Fund seeks capital appreciation by investing in small capitalization companies principally engaged in the business of providing financial services to consumers and industry. This fund invests in financial services companies with market capitalizations under \$3 billion that its portfolio managers believe demonstrate a high quality management team with a long-term view, a well-balanced and uncomplicated business model, a conservative lending culture with high quality liabilities, sustainable earnings growth opportunities, a low-cost operating structure, and attractive valuations relative to the industry.

**Hennessy Large Cap Financial Fund** (investor class symbol HLFNX). The Hennessy Large Cap Financial Fund seeks capital appreciation by investing in large capitalization companies principally engaged in the business of providing financial services to consumers and industry. This fund invests in financial services companies with market capitalizations over \$3 billion that its portfolio managers believe demonstrate a high quality management team with a long-term view, a well-balanced and uncomplicated business model, a conservative lending culture with high quality liabilities, sustainable earnings growth opportunities, a low-cost operating structure, and attractive valuations relative to the industry.

**Hennessy Technology Fund** (investor class symbol HTECX and institutional class symbol HTCIX). The Hennessy Technology Fund seeks capital appreciation by investing in companies principally engaged in the

research, design, development, manufacturing or distribution of products or services in the technology industry. This fund invests in technology companies that its portfolio manager believe demonstrate a market leading

**Table of Contents**

business model with competitive advantage, a history of growing revenue, profit and tangible book value, an efficient and conservative balance sheet, long-term revenue and earnings growth potential, and solid prospects for sustainable profitability.

**Hennessy Japan Fund** (investor class symbol HJPNX and institutional class symbol HJPIX). The Hennessy Japan Fund seeks long-term capital appreciation by investing in securities of Japanese companies regardless of market capitalization. This fund screens for companies that its portfolio managers believe have strong business and management, and are trading at an attractive price, to identify stocks with a value gap. While this fund is considered a diversified fund, it may employ a relatively focused investment strategy and may hold securities of fewer issuers than other diversified funds.

**Hennessy Japan Small Cap Fund** (investor class symbol HJPSX). The Hennessy Japan Small Cap Fund seeks long-term capital appreciation by investing in securities of smaller Japanese companies, defined as those with market capitalizations in the bottom 15% of all Japanese companies. This fund screens for small capitalization companies that its portfolio managers believe have strong businesses and management, and are trading at an attractive price, to identify stocks with a value gap. While the fund is considered a diversified fund, it may employ a relatively focused investment strategy and may hold securities of fewer issuers than other diversified funds.

*Historical Investment Performance of the Hennessy Funds*

The following table presents the average annualized returns for each of the Hennessy Funds and their relevant benchmark indices for the one-year, three-year, five-year, ten-year and since inception periods ended September 30, 2013.

Returns are presented net of all expenses borne by mutual fund shareholders, but are not net of fees waived or expenses borne by us. The past investment performance of the Hennessy Funds is no guarantee of future performance and all of the Hennessy Funds have experienced negative performance over various time periods in the past and may do so again in the future.

Hennessy Funds Performance as of September 30, 2013:

	One Year	Three Years	Five Years	Ten Years	Since Inception (11/01/96)
Hennessy Cornerstone Growth Fund*					
Institutional Class Share HICGX	22.47%	15.91%	6.36%	4.59%	9.04%
Investor Class Share HFCGX	22.09%	15.55%	6.01%	4.40%	8.93%
Russell 2000 Index (1)	30.06%	18.29%	11.15%	9.64%	8.46%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	7.23%

\* Performance information from the inception date of the fund through the date we began managing the fund (June 2000) is included because the previous investment manager managed the fund using the same strategy we still use today.

Edgar Filing: HENNESSY ADVISORS INC - Form 10-K

Hennessy Focus Fund	One Year	Three Years	Five Years	Ten Years	Since Inception (1/03/97)
Institutional Class Share HFCIX	32.40%	19.25%	16.44%	12.47%	14.01%
Investor Class Share HFCSX	32.02%	18.96%	16.06%	12.28%	13.89%
Russell 2000 Index (1)	30.06%	18.29%	11.15%	9.64%	8.12%
Russell Midcap Growth Index (1)	27.54%	17.65%	13.92%	10.16%	8.20%

8



**Table of Contents**

	One Year	Three Years	Five Years	Ten Years	Since Inception (9/17/03)
Hennessy Cornerstone Mid Cap 30 Fund					
Institutional Class Share HIMDX	20.90%	17.23%	12.45%	11.84%	11.29%
Investor Class Share HFMDX	20.39%	16.77%	12.02%	11.60%	11.05%
S&P Midcap 400 Index (1)	27.68%	17.45%	13.08%	10.84%	10.49%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	7.23%

	One Year	Three Years	Five Years	Ten Years	Since Inception (3/20/09)
Hennessy Cornerstone Large Growth Fund					
Institutional Class Share HILGX	21.75%	13.99%	N/A	N/A	22.57%
Investor Class Share HFLGX	21.49%	13.71%	N/A	N/A	22.22%
S&P 500 Index (1)	19.34%	16.27%	N/A	N/A	21.42%
Russell 1000 Index (1)	20.91%	16.64%	N/A	N/A	22.08%

	One Year	Three Years	Five Years	Ten Years	Since Inception (11/01/96)
Hennessy Cornerstone Value Fund*					
Institutional Class Share HICVX	17.26%	13.54%	12.05%	7.49%	6.52%
Investor Class Share HFCVX	16.97%	13.21%	11.71%	7.33%	6.42%
Russell 1000 Value Index (1)	22.30%	16.25%	8.86%	7.99%	8.09%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	7.23%

\* Performance information from the inception date of the fund through the date we began managing the fund (June 2000) is included because the previous investment manager managed the fund using the same strategy we still use today.

	One Year	Three Years	Five Years	Ten Years	Since Inception (9/30/84)
Hennessy Large Value Fund*					
Institutional Class Share HLVIK	20.08%	15.25%	7.93%	6.43%	9.96%
Investor Class Share HLVFX	19.58%	14.79%	7.54%	6.24%	9.89%
Russell 1000 Value Index (1)	22.30%	16.25%	8.86%	7.99%	11.31%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	10.95%

\* Performance information from the inception date of the fund through the date we began managing the fund (March 2009) is included because the previous investment manager has remained in a sub-advisor role and continues to adhere to the same investment strategies. Performance for the period from April 20, 2004 through March 20, 2009 reflects the performance of the Tamarack Value Fund, which was the predecessor to the Hennessy Large Value Fund, and performance for the period from September 30, 1984 through April 19, 2004 reflects the performance of the Babson Value Fund, which was the predecessor to the Tamarack Value Fund.

	One Year	Three Years	Five Years	Ten Years	Since Inception (7/29/98)
Hennessy Total Return Fund					
Investor Class Share HDOGX	8.97%	11.61%	7.64%	5.64%	4.20%

Edgar Filing: HENNESSY ADVISORS INC - Form 10-K

Dow Jones Industrial Average (1)	15.59%	14.94%	9.93%	7.74%	5.97%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	4.59%

	One Year	Three Years	Five Years	Ten Years	Since Inception (6/03/97)
Hennessy Equity and Income Fund					
Institutional Class Share HEIIX	10.72%	11.47%	8.66%	8.65%	7.02%
Investor Class Share HEIFX	10.45%	11.21%	8.40%	8.40%	6.86%
Blended Balanced Index (2)	11.10%	10.74%	8.40%	6.45%	6.25%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	6.22%

**Table of Contents**

	One Year	Three Years	Five Years	Ten Years	Since Inception (3/08/96)
Hennessy Balanced Fund					
Investor Class Share HBF BX	5.07%	7.36%	5.80%	3.95%	4.33%
Dow Jones Industrial Average (1)	15.59%	14.94%	9.93%	7.74%	8.37%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	7.68%

	One Year	Three Years	Five Years	Ten Years	Since Inception (6/03/97)
Hennessy Core Bond Fund					
Institutional Class Share HCBIX	-0.14%	3.41%	6.60%	5.61%	5.66%
Investor Class Share HCBFX	-0.33%	3.20%	6.34%	5.35%	5.48%
Barclays Capital Intermediate U.S. Government/Credit Index (3)	-0.50%	2.42%	4.95%	4.10%	5.40%

	One Year	Three Years	Five Years	Ten Years	Since Inception (5/10/89)
Hennessy Gas Utility Index Fund					
Investor Class Share GASFX	17.04%	18.87%	13.08%	12.63%	10.00%
AGA Stock Index (4)	17.82%	18.25%	12.27%	11.79%	8.31%
S&P 500 Index (1)	19.34%	16.27%	10.02%	7.57%	9.59%