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

FORM 10-K

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

For the Fiscal Year Ended September 30, 2021

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 001-36423

HENNESSY ADVISORS, INC.
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	**68-0176227** (IRS Employer Identification No.)
7250 Redwood Blvd., Suite 200 **Novato, California** (Address of principal executive office)	**94945** (Zip code)

(415) 899-1555
(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, no par value	**HNNA**	**The Nasdaq Stock Market LLC**
4.875% Notes due 2026	**HNNAZ**	**The Nasdaq Stock Market LLC**

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

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

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 $8.61 on March 31, 2021, was $37,402,167.

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

As of November 19, 2021, there were 7,357,201 shares of Common Stock (no par value) issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for its 2022 annual meeting of stockholders will be, when filed, incorporated by reference in Part III, Items 10, 11, 12, 13, and 14.

HENNESSY ADVISORS, INC.

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PART I

ITEM 1. BUSINESS

GENERAL

Hennessy Advisors, Inc. (the "Company," "we," "us," or "our") is a publicly traded investment management firm whose primary business activity is managing, servicing, and marketing a family of open-end mutual funds branded as the Hennessy Funds. We are committed to providing superior service to investors and employing a consistent and disciplined approach to investing based on a buy-and-hold philosophy that rejects the idea of market timing. Our goal is to provide products that investors can have confidence in, knowing their money is invested as promised and with their best interests in mind. Our firm was founded on these principles over 30 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 shareholders of the Hennessy Funds. Investment advisory services include managing the composition of each fund's portfolio (including the purchase, retention, and disposition of portfolio securities in accordance with each fund's investment objectives, policies, and restrictions), monitoring each fund's compliance with its investment restrictions and federal securities laws, monitoring the liquidity of each fund, reviewing each fund's investment performance, overseeing the selection and continued employment of sub-advisors and monitoring such sub-advisors' adherence to the fund's investment objectives, policies, and restrictions, monitoring and overseeing other service providers, maintaining in-house marketing and distribution departments, preparing and distributing regulatory reports, and monitoring and overseeing distribution through third-party financial intermediaries. Shareholder services include maintaining a toll-free number that the current investors in the Hennessy Funds may call to ask questions about their accounts or the funds or to get help with processing exchange and redemption requests or changing account options. The fees we receive for investment advisory and shareholder services are calculated as a percentage of the average daily net asset values of the Hennessy Funds. Accordingly, our total revenue increases or decreases as our average assets under management rises or falls. The percentage amount of the investment advisory fees varies from fund to fund, but the percentage amount of the shareholder service fees is consistent across all funds.

We have delegated the day-to-day portfolio management responsibilities to sub-advisors, subject to our oversight, for some of the Hennessy Funds. In exchange for these sub-advisory services, we pay each sub-advisor a fee out of our own assets, which is calculated as a percentage of the average daily net asset values of the sub-advised funds. Accordingly, the sub-advisory fees we pay increase or decrease as our average assets under management in our sub-advised funds increases or decreases, respectively.

Our average assets under management for fiscal year 2021 was $4.0 billion, and our total assets under management as of the end of fiscal year 2021 was $4.1 billion. Although our total AUM has fluctuated up and down throughout our history, it was 984% higher as of the end of fiscal year 2021 than our total AUM of $375 million as of the end of fiscal year 2002, which was our first fiscal year as a public company.

Our business strategy centers on (i) organic growth through our marketing, sales, and distribution efforts and (ii) growth through strategic purchases of management-related assets.

HISTORICAL CALENDAR YEAR 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 Financial Industry Regulatory Authority.

1996 In March, 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. (“Netfolio”) and changed the fund names to 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 an offering price of $1.98 (HNNA.OB) and changed our firm name to Hennessy Advisors, Inc. Our total assets under management at the time of our initial public offering was approximately $358 million.

2003 In September, we purchased the assets related to the management of a fund previously managed by SYM Financial Corporation and reorganized the assets of such fund into the newly created 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.

2005 In July, we purchased the assets related to the management of a fund previously managed by Landis Associates LLC 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. and reorganized the assets of such funds into the newly created Hennessy Cornerstone Large Growth Fund and the Hennessy Large Value Fund. 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. and changed the fund names to the Hennessy Japan Fund and the Hennessy Japan Small Cap Fund. In conjunction with the completion of the transaction, SPARX Asset Management Co., Ltd. became the sub-advisor to both funds. 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 10 funds previously managed by FBR Fund Advisers (the “FBR Funds”). We reorganized the assets of three of the FBR Funds into existing Hennessy Funds and reorganized the assets of the seven other FBR Funds into newly created series of the Hennessy Funds. In conjunction with the completion of the transaction, Broad Run Investment Management, LLC became the sub-advisor to the Hennessy Focus Fund, FCI Advisors became the sub-advisor to the Hennessy Equity and Income Fund (fixed income allocation) 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 allocation). The amount of the purchased assets as of the closing date was approximately $2.2 billion.

In December, we closed the Hennessy Micro Cap Growth Fund, LLC.

2014 In April, our common stock began trading on The Nasdaq Capital Market.

2015 In September, we completed a self-tender offer, under which we repurchased 1,500,000 shares of our common stock at $16.67 per share.

In June, we launched Institutional Class shares for the Hennessy Japan Small Cap Fund and the Hennessy Large Cap Financial Fund.

2016 In September, we purchased the assets related to the management of two funds previously managed by Westport Advisers, LLC and reorganized the assets of such funds into the Hennessy Cornerstone Mid Cap 30 Fund. The amount of the purchased assets as of the closing date totaled approximately $435 million.

2017 In February, we liquidated the Hennessy Core Bond Fund and reorganized the Hennessy Large Value Fund into the Hennessy Cornerstone Value Fund. Additionally, for the Hennessy Technology Fund, we implemented changes to the investment strategy and the portfolio management team.

In March, we launched Institutional Class shares for the Hennessy Gas Utility Fund.

In December, we purchased the assets related to the management of two funds previously managed by Rainier Investment Management, LLC ("Rainier") and reorganized the assets of such funds into the Hennessy Cornerstone Large Growth Fund and the Hennessy Cornerstone Mid Cap 30 Fund. The amount of the purchased assets as of the closing date totaled approximately $122 million.

2018 In January, we purchased the assets related to the management of a third fund previously managed by Rainier 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 totaled approximately $253 million.

In October, we purchased the assets related to the management of the two funds previously managed by BP Capital Fund Services, LLC and reorganized the assets of such funds into the newly created Hennessy BP Energy Transition Fund and the Hennessy BP Midstream Fund. In connection with the transaction, BP Capital Fund Services, LLC became the sub-adviser to both funds. The amount of the purchased assets as of the closing date totaled approximately $200 million.

2019 During the year, we repurchased an aggregate of 560,734 shares of our common stock pursuant to our stock buyback program.

2020 In the first three months of the year, we repurchased an aggregate of 206,109 shares of our common stock pursuant to our stock buyback program.

2021 In October, we transferred listing of our common stock from The Nasdaq Capital Market to The Nasdaq Global Market. Also in October, the Company completed a public offering of 4.875% notes due 2026 (the "2026 Notes") in the aggregate principal amount of $40,250,000, which included the full exercise of the underwriters' overallotment option.

PRODUCT INFORMATION

Investment Strategies of the Hennessy Funds

We manage 16 mutual funds, each of which is categorized as a Domestic Equity, Multi-Asset, or Sector and Specialty product. Shares of the funds generally are available for purchase only by U.S. residents and, in certain circumstances, U.S. citizens living abroad.

The Hennessy Funds Family

Domestic Equity	**Multi-Asset**	**Sector and Specialty**
Hennessy Cornerstone Growth Fund	Hennessy Total Return Fund	Hennessy BP Energy Transition Fund
Hennessy Focus Fund	Hennessy Equity and Income Fund	Hennessy BP Midstream Fund
Hennessy Cornerstone Mid Cap 30 Fund	Hennessy Balanced Fund	Hennessy Gas Utility Fund
Hennessy Cornerstone Large Growth Fund		Hennessy Japan Fund
Hennessy Cornerstone Value Fund		Hennessy Japan Small Cap Fund
		Hennessy Large Cap Financial Fund
		Hennessy Small Cap Financial Fund
		Hennessy Technology Fund

Domestic Equity Funds

Five of the Hennessy Funds are categorized as Domestic Equity products. Of those five funds, four utilize a quantitative investment strategy and one is actively managed, and they all employ consistent and disciplined approaches to investing. Following is a brief description of the investment objectives and principal investment strategies of the Hennessy Funds in the Domestic Equity product category:

- **Hennessy Cornerstone Growth Fund** (Investor Class symbol HFCGX; Institutional Class symbol HICGX). The Hennessy Cornerstone Growth Fund seeks long-term growth of capital by investing in growth-oriented common stocks using a quantitative formula. From the investable common stocks of public companies in the S&P Capital IQ Database with market capitalizations exceeding $175 million, this fund invests in the 50 common stocks with the highest one-year price appreciation that also have price-to-sales ratios below 1.5, higher annual earnings than in the previous year, and positive stock price appreciation over the prior three-month and six-month periods.
- **Hennessy Focus Fund** (Investor Class symbol HFCSX; Institutional Class symbol HFCIX). The Hennessy Focus Fund seeks capital appreciation by focusing on approximately 20 companies whose valuations in the market are modest, that earn higher than average economic returns, that are well managed, and that have ample opportunity to reinvest excess profits at above-average rates. This fund's holdings are conviction-weighted.
- **Hennessy Cornerstone Mid Cap 30 Fund** (Investor Class symbol HFMDX; Institutional Class symbol HIMDX). The Hennessy Cornerstone Mid Cap 30 Fund seeks long-term growth of capital by investing in mid-cap growth-oriented common stocks using a quantitative formula. From the investable common stocks of public companies in the S&P Capital IQ Database with market capitalizations between $1 billion and $10 billion, this fund invests in the 30 common stocks with the highest one-year price appreciation that also have price-to-sales ratios below 1.5, higher annual earnings than in the previous year, and positive stock price appreciation over the prior three-month and six-month periods.

- **Hennessy Cornerstone Large Growth Fund** (Investor Class symbol HFLGX; 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 using a quantitative formula. From the investable common stocks of public companies in the S&P Capital IQ Database, this fund invests in the 50 stocks that meet the following criteria, in the specified order: (1) above-average market capitalization; (2) a price-to-cash-flow ratio less than the median of the remaining securities; (3) positive total capital; and (4) the highest one-year return on total capital.
- **Hennessy Cornerstone Value Fund** (Investor Class symbol HFCVX; 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 common stocks using a quantitative formula. From the investable common stocks of public companies in the S&P Capital IQ Database, this fund invests in the 50 stocks with the highest dividend yield that also have above-average market capitalizations, above-average number of shares outstanding, 12-month sales that are 50% greater than the average, and above-average cash flows.

Multi-Asset Funds

Three of the Hennessy Funds are categorized as Multi-Asset products. 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 investment objectives and principal investment strategies of the Hennessy Funds in the Multi-Asset product category:

- **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 (known as the “Dogs of the Dow”) in roughly equal dollar amounts and the remaining 50% of its assets in U.S. Treasury securities with a maturity of less than one year. This 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.
- **Hennessy Equity and Income Fund** (Investor Class symbol HEIFX; Institutional Class symbol HEIIX). The Hennessy Equity and Income Fund seeks income and long-term capital appreciation with reduced volatility of returns by investing up to 70% of its assets in common stock, preferred stock, and convertible securities and its remaining assets in high-quality corporate, agency, and government bonds.
- **Hennessy Balanced Fund** (Investor Class symbol HBFBX). The Hennessy Balanced Fund seeks a combination of capital appreciation and current income by investing approximately 50% of its assets in roughly equal dollar amounts in the Dogs of the Dow stocks but limits exposure to market risk and volatility by investing approximately 50% of its assets in U.S. Treasury securities with a maturity of less than one year.

Sector and Specialty Funds

Eight of the Hennessy Funds are categorized as Sector and Specialty products. Of those eight funds, one is designed as an index fund and the other seven are actively managed, and each focuses on a niche sector of the stock market. Following is a brief description of the investment objectives and principal investment strategies of the Hennessy Funds in the Sector and Specialty product category:

- **Hennessy BP Energy Transition Fund** (Investor Class symbol HNRGX; Institutional Class symbol HNRIX). The Hennessy BP Energy Transition Fund seeks total return by investing in companies operating in the United States in a capacity related to the supply, transportation, production, transmission, or demand of energy, also known as the energy value chain. The portfolio managers use a proprietary research and investment process that involves fundamental and quantitative analysis of various macroeconomic and commodity price and other factors to select this fund’s investments and determine the weighting of each investment.

- **Hennessy BP Midstream Fund** (Investor Class symbol HMSFX; Institutional Class symbol HMSIX). The Hennessy BP Midstream Fund seeks capital appreciation through distribution growth and current income by investing in midstream energy infrastructure companies, including master limited partnerships, that own and operate assets used in the transporting, storing, gathering, processing, distributing, or marketing of natural gas, natural gas liquids, crude oil, refined products, coal, or electricity or that provide energy-related equipment and services. The portfolio managers combine a top-down deductive reasoning approach with a detailed bottom-up analysis of individual companies.
- **Hennessy Gas Utility Fund** (Investor Class symbol GASFX; Institutional Class symbol HGASX). The Hennessy Gas Utility Fund seeks income and capital appreciation by investing in companies that are members of the American Gas Association ("AGA") in approximately the same percentage as the percentage weighting of such company in the AGA Stock Index. The AGA Stock Index is a capitalization-weighted index that consists of publicly traded member companies of the AGA whose securities are traded on a U.S. stock exchange. The index is adjusted monthly for the percentage of natural gas assets on each company's balance sheet.
- **Hennessy Japan Fund** (Investor Class symbol HJPNX; Institutional Class symbol HJPIX). The Hennessy Japan Fund seeks long-term capital appreciation by investing in equity securities of Japanese companies. Using in-depth analysis and on-site research, the portfolio managers focus on stocks with a potential "value gap" by screening for companies that they believe have strong businesses and management and are trading at attractive prices. The portfolio managers limit the portfolio to what they consider to be their best ideas and maintain a concentrated number of holdings.
- **Hennessy Japan Small Cap Fund** (Investor Class symbol HJPSX; Institutional Class symbol HJSIX). The Hennessy Japan Small Cap Fund seeks long-term capital appreciation by investing in equity securities of smaller Japanese companies, typically considered to be companies with market capitalizations in the bottom 20% of all publicly traded Japanese companies. Using in-depth analysis and on-site research, the portfolio managers focus on stocks with a potential "value gap" by screening for small-cap companies that the portfolio managers believe have strong businesses and management and are trading at attractive prices. The portfolio managers limit the portfolio to what they consider to be their best ideas and is unconstrained by its benchmarks.
- **Hennessy Large Cap Financial Fund** (Investor Class symbol HLFNX; Institutional Class symbol HILFX). The Hennessy Large Cap Financial Fund seeks capital appreciation by investing in securities of large-cap companies principally engaged in the business of providing financial services, including information technology companies that are primarily engaged in providing products or services to financial services companies.
- **Hennessy Small Cap Financial Fund** (Investor Class symbol HSFNX; Institutional Class symbol HISFX). The Hennessy Small Cap Financial Fund seeks capital appreciation by investing in securities of small-cap companies principally engaged in the business of providing financial services.
- **Hennessy Technology Fund** (Investor Class symbol HTECX; Institutional Class symbol HTCIX). The Hennessy Technology Fund seeks long-term capital appreciation by investing in securities of companies principally engaged in the research, design, development, manufacturing, or distributing of products or services in the technology industry. From the investable common stocks of public companies in the S&P Capital IQ Database with market capitalizations exceeding $175 million, this fund invests in approximately 60 stocks (weighted equally by dollar amount) that the portfolio managers believe demonstrate sector-leading cash flows and profits, a history of delivering returns in excess of cost of capital, attractive relative valuations, ability to generate cash, attractive balance sheet risk profiles, and prospects for sustainable profitability.

Historical Investment Performance of the Hennessy Funds

The following table presents the average annualized returns for each Hennessy Fund and its relevant benchmark indices for the one-year, three-year, five-year, and ten-year (or since inception for Hennessy Funds that commenced operations less than ten years ago) periods ended September 30, 2021.

Returns are presented net of all expenses borne by mutual fund shareholders, but not net of fees waived or expenses borne by the Company. The past investment performance of the Hennessy Funds is not a guarantee of future performance, and all of the Hennessy Funds have experienced negative performance over various periods in the past and may do so again in the future.

Hennessy Cornerstone Growth Fund	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HICGX	44.24%	8.74%	10.11%	14.63%
Investor Class Share—HFCGX	43.72%	8.37%	9.74%	14.28%
Russell 2000® Index (1)	47.68%	10.54%	13.45%	14.63%
S&P 500® Index (2)	30.01%	15.99%	16.90%	16.63%

Hennessy Focus Fund*	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HFCIX	36.07%	15.24%	14.23%	15.95%
Investor Class Share—HFCSX	35.56%	14.82%	13.81%	15.55%
Russell 3000® Index (3)	31.88%	16.00%	16.85%	16.60%
Russell Midcap® Growth Index (4)	30.45%	19.14%	19.27%	17.54%

Hennessy Cornerstone Mid Cap 30 Fund	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HIMDX	39.83%	11.88%	10.48%	13.10%
Investor Class Share—HFMDX	39.34%	11.50%	10.09%	12.72%
Russell Midcap® Index (5)	38.11%	14.22%	14.39%	15.52%
S&P 500® Index (2)	30.01%	15.99%	16.90%	16.63%

Hennessy Cornerstone Large Growth Fund	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HILGX	35.39%	12.96%	13.84%	13.79%
Investor Class Share—HFLGX	35.07%	12.63%	13.51%	13.51%
Russell 1000® Index (6)	30.96%	16.43%	17.11%	16.76%
S&P 500® Index (2)	30.01%	15.99%	16.90%	16.63%

Hennessy Cornerstone Value Fund	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HICVX	38.32%	5.75%	9.14%	10.72%
Investor Class Share—HFCVX	38.02%	5.55%	8.91%	10.49%
Russell 1000® Value Index (7)	35.01%	10.07%	10.94%	13.51%
S&P 500® Index (2)	30.01%	15.99%	16.90%	16.63%

Hennessy Total Return Fund	One Year	Three Years	Five Years	Ten Years
Investor Class Share—HDOGX	15.99%	3.40%	5.46%	7.89%
75/25 Blended DJIA/Treasury Index (8)	17.92%	8.83%	12.14%	11.23%
Dow Jones Industrial Average (9)	24.15%	11.00%	15.68%	14.72%

Hennessy Equity and Income Fund*	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HEIIX	15.39%	8.38%	9.24%	9.09%
Investor Class Share—HEIFX	14.99%	7.97%	8.83%	8.72%
70/30 Blended Balanced Index (10)	20.29%	12.88%	12.70%	12.44%
60/40 Blended Balanced Index (11)	17.16%	11.79%	11.28%	11.03%
S&P 500® Index (2)	30.01%	15.99%	16.90%	16.63%

Hennessy Balanced Fund	One Year	Three Years	Five Years	Ten Years
Investor Class Share—HBFBX	11.67%	2.96%	4.31%	5.21%
50/50 Blended DJIA/Treasury Index (12)	11.87%	6.84%	8.71%	7.85%
Dow Jones Industrial Average (9)	24.15%	11.00%	15.68%	14.72%

Hennessy BP Energy Transition Fund*	One Year	Three Years	Five Years	Since Inception (12/31/13)
Institutional Class Share— HNRIX	104.63%	-7.22%	-2.39%	-1.52%
Investor Class Share—HNRGX	103.85%	-7.50%	-2.66%	-1.77%
S&P 500® Energy Index (13)	82.99%	-6.80%	-1.57%	-2.87%
S&P 500® Index (2)	30.01%	15.99%	16.90%	13.75%

Hennessy BP Midstream Fund*	One Year	Three Years	Five Years	Since Inception (12/31/13)
Institutional Class Share— HMSIX**	74.04%	-4.91%	-4.54%	-3.21%
Investor Class Share—HMSFX	73.63%	-5.12%	-4.77%	-3.45%
Alerian Midstream Index (14)	86.20%	1.14%	1.30%	0.19%
S&P 500® Index (2)	30.01%	15.99%	16.90%	13.75%

Hennessy Gas Utility Fund*	One Year	Three Years	Five Years	Ten Years
Institutional Class Share— HGASX**	17.34%	4.83%	4.36%	8.94%
Investor Class Share—GASFX	16.99%	4.51%	4.05%	8.77%
AGA Stock Index (15)	18.20%	5.63%	5.26%	9.81%
S&P 500® Index (2)	30.01%	15.99%	16.90%	16.63%

Hennessy Japan Fund	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HJPIX	15.12%	9.55%	12.66%	13.40%
Investor Class Share—HJPNX	14.67%	9.11%	12.20%	13.03%
Russell/Nomura Total Market™ Index (16)	20.74%	7.00%	9.33%	8.64%
Tokyo Stock Price Index (TOPIX) (17)	20.61%	6.87%	9.28%	8.63%

Hennessy Japan Small Cap Fund	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HJSIX**	17.15%	5.97%	12.54%	13.57%
Investor Class Share—HJPSX	16.62%	5.53%	12.11%	13.32%
Russell/Nomura Small Cap™ Index (18)	12.41%	2.73%	7.44%	8.48%
Tokyo Stock Price Index (TOPIX) (17)	20.61%	6.87%	9.28%	8.63%

Hennessy Large Cap Financial Fund*	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HILFX**	41.42%	14.90%	18.59%	16.03%
Investor Class Share—HLFNX	40.85%	14.50%	18.17%	15.76%
Russell 1000® Index Financials (19)	58.32%	17.30%	18.25%	18.11%
Russell 1000® Index (6)	30.96%	16.43%	17.11%	16.76%

Hennessy Small Cap Financial Fund*	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HISFX	116.14%	12.67%	12.53%	14.76%
Investor Class Share—HSFNX	115.09%	12.28%	12.11%	14.38%
Russell 2000® Index Financials (20)	65.84%	7.98%	10.49%	14.12%
Russell 2000® Index (1)	47.68%	10.54%	13.45%	14.63%

Hennessy Technology Fund*	One Year	Three Years	Five Years	Ten Years
Institutional Class Share—HTCIX**	39.10%	19.49%	18.39%	14.98%
Investor Class Share—HTECX	38.71%	19.18%	18.08%	14.66%
NASDAQ Composite Index (21)	30.26%	22.67%	23.37%	20.96%
S&P 500® Index (2)	30.01%	15.99%	16.90%	16.63%

* Performance information from prior to the date that we acquired the assets related to the management of the fund is included because the previous investment manager managed the fund using a similar investment strategy.

** Performance shown for periods prior to the inception of Institutional Class shares represents the performance of Investor Class shares of the fund and includes expenses that are not applicable to, and are higher than, those of Institutional Class shares.

(1) The Russell 2000® Index comprises the smallest 2,000 companies in the Russell 3000® Index based on market capitalization, representing approximately 8% of the Russell 3000® Index in terms of total market capitalization.

(2) The S&P 500® Index is a capitalization-weighted index that is designed to represent the broad domestic economy through changes in the aggregate market value of 500 stocks across all major industries.

(3) The Russell 3000® Index comprises the 3,000 largest U.S. companies based on market capitalization, representing approximately 98% of the investable U.S. equities market.

(4) The Russell Midcap® Growth Index comprises approximately 65% of the total market value of the Russell Midcap® Index and includes companies with higher price-to-book ratios and higher forecasted growth values.

(5) The Russell Midcap® Index comprises approximately 800 of the smallest securities of the Russell 1000® Index based on a combination of market capitalization and current index membership.

(6) The Russell 1000® Index comprises the 1,000 largest companies in the Russell 3000® Index based on market capitalization.

(7) The Russell 1000® Value Index comprises those Russell 1000® companies with lower price-to-book ratios and lower forecasted growth value.

(8) The 75/25 Blended DJIA/Treasury Index consists of 75% common stocks represented by the Dow Jones Industrial Average and 25% short-duration Treasury securities represented by the ICE BofAML U.S. 3-Month Treasury Bill Index, which comprises U.S. Treasury securities maturing in three months.

(9) The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the NYSE or The Nasdaq Stock Market LLC.

(10) The 70/30 Blended Balanced Index consists of 70% common stocks represented by the S&P 500® Index and 30% bonds represented by the Bloomberg Intermediate U.S. Government/Credit Index, which measures the performance of U.S. dollar-denominated Treasury securities and government-related and investment-grade corporate securities that have $250 million or more of outstanding face value, are fixed rate and non-convertible, and have remaining maturities of greater than or equal to one year and less than 10 years.

(11) The 60/40 Blended Balanced Index consists of 60% common stocks represented by the S&P 500® Index and 40% bonds represented by the Bloomberg Intermediate U.S. Government/Credit Index, which measures the performance of U.S. dollar-denominated Treasury securities and government-related and investment-grade corporate securities that have $250 million or more of outstanding face value, are fixed rate and non-convertible, and have remaining maturities of greater than or equal to one year and less than 10 years.

(12) The 50/50 Blended DJIA/Treasury Index consists of 50% common stocks represented by the Dow Jones Industrial Average and 50% short-duration Treasury securities represented by the ICE BofAML 1-Year U.S. Treasury Note Index, which comprises U.S. Treasury securities maturing in approximately one year.

(13) The S&P 500® Energy Index comprises those companies included in the S&P 500® that are classified in the Energy sector.

(14) The Alerian US Midstream Energy Index comprises companies that earn a majority of their cash flow from midstream activities involving energy commodities.

(15) The AGA Stock Index is a capitalization-weighted index consisting of members of the American Gas Association whose securities are traded on a U.S. stock exchange.

(16) The Russell/Nomura Total Market™ Index contains the top 98% of all stocks listed on Japan's stock exchanges and registered on Japan's over-the-counter market based on market capitalization.

(17) The Tokyo Stock Price Index (TOPIX) is a capitalization-weighted index of all of the companies listed on the First Section of the Tokyo Stock Exchange.

(18) The Russell/Nomura Small Cap™ Index contains the bottom 15% of the Russell/Nomura Total Market™ Index based on market capitalization.

(19) The Russell 1000® Index Financials is a subset of the Russell 1000® Index that measures the performance of the securities classified in the Financials sector of the large-cap U.S. equity market.

(20) The Russell 2000® Index Financials is a subset of the Russell 2000® Index that measures the performance of the securities classified in the Financials sector of the small-cap U.S. equity market.

(21) The NASDAQ Composite Index is a broad-based capitalization-weighted index of all common stocks listed on The Nasdaq Stock Market LLC.

Investors cannot invest directly in an index. Performance data for an index does not reflect any deductions for fees, expenses, or taxes.

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Development of New Investment Strategies and Expanding Our Product Offerings

We develop new investment strategies and expand our product offerings by identifying client needs and reviewing asset allocation tables to determine where we can augment our family of mutual funds. Once we identify an attractive market segment, we select one of the following methods to initiate the new strategy:

- We screen the appropriate universe of stocks with a set of parameters that we believe identifies stocks that will produce higher long-term returns with lower associated risk than their relative indices, and we then introduce the new investment strategy into the marketplace by opening and directly marketing a new mutual fund;
- We purchase the assets related to the management of an existing mutual fund that we then manage ourselves;
- We purchase the assets related to the management of an existing mutual fund and then engage the existing portfolio managers or strategic firm to act as a sub-advisor to manage the fund; or
- We purchase the assets related to the management of an existing mutual fund and then employ the existing portfolio management team to manage the fund.

ASSETS UNDER MANAGEMENT, SOURCES OF REVENUES, AND 12B-1 PLANS

We earn revenues primarily by providing investment advisory services to the Hennessy Funds and secondarily by providing shareholder services to shareholders 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. In addition, the sub-advisory fees that we pay are also calculated as a percentage of the average daily net asset values of the sub-advised Hennessy Funds. The amount of our assets under management fluctuates as a result of organic inflows (purchases of shares of the Hennessy Funds by new or existing shareholders), acquisition inflows, outflows (redemptions of shares of the Hennessy Funds by shareholders), and market appreciation or depreciation.

The following table summarizes our assets under management:

	Fiscal Years Ended September 30,		
	2021	2020	2019
		(In thousands)	
Beginning assets under management	$ 3,564,597	$ 4,873,839	$ 6,197,617
Acquisition inflows	—	—	194,948
Organic inflows	818,358	571,195	825,541
Redemptions	(1,345,371)	(1,771,127)	(2,374,734)
Market appreciation (depreciation)	1,028,338	(109,310)	30,467
Ending assets under management	$ 4,065,922	$ 3,564,597	$ 4,873,839

As stated above, the amount of fees we receive for providing investment advisory and shareholder services increases or decreases as our average assets under management rises or falls.

The following table summarizes our sources of revenues, net of sub-advisory fees:

	Fiscal Years Ended September 30,		
	2021	2020	2019
		(In thousands)	
Investment advisory fees	$30,367	$30,831	$39,357
Shareholder service fees	2,393	2,558	3,358
Subtotal	32,760	33,389	42,715
Sub-advisory fees	(7,332)	(7,573)	(9,228)
Revenue, net of sub-advisory fees	$25,428	$25,816	$33,487

Investment Advisory Agreements and Fees

We provide investment advisory services to the Hennessy Funds pursuant to investment advisory agreements with Hennessy Funds Trust. Our provision of investment advisory services to the Hennessy Funds is subject to the oversight of the Board of Trustees of Hennessy Funds Trust (the "Funds' Board of Trustees") and must be in accordance with the applicable Hennessy Fund's investment advisory agreement, Prospectus, and Statement of Additional Information. The services that we provide to each Hennessy Fund pursuant to these investment advisory agreements include, among other things, the following:

- acting as portfolio manager for the fund or overseeing the sub-advisor acting as portfolio manager for the fund, which includes managing the composition of the fund's portfolio (including the purchase, retention, and disposition of portfolio securities in accordance with the fund's investment objectives, policies, and restrictions), seeking best execution for the fund's portfolio, managing the use of soft dollars for the fund, and managing proxy voting for the fund;
- performing a daily reconciliation of portfolio positions and cash for the fund;
- monitoring the liquidity of the fund;
- monitoring the fund's compliance with its investment objectives and restrictions and federal securities laws;
- maintaining a compliance program (including a code of ethics), conducting ongoing reviews of the compliance programs of the fund's service providers (including any sub-advisor), including their codes of ethics, as appropriate, conducting onsite visits to the fund's service providers (including any sub-advisor) as feasible, monitoring incidents of abusive trading practices, reviewing fund expense accruals, payments, and fixed expense ratios, evaluating insurance providers for fidelity bond, directors and officers and errors and omissions insurance, and cybersecurity insurance coverage, managing regulatory examination compliance and responses, conducting employee compliance training, reviewing reports provided by service providers, and maintaining books and records;
- if applicable, overseeing the selection and continued employment of the fund's sub-advisor, reviewing the fund's investment performance, and monitoring the sub-advisor's adherence to the fund's investment objectives, policies, and restrictions;
- overseeing service providers that provide accounting, administration, distribution, transfer agency, custodial, sales, marketing, public relations, audit, information technology, and legal services to the fund;
- maintaining in-house marketing and distribution departments on behalf of the fund;
- preparing or directing the preparation of all regulatory filings for the fund, including writing and annually updating the fund's prospectus and related documents;
- for each annual report of the fund, preparing or reviewing a written summary of the fund's performance during the most recent 12-month period;
- monitoring and overseeing the accessibility of the fund on third-party platforms;
- paying the incentive compensation of the fund's compliance officers and employing other staff such as legal, marketing, national accounts, distribution, sales, administrative, and trading oversight personnel, as well as management executives;
- providing a quarterly compliance certification to the Funds' Board of Trustees; and

- preparing or reviewing materials for the Funds' Board of Trustees, presenting to or leading discussions with the Funds' Board of Trustees, preparing or reviewing all meeting minutes, and arranging for training and education of the Funds' Board of Trustees.

The investment advisory agreements also provide that we are responsible for performing any ordinary clerical and bookkeeping services needed by the Hennessy Funds that are not provided by the funds' custodian, administrator, or transfer agent. The Funds' Board of Trustees comprises three trustees who are not interested persons of the Hennessy Funds (the "disinterested trustees") and Neil J. Hennessy, who is our Chief Executive Officer and Chairman of our Board of Directors. Under the Investment Company Act of 1940, a majority of the trustees must be disinterested trustees, and the disinterested trustees must approve entering into and continuing our investment advisory agreements. The disinterested trustees also have sole responsibility for selecting and nominating other disinterested trustees.

In exchange for the services described above, we receive an investment advisory fee from each Hennessy Fund that is calculated as a percentage of such fund's average daily net asset value. As of the end of fiscal year 2021, the percentages of each fund's assets used to calculate the annual investment advisory fees payable to us are as follows:

Hennessy Fund (All Class Shares)	**Investment Advisory Fee (as a % of fund assets)**
Hennessy Cornerstone Growth Fund	0.74%
Hennessy Focus Fund	0.90%
Hennessy Cornerstone Mid Cap 30 Fund	0.74%
Hennessy Cornerstone Large Growth Fund	0.74%
Hennessy Cornerstone Value Fund	0.74%
Hennessy Total Return Fund	0.60%
Hennessy Equity and Income Fund	0.80%
Hennessy Balanced Fund	0.60%
Hennessy BP Energy Transition Fund	1.25%
Hennessy BP Midstream Fund	1.10%
Hennessy Gas Utility Fund	0.40%
Hennessy Japan Fund	0.80%
Hennessy Japan Small Cap Fund	0.80%
Hennessy Large Cap Financial Fund	0.90%
Hennessy Small Cap Financial Fund	0.90%
Hennessy Technology Fund	0.74%

We waived a portion of our fees with respect to the Hennessy Cornerstone Large Growth Fund and the Hennessy BP Energy Transition Fund through the expiration of each fund's expense limitation agreement on November 30, 2019, and October 25, 2020, respectively. We continue to waive a portion of its fees with respect to the Hennessy BP Midstream Fund and the Hennessy Technology Fund to comply with contractual expense ratio limitations. The fee waivers are calculated daily by the Hennessy Funds' accountants at U.S. Bank Global Fund Services, reviewed by management, and then charged to expense monthly as offsets to our revenues. Each waived fee is then deducted from investment advisory fee income and reduces the aggregate amount of advisory fees we receive from such fund in the subsequent month. Total fee waivers during fiscal years 2021 and 2020 were $0.1 million and $0.3 million, respectively. To date, we have only waived fees based on contractual obligations, but we have the ability to waive fees at our discretion. Any decision to waive fees would apply only on a going-forward basis.

Our investment advisory agreements must be renewed annually (except in limited circumstances) by (a) the Funds' Board of Trustees or the vote of a majority of the outstanding shares of the applicable Hennessy Fund and (b) the vote of a majority of the disinterested trustees. If an investment advisory agreement is not renewed, it terminates automatically. There are two additional circumstances in which an investment advisory agreement would terminate. First, an investment advisory agreement automatically terminates if we assign it to another advisor (assignment includes "indirect assignment," which is the transfer of our common stock in sufficient quantities deemed to constitute a controlling block). Second, an investment advisory agreement may be terminated prior to its expiration upon 60 days' written notice by either the applicable Hennessy Fund or us.

Sub-Advisory Agreements and Fees

We have delegatedd the day-to-day portfolio management responsibilities to sub-advisors, subject to our oversight, for some of the Hennessy Funds. In each case, the sub-advisor entity or the individuals working at the sub-advisor entity is the same entity or are the same individuals who advised the fund prior to our purchase of the assets related to the management of such fund. The provision of sub-advisory services must be in accordance with the applicable Hennessy Fund's sub-advisory agreement, Prospectus, and Statement of Additional Information. The services that each sub-advisor provides to the applicable Hennessy Fund pursuant to the terms of the sub-advisory agreement include, among other things, the following:

- acting as portfolio manager for the fund, which includes managing the composition of the fund's portfolio (including the purchase, retention, and disposition of portfolio securities in accordance with the fund's investment objectives, policies, and restrictions), seeking best execution for the fund's portfolio, managing the use of soft dollars for the fund, and managing proxy voting for the fund;
- ensuring that its compliance programs include policies and procedures relevant to the fund and the sub-advisor's duties as a portfolio manager to the fund;
- for each annual report of the fund, preparing a written summary of the fund's performance during the most recent 12-month period; and
- providing a quarterly certification to Funds' Board of Trustees regarding trading and allocation practices, supervisory matters, the sub-advisor's compliance program (including its code of ethics), compliance with the fund's policies, and general firm updates.

In exchange for sub-advisory services, we pay sub-advisory fees to the sub-advisors out of our own assets. Sub-advisory fees are calculated as a percentage of the applicable fund's average daily net asset value. The following table lists each of our sub-advised funds, the sub-advisor for such fund, and the percentage used to calculate the annual sub-advisory fees payable by us to such fund's sub-advisor as of the end of fiscal year 2021:

Hennessy Fund (All Class Shares)	Sub-Advisor	Sub-Advisory Fee (As a % of Fund Assets)
Hennessy Focus Fund	Broad Run Investment Management, LLC	0.29%
Hennessy Equity and Income Fund	FCI Advisors (fixed income allocation)	0.27%
	The London Company of Virginia, LLC (equity allocation)	0.33%
Hennessy BP Energy Transition Fund	BP Capital Fund Advisors, LLC	0.40%
Hennessy BP Midstream Fund	BP Capital Fund Advisors, LLC	0.40%
Hennessy Japan Fund	SPARX Asset Management Co., Ltd.	$0-$500 million: 0.35% Above $500 million-$1 billion: 0.40% Above $1 billion: 0.42%
Hennessy Japan Small Cap Fund	SPARX Asset Management Co., Ltd.	$0-$500 million: 0.35% Above $500 million-$1 billion: 0.40% Above $1 billion: 0.42%

The sub-advisory agreements must be renewed annually in the same manner as the investment advisory agreements and are subject to the same termination provisions.

Shareholder Servicing Agreements and Fees

Pursuant to a shareholder servicing agreement with Hennessy Funds Trust, we provide shareholder services to shareholders of the Hennessy Funds including, among other things, maintaining a toll-free number that the current investors in the Hennessy Funds may call to ask questions about their accounts or the funds or to get help with processing exchange and redemption requests or changing account options. In exchange for these services, we receive a shareholder service fee from each Hennessy Fund of 0.10% of the average daily net assets of such fund's Investor Class shares.

The shareholder servicing agreement must be renewed annually by the Funds' Board of Trustees, including the vote of a majority of the disinterested trustees. If the shareholder servicing agreement is not renewed, it terminates automatically. In addition, the shareholder servicing agreement may be terminated prior to its expiration upon 60 days' written notice by Hennessy Funds Trust or us.

12b-1 Plans

All of the Hennessy Funds have adopted a 12b-1 plan. These plans are named after Rule 12b-1 of the Investment Company Act of 1940, which permits a mutual fund to adopt a plan that allows the fund to collect fees to use to make payments to third parties in connection with the distribution of fund shares. Amounts paid under a plan may be spent on any activities or expenses primarily intended to result in sale of shares of the fund, including, but not limited to (i) advertising, (ii) compensation paid to financial institutions, broker-dealers, and others for sales and marketing, (iii) shareholder accounting servicing, (iv) printing and mailing prospectuses to possible new shareholders, and (v) printing and mailing sales literature. A mutual fund may also employ a distributor to distribute and market fund shares and then use 12b-1 fees to pay the distributor for expenses relating to telephone use, overhead, employing employees who engage in or support the distribution of the fund shares, printing prospectuses and other reports for possible new shareholders, advertising, and preparing and distributing sales literature.

The 12b-1 fee for each Hennessy Fund is 0.15% of the average daily net assets of such fund's Investor Class shares.

CUSTODIAL, DISTRIBUTION, AND BROKERAGE ARRANGEMENTS

We use independent third parties for custody and distribution of our assets under management.

All trades for the Hennessy Funds are executed by independent brokerage firms following our direction or the direction of our sub-advisors. When selecting brokers, we and our sub-advisors are required to seek best execution. Although there is no single statutory definition, Securities and Exchange Commission ("SEC") releases and other legal guidelines make clear that this duty requires us to seek "the most advantageous terms reasonably available under the circumstances for a customer's account." The lowest possible commission, while important, is not the sole determinative factor. We and our sub-advisors also consider factors such as order size and market depth, availability of competing markets and liquidity, trading characteristics of the security, financial responsibility of the broker-dealer, and the broker's ability to address current market conditions.

Currently, we participate in soft dollar arrangements with one of our brokers. This means we receive research reports and real-time electronic research to assist us in trading and managing the Hennessy Funds. Under these soft dollar arrangements, the Hennessy Funds pay brokerage commissions for securities trades at the regular market rate, and some or all of the value of those commissions is received by us in the form of research or other services that benefit the Hennessy Funds. We believe our soft dollar arrangements comply with SEC guidance regarding soft dollars.

LICENSE AGREEMENT

Our ability to use the names and formulaic investment strategies of the Hennessy Cornerstone Growth Fund and the Hennessy Cornerstone Value Fund are governed by the terms and conditions of a license agreement, dated as of April 10, 2000, with Netfolio. Under the license agreement, Netfolio granted us a perpetual, paid-up, royalty-free, exclusive license to use certain trademarks, such as "Strategy Indexing," "Cornerstone Growth," and "Cornerstone Value," as well as the formula investment strategies used by the Hennessy Cornerstone Growth Fund and the Hennessy Cornerstone Value Fund. All of our advertising, marketing, promotional, and other materials incorporating or referring to the trademarks are subject to the prior written approval of Netfolio, except that we do not need Netfolio's prior written approval to use the trademarks in a manner that is not substantially unchanged from any prior use by Netfolio in its own business or from any prior use by us previously approved by Netfolio. We have the right to assign the license to another person or entity if the assignee agrees in writing to be bound by the terms of the license agreement. There are no ongoing licensing fees associated with this license agreement, and Netfolio does not have any contractual rights to terminate the license agreement.

BUSINESS STRATEGY

From the time we launched our first mutual fund in 1996, we have consistently pursued a growth strategy centered on organic growth through our marketing, sales, and distribution efforts and growth through strategic purchases of management-related assets. The implementation of this business strategy is described below.

- **Seeking to deliver strong investment performance of the Hennessy Funds**

One of the most effective ways we can grow the assets of the Hennessy Funds is by delivering strong investment performance, which we believe should:

- result in an increase in the value of existing assets of the Hennessy Funds;
- encourage more investors to buy shares of the Hennessy Funds and decrease the number of investors who redeem their shares and leave the Hennessy Funds; and

- motivate current investors to invest additional money in the Hennessy Funds.

- **Utilizing our branding and marketing campaign to attract assets**

We believe we can attract investors to the Hennessy Funds by effectively marketing our consistent and disciplined approach to investing based on a buy-and-hold philosophy that rejects the idea of market timing. We offer quantitative funds, actively managed funds, and income-generating funds. We believe our quantitative funds attract investors who want to understand exactly how their investments are managed and who favor statistical analysis and empirical evidence as the basis for investment decisions. We also believe that our actively managed funds attract investors who appreciate a fundamental, hands-on investment management approach and talented portfolio managers. Finally, we believe our more conservative, income-generating funds attract investors seeking alternatives to mutual funds invested entirely in equities.

We run a comprehensive and far-reaching public relations program designed to disseminate our message to a wide variety of potential investors through frequent television appearances, radio spots, feature articles, and print media mentions. We have partnered with an industry-leading public relations firm, SunStar Strategic, to proactively promote the Hennessy Funds to national financial media. This public relations program has consistently resulted in the Hennessy Funds being mentioned an average of once every two to three days in national print and broadcast media such as CNBC, Fox News, Bloomberg radio and TV, The Wall Street Journal, Kiplinger, and Barron's, among others. To facilitate our presence in the media, we utilize LiveStudio, an in-house studio providing a direct link to media broadcasts, at our office in Novato, California. We have several spokespeople who help us expand our public relations program and provide comprehensive media coverage of our products, including (i) Neil J. Hennessy, who is our Chief Executive Officer and Chairman of our Board of Directors as well as President, Chief Market Strategist, and a Portfolio Manager of the Hennessy Funds, (ii) Ryan Kelley, Chief Investment Officer and a Portfolio Manager of the Hennessy Funds, and (iii) Portfolio Managers David Ellison and Josh Wein, as well as the Portfolio Managers at our sub-advisors.

We maintain and regularly update a robust website and social media presence. Our core marketing efforts include targeted outreach to both current and prospective investors in the Hennessy Funds, including financial advisors and retail investors. Our content marketing includes overall market and sector-specific thought leadership, promotional investment ideas, fund updates, and commentary from our portfolio managers, as well as feature news articles and broadcast appearances. We attend select investment advisor trade shows and strategic industry-related conferences, and we seek opportunities to moderate or speak on industry-related panels. Through much of our fiscal year 2021 and the second half of our fiscal year 2020, we participated in these activities via videoconference or teleconference, as necessary.

- **Expanding our distribution network to additional distribution platforms**

Investors may purchase shares of the Hennessy Funds through financial intermediaries, including mutual fund supermarkets, national wirehouses and broker-dealers, independent and regional broker-dealers, and registered investment advisors, or directly from the Hennessy Funds.

Mutual fund supermarkets, such as Schwab, Fidelity, TD Ameritrade, and Pershing, generally offer funds of many different investment companies to investors in exchange for a services fee paid by the applicable fund or that fund's investment advisor. The ability to purchase various mutual funds in a single location is very attractive to investors, and the majority of our $3.6 billion of assets under management as of the end of fiscal year 2021 was held at mutual fund supermarkets. Additionally, we continually seek opportunities to form new relationships with financial intermediaries to make our no-load mutual funds even more accessible to investors. We oversee distribution of the Hennessy Funds through all financial intermediaries.

Investors may also purchase shares of the Hennessy Funds directly through the Hennessy Funds website or by calling us or U.S. Bank Global Fund Services, the Hennessy Funds' administrator.

- **Increasing our current base of financial advisors and investment professionals**

Investment professionals generally have access to a wide variety of investment products they may recommend to their investors. A recommendation by an investment professional to an investor to buy one of the Hennessy Funds may greatly influence that investor. Thus, we believe that expanding our current base of investment professionals who utilize no-load funds for their investors will help us increase our assets under management, which will in turn increase our revenues.

- **Securing participation on the platforms of national full-service firms**

We continually strive to develop relationships with national full-service firms that permit their investment professionals to offer no-load funds to their investors as a way to increase the amount of assets that we manage, which will in turn increase our revenues.

- **Pursuing strategic purchases of management agreements for additional mutual funds**

A primary component of our growth strategy is to selectively pursue strategic purchases of the assets related to the management of additional mutual funds. We believe the regulatory burden imposed upon the mutual fund industry, along with increased competition, has compressed the margins of smaller to mid-sized mutual fund managers, making those managers more receptive to an asset purchase. The long-term trend toward lower fees has made it more challenging to identify accretive asset purchases, but we believe that we are well positioned to move quickly once we identify any attractive purchase targets from the increasingly large supply of potential targets.

Through our asset purchase strategy, we have completed 10 purchases of the assets related to the management of mutual funds over a 20-year period, integrating $4.3 billion in net assets of 30 different mutual funds into the Hennessy Funds family. We completed our most recent asset purchase on October 26, 2018, when we purchased the assets related to the management of the BP Capital TwinLine Energy Fund and the BP Capital TwinLine MLP Fund (together, the "BP Funds"), which were reorganized into the Hennessy BP Energy Transition Fund and the Hennessy BP Midstream Fund, respectively, two new series of Hennessy Funds Trust.

- **Delivering strong, high-quality financial results.**

We seek to maintain a strong financial position and to manage our investment advisory business to meet the highest regulatory, ethical, and business standards and to maintain continuity of service to all of the investors in the Hennessy Funds.

COMPETITION

The investment advisory industry is highly competitive, with new competitors continually entering the industry. We compete directly with numerous global and U.S. investment managers, commercial banks, savings and loans associations, brokerage and investment banking firms, broker-dealers, insurance companies, and other financial institutions that often provide investment products with similar features and objectives to those we offer. These institutions range from small boutique firms to large financial services complexes. We are considered a small investment advisory company. Many competing companies are part of larger financial services companies that conduct business in more markets and have greater marketing, financial, technical, research, and distribution resources and other capabilities than we do. Most of the larger firms offer a broader range of financial services to the same retail and institutional investors we seek to serve. These factors may place us at a competitive disadvantage, and we can give no assurance that our strategies and efforts to maintain and enhance our current investor relationships, as well as to create new ones, will be successful. To grow our business, we must be able to compete effectively for assets under management. Key competitive factors include:

- the investment performance of the Hennessy Funds;
- the expense ratios of the Hennessy Funds;
- the array of our product offerings;

- industry rankings of the Hennessy Funds;
- the quality of our services;
- our ability to further develop and market our brand;
- our commitment to placing the interests of investors first; and
- our general business reputation.

Increased competition could reduce the demand for our products and services, which could have a material adverse effect on our business, results of operations, and financial condition.

Competition is an important risk that our business faces and should be considered along with other risk factors that we discuss in Item 1A, "Risk Factors."

REGULATORY ENVIRONMENT

We are subject to an increasing number of extensive and complex federal and state laws and regulations intended to protect shareholders of mutual funds and investors of registered investment advisors. We believe we are in compliance in all material respects with all applicable laws and regulations.

We are registered as an investment advisor with the SEC and, therefore, must comply with the requirements of the Investment Advisers Act of 1940 and related SEC regulations. Such requirements relate to, among other things, fiduciary duties to investors, transactions with investors, compliance program effectiveness, solicitation arrangements, conflicts of interest, advertising, recordkeeping and reporting, disclosure, and anti-fraud matters.

We manage accounts for the Hennessy Funds on a discretionary basis, meaning that we have the authority to buy and sell securities for each portfolio, select broker-dealers to execute trades, and negotiate brokerage commission rates. In connection with certain of these transactions, we receive soft dollar credits from broker-dealers that have the effect of reducing certain of our expenses. All of our soft dollar arrangements are intended to be within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). If our ability to use soft dollars were reduced or eliminated as a result of the implementation of statutory amendments or new regulations, our operating expenses would increase.

Our mutual funds are registered with the SEC under the Investment Company Act of 1940, which imposes additional obligations on both the Hennessy Funds and us, as the advisor to the Hennessy Funds, including detailed operational requirements. While we exercise broad discretion over the day-to-day management of the business, affairs, and investment portfolios of the Hennessy Funds, our operations are subject to oversight and management by the Funds' Board of Trustees. The responsibilities of the Funds' Board of Trustees include, among other things, annually approving the continuation of our investment advisory agreements and shareholder servicing agreement with the Hennessy Funds and our sub-advisory agreements with the sub-advisors to the Hennessy Funds, approving other service providers, determining the method of valuing assets, and monitoring transactions involving affiliates. The Investment Company Act of 1940 also imposes on us a fiduciary duty with respect to receiving investment advisory fees. That fiduciary duty may be enforced by the SEC, by administrative action, or through litigation initiated by investors in the Hennessy Funds pursuant to a private right of action.

The SEC is authorized to institute proceedings and impose sanctions for violations of the Investment Advisers Act of 1940 and the Investment Company Act of 1940, ranging from fines and censures to the suspension of individual employees to termination of our registration as an investment advisor. A violation of applicable law or regulations could also subject us, our directors, and our employees to civil actions brought by private parties. We believe we are in compliance in all material respects with all applicable SEC requirements.

EMPLOYEES

As of the end of fiscal year 2021, we had 20 employees, 18 of whom were full-time employees. Our 20 employees had an average tenure of 12 years as of the end of fiscal year 2021. We have historically experienced very low employee turnover, which we attribute to our focus on competitive compensation, a friendly and flexible office environment, and fostering close-knit working relationships among our team members. Further, over 50% of our employees are women, and with an executive team that is 50% women and 25% minority, we believe we have created an environment in which all team members can be successful and supported.

Our executive officers are (i) Neil J. Hennessy, Chief Executive Officer and Chairman of our Board of Directors, (ii) Teresa M. Nilsen, President, Chief Operating Officer, and a member of our Board of Directors, (iii) Kathryn R. Fahy, Chief Financial Officer and Senior Vice President, and (iv) Daniel B. Steadman, Executive Vice President and a member of our Board of Directors. In addition to our executive officers' responsibilities at Hennessy Advisors, Inc., (a) Mr. Hennessy is President, Chief Market Strategist, and a Portfolio Manager of the Hennessy Funds and is a member of the Funds' Board of Trustees, (b) Ms. Nilsen is an Executive Vice President and Treasurer of the Hennessy Funds, (c) Ms. Fahy is Vice President, Assistant Treasurer, and Assistant Secretary of the Hennessy Funds, and (d) Mr. Steadman is an Executive Vice President and Secretary of the Hennessy Funds.

AVAILABLE INFORMATION

We make available free of charge through a link on our website, www.hennessyadvisors.com, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We are not including the information contained on our website as part of, or incorporating it by reference into, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

We face many risks and uncertainties, many of which are inherent in the financial services industry and the investment advisory business. Investors should carefully consider the risks described below, together with all of the other information included in this Annual Report on Form 10-K, in evaluating us and our common stock. Our business, results of operations, financial condition, and stock price could be materially adversely affected by any of the risks we face, including those described below.

RISKS RELATING TO OUR ASSETS UNDER MANAGEMENT

Volatility in and disruption of the capital markets and changes in the economy may significantly affect our revenues.

The securities markets are inherently volatile and may be affected by factors beyond our control, including global economic conditions, industry trends, interest and inflation rate fluctuations, and other factors that are difficult to predict. Because our assets under management is largely concentrated in equity products, our results are particularly susceptible to downturns in the equity markets. We derive all of our operating revenues from investment advisory fees and shareholder service fees paid to us by the Hennessy Funds. These fees are calculated as a percentage of the average daily net asset value of the Hennessy Funds. Accordingly, our revenues increase or decrease as our average assets under management increases or decreases, which is affected by market appreciation or depreciation and purchases and redemptions of shares of the Hennessy Funds.

Investors in the Hennessy Funds can redeem their investments at any time and for any reason, including poor investment performance and volatile equity markets. A decline in our assets under management adversely affects our revenues.

Investors in the Hennessy Funds may redeem their investments at any time and for any reason without prior notice. Success in the investment advisory and mutual fund business is largely dependent on investment performance, as well as client servicing and distribution. If the Hennessy Funds perform poorly compared to the mutual funds of other investment advisory firms, we may experience a decrease in purchases of shares and an increase in redemptions of shares of the Hennessy Funds. Further, sharp declines in the stock market, such as those experienced during our fiscal year 2020 as a result of the COVID-19 pandemic, may also cause increases in redemptions of shares of the Hennessy Funds. Such redemptions reduce our assets under management and adversely affect our revenues.

The COVID-19 pandemic has adversely impacted, and future pandemics may adversely impact, our business and financial performance.

The COVID-19 pandemic adversely impacted global commercial activity and contributed to significant volatility in global equity and debt markets and disrupted, and in some cases continues to disrupt, supply chains, operations, and economic activity. The COVID-19 pandemic adversely impacted the value and performance of the Hennessy Funds' assets under management, which resulted in declines in the Company's revenues. It also limited our ability to source and pursue potential acquisitions. Future pandemic outbreaks could have similar adverse impacts on our business and financial performance.

Adverse opinions of the Hennessy Funds by third parties, including rating agencies or industry analysts, could decrease new investments in, or accelerate redemptions from, the Hennessy Funds, which would adversely affect our revenues.

The Hennessy Funds are rated, ranked, and assessed by independent third parties, including rating agencies, industry analysts, distribution partners, and industry periodicals. These ratings, rankings, and assessments often influence the investment decisions of investors, but they can be affected by a number of factors that are not under our direct control and may change frequently. For example, a ranking agency like Morningstar may change its ranking designs and methodology, which could result in a decrease in the ratings of the Hennessy Funds without any action on our part. If the Hennessy Funds received an adverse rating, ranking, or assessment from a third party, it could result in an increase in the withdrawal of assets from the Hennessy Funds by existing investors and the inability to attract additional investments into the Hennessy Funds from existing and new investors, thereby reducing our assets under management and adversely affecting our revenues.

The failure or negative performance of products offered by competitors may have a negative impact on the Hennessy Funds within such similar product type, irrespective of our fund performance.

Many competitors offer similar products to the Hennessy Funds, and the failure or negative performance of competitors' products could lead to a loss of confidence in the corresponding products in the Hennessy Funds lineup, irrespective of the performance of the Hennessy Funds. Any loss of confidence in a product type could lead to redemptions in the Hennessy Fund within such product type, which could have a material adverse effect on our business, results of operations, and financial condition.

RISKS RELATING TO OUR BUSINESS MODEL AND OPERATIONS

We derive a substantial portion of our revenues from a limited number of the Hennessy Funds.

For the past several years, approximately three quarters of our assets under management has been concentrated in four of our funds. During fiscal year 2021, our average assets under management was concentrated in the following four funds: (i) the Hennessy Focus Fund (29% of average assets under management); (ii) the Hennessy Japan Fund (21% of average assets under management); (iii) the Hennessy Gas Utility Fund (14% of average assets under management); and (iv) the Hennessy Cornerstone Mid Cap 30 Fund (10% of average assets under management). Consequently, our revenues followed a similar pattern of concentration: (a) the Hennessy Focus Fund (34% of total revenue); (b) the Hennessy Japan Fund (21% of total revenue); (c) the Hennessy Mid Cap 30 Fund (9% of total revenue); and (d) the Hennessy Gas Utility Fund (8% of total revenue). As a result, our operating results are particularly dependent upon the performance of a very small number funds and our ability to maintain and grow assets under management in these funds. If any of these funds were to experience a significant increase in redemptions for any reason, our assets under management would be reduced, adversely affecting our revenues.

We utilize unaffiliated sub-advisors to manage the portfolio composition of certain of the Hennessy Funds, and any matters that have an adverse impact on their businesses or any change in our relationships with our sub-advisors could lead to a reduction in assets under management, which would adversely affect our revenues.

We utilize unaffiliated sub-advisors to manage the portfolio composition of some of the Hennessy Funds. Although we perform due diligence on our sub-advisors, we do not manage their day-to-day business activities. Our financial condition and profitability may be adversely affected by situations that are specific to such sub-advisors, such as disruption of their operations, their exposure to disciplinary action, or reputational harm to them.

We periodically negotiate the terms and conditions of these sub-advisory relationships, and there can be no assurance that such terms will remain acceptable to us or our sub-advisors. These relationships may also be terminated by us or the applicable sub-advisor upon short notice without penalty. An interruption or termination of our sub-advisory relationships could affect our ability to market our sub-advised funds and result in a reduction in assets under management, which would adversely affect our revenues.

We depend on key personnel to manage our business, and the loss of any key person's services, combined with our inability to identify and retain a suitable replacement for such person, could materially adversely affect us. Additionally, the cost to retain our key personnel could put pressure on our operating margins.

Our success is largely dependent on the skills, experience, and performance of our key personnel. The business acumen, investment advisory expertise, and business relationships of our key personnel are critical elements in operating and expanding our business. Financial services professionals are in high demand, and we face significant competition for qualified employees. The loss of services of any of our key personnel for any reason, combined with our inability to identify and retain a suitable replacement for such person, could have a material adverse effect on our business, results of operations, and financial condition. Moreover, in order to retain key personnel, we may be required to increase compensation to such individuals, resulting in additional expense.

We have debt and may incur additional debt, which may increase the risk of investing in us and may harm our financial condition and results of operations.

Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and therefore increase the risks associated with investing in our securities.

As of the end of fiscal year 2021, we had no outstanding indebtedness. On October 20, 2021, we completed a public offering of 4.875% unsecured notes due 2026 in the aggregate principal amount of $40,250,000. The 2026 Notes mature on December 31, 2026, and may be redeemed in whole or in part at any time or from time to time at our option on or after December 31, 2023. The 2026 Notes bear interest at a rate of 4.875% per year payable quarterly on March 31, June 30, September 30, and December 31. The 2026 Notes are direct unsecured obligations, rank equally in right of payment with any of our future unsecured unsubordinated indebtedness, senior to any of our future indebtedness that expressly provides that it is subordinate to the 2026 Notes, effectively subordinate to all of our existing and future secured indebtedness, and structurally subordinated to all existing and future indebtedness and other obligations of any future subsidiaries of ours.

We may incur additional debt in the future. Our indebtedness could (i) decrease our ability to obtain additional financing for working capital, capital expenditures, general corporate or other purposes, (ii) limit our flexibility to make acquisitions, (iii) increase our cash requirements to support the payment of interest, (iv) limit our flexibility in planning for, or reacting to, changes in our business and our industry, and (v) increase our vulnerability to adverse changes in general economic and industry conditions. Our ability to make payments of principal and interest on our indebtedness depends upon our future performance, which is subject to general economic conditions and financial, business, and other factors affecting our consolidated operations, many of which are beyond our control.

We depend on third-party investment professionals and the distribution channels they utilize to market the Hennessy Funds.

Our primary source of distribution of the Hennessy Funds is through intermediaries that include national, regional, and independent broker-dealers, financial planners, and registered investment advisors. Our success is highly dependent on access to these various distribution channels. We cannot guarantee we will be able to retain access to these channels at similar pricing or at all. Increasing competition for these distribution channels could cause our distribution costs to rise, which could have a material adverse effect on our net income. These distribution intermediaries generally can terminate their relationships with us on short notice. Mergers and other corporate transactions among distributors also may affect our distribution relationships. Moreover, regulations have led to significant shifts in distributors' business models and more limited product offerings, which has resulted in reduced distribution of certain of the Hennessy Funds, and additional regulations could lead to further adverse changes. Our lack of access to these distribution channels material adversely affects our business because investment professionals may opt not to distribute the Hennessy Funds if we are no longer participants on the platforms of firms that permit their investment professionals to utilize no-load funds for their investors. Either of these events could cause the net assets of the Hennessy Funds to decline, which would decrease our revenues and have a material adverse effect on our results of operations.

In addition, these intermediaries generally offer their customers a broad array of investment products that are in addition to, and compete with, the Hennessy Funds. The intermediaries or their customers may favor competing investment products over the Hennessy Funds. To the extent that current or future intermediaries or their customers prefer to do business with our competitors, our market share, revenues, and net income could decline.

Management contracts purchased by us are currently classified as an indefinite-life asset subject to impairment analysis. The impairment analysis is based on subjective criteria, and an impairment loss could be recorded.

The management contracts we have purchased, an $80.6 million asset on the balance sheet as of the end of fiscal year 2021, are considered an intangible asset with an indefinite useful life. Management reviews the indefinite life classification of our management contracts asset each reporting period. If the management contracts asset is ever reclassified as an asset with a definite life, we would begin amortizing the management contracts over their remaining useful life. If the management contracts asset continues to be classified as an indefinite-life asset, we will continue to periodically review the carrying value to determine if any impairment has occurred. The impairment analysis is based on anticipated future cash flows, which are calculated based on assets under management. Although the management contracts asset is not currently impaired, there is always a possibility of impairment in the future, which could require us to write off all or a portion of the asset. A write-off, depending on the amount, could have operational risks and could have a significant impact on the value of our equity and our earnings per share.

We may be required to forego all or a portion of our fees under our investment advisory agreements with the Hennessy Funds.

On an annual basis, the Funds' Board of Trustees must assess the reasonableness of our investment advisory fees. While the Funds' Board of Trustees has found our investment advisory fees to be reasonable in the past, we cannot guarantee that it will continue to do so. Additionally, we regularly analyze the expense ratios of the Hennessy Funds and have the right to waive fees to compete with other mutual funds with lower expense ratios (although in the past we have only waived fees based on contractual obligations). Any waiver of or reduction in fees would cause our revenues to decline and could adversely affect our business, results of operations, and financial condition. Any fee waiver would apply only on a going-forward basis.

The Hennessy Japan Fund and the Hennessy Japan Small Cap Fund invest in the Japanese stock market in yen, which involves foreign exchange and economic uncertainties.

The Hennessy Japan Fund and the Hennessy Japan Small Cap Fund are invested in securities listed on the Japanese stock market, which exposes these funds to risks that are not typically associated with an investment in a U.S. issuer. The values of these funds fluctuate with changes in the value of the Japanese yen versus the U.S. dollar. Investments in Japanese securities also expose these funds to the economic uncertainties affecting Japan, which may differ from those affecting the United States. For example, the adverse effects of the COVID-19 pandemic, future variants of COVID-19, or future pandemics may disproportionately impact Japan. Further, Japanese financial accounting standards and practices may differ, and there may be less information on Japanese companies available publicly. If these circumstances result in a reduction in the total assets of the Hennessy Japan Fund and the Hennessy Japan Small Cap Fund, our assets under management would be reduced, which would adversely affect our revenues.

We utilize quantitative investment strategies for some of the Hennessy Funds that require us to invest in specific portfolios of securities and hold these positions for a specified period of time regardless of performance.

Our formula-driven funds adhere to quantitative investment strategies, and the portfolios of stocks held by such funds are rescreened and rebalanced at designated times in accordance with such investment strategies. Adhering to our investment strategies regardless of any adverse developments that may arise could result in substantial losses to the formula-driven Hennessy Funds if, for example, the stocks selected for a fund are experiencing financial difficulty or are out of favor with investors in a given period This could, in theory, result in relatively low performance of the formula-driven Hennessy Funds and adversely affect the net assets of such Hennessy Funds. A decrease in the net assets of the Hennessy Funds would adversely affect our revenues.

We pursue strategic asset purchases as part of our regular business strategy, and such acquisitions involve inherent risks that could adversely affect our operating results and financial condition and potentially dilute the holdings of current shareholders.

As part of our regular business strategy, we pursue strategic purchases of the assets related to the management of additional mutual funds. This strategy is accompanied by risks including, among others, the possibility of the following:

- the potential unavailability of attractive acquisition opportunities;
- a high level of competition from other companies that may have greater financial resources than we do;
- our inability to value potential asset purchases accurately and negotiate acceptable purchase terms;
- our inability to obtain quorum and secure enough affirmative votes to gain approval of the proposed fund reorganization from the target fund’s shareholders;
- the loss of mutual fund assets paid for in an asset purchase through redemptions by shareholders of the mutual funds involved in the asset purchase;
- higher than anticipated asset purchase expenses;
- our inability to successfully integrate and maintain adequate infrastructure to support business growth;
- increasing our leverage;
- the potential diversion of our management’s time and attention;
- dilution to our shareholders if we fund an asset purchase in whole or in part with our common stock; and
- adverse effects on our earnings if purchased intangible assets become impaired.

While we seek to mitigate these risks through, among other things, due diligence and indemnification provisions, these or other risk-mitigating measures that we put in place may not be sufficient to address these risks. If one or more of these risks occur, we may be unable to successfully complete a purchase of management-related assets (thereby requiring us to write off any related expenses), we may experience an impairment of our management contract asset, we may receive negative publicity or suffer other negative impacts on our reputation, and we may not achieve the expected return on investment. Any of these results could have an adverse effect on our business, results of operations, and financial condition.

Our investment advisory and shareholder servicing agreements can be terminated on short notice, are not freely assignable, and must be renewed annually; the loss of such agreements would reduce our revenues.

We generate all of our operating revenues from the investment advisory and shareholder servicing agreements with the Hennessy Funds. These agreements may be terminated without penalty on 60 days' notice and may not be assigned without the consent of investors in the Hennessy Funds. In addition, they each must be renewed annually by the Funds' Board of Trustees (or, in the case of our investment advisory agreements, by the vote of a majority of the outstanding shares of the applicable Hennessy Fund), including a majority of the disinterested trustees. The termination or non-renewal of these agreements, or the renegotiation of the terms of these agreements in a manner detrimental to us, could result in a substantial reduction in revenues, which could have a material adverse effect on our business, results of operations, and financial condition.

RISKS RELATING TO OUR INDUSTRY

Investor behavior is influenced by short-term investment performance of mutual funds.

Investor behavior may be based on many factors, including short-term investment performance. Poor short term performance of the Hennessy Funds, irrespective of longer—term success, could potentially lead to a decrease in purchases of shares of the Hennessy Funds and an increase in redemptions, thereby reducing our assets under management and adversely affecting our revenues.

Assets invested through third-party intermediaries carry the risk of redemption, which could reduce our revenues.

Third-party intermediaries are attractive to investors because of the ease of accessibility to a variety of funds, but this may cause the investments to be more sensitive to fluctuations in performance, especially in the short-term. If we were unable to retain the assets of the Hennessy Funds held through third-party intermediaries, our assets under management would be reduced. As a result, our revenues could decline and our business, results of operations, and financial condition could be materially adversely affected.

We face intense competition in attracting investors and retaining net assets in the Hennessy Funds.

The investment advisory industry is intensely competitive, and new participants are continually entering the industry. We compete directly with numerous global and U.S. investment advisors, commercial banks, savings and loan associations, brokerage and investment banking firms, broker-dealers, insurance companies, and other financial institutions that often provide investment products with similar features and objectives to those we offer. These institutions range from small boutique firms to large financial services complexes. We are considered a small investment advisory company. Many competing companies are part of larger financial services companies that conduct business in more markets and have greater marketing, financial, technical, research, and distribution resources and other capabilities than we do. Most of the larger firms offer a broader range of financial services to the same retail and institutional investors that we seek to serve. If we are unable to attract investors and retain net assets in the Hennessy Funds due to increased competition, our revenues could decline and we could experience a material adverse effect on our business, results of operations, and financial condition.

For more information regarding competitive factors, see the "Competition" subheading in Item 1, "Business."

Market consolidation and industry trends could negatively impact our business.

In recent years, there have been several instances of industry consolidation in both the distribution and investment management areas. Further consolidation may occur in these areas in the future. The increasing size and market influence of certain distributors of our products and of certain direct competitors may have a negative impact on our ability to compete at the same levels of profitability in the future. Additionally, the market environment in recent years has led some investors to increasingly favor lower–fee, passive products. As a result, investment advisors that emphasize passive products have gained, and may continue to gain, market share from active managers like us. While we cannot predict how much market share these competitors will gain, we believe there will always be demand for good active management.

Industry trends and market pressure to lower our investment advisory fees could reduce our profit margin.

Our profits are highly dependent on the fees we are able to charge to the Hennessy Funds for investment advisory services. To the extent we are forced to compete on the basis of the investment advisory fees we charge to the Hennessy Funds, we may not be able to maintain our current fee structures. We have historically competed primarily on the performance of the Hennessy Funds and not on the level of our investment advisory fees relative to those of our competitors. In recent years, however, there has been a trend toward lower fees in the investment advisory industry. To maintain our fee structures in a competitive environment, we must be able to provide our mutual fund investors with investment returns and service that will adequately compensate them for investing in our mutual funds with our current fee structures. We may not succeed in maintaining our current fee structures, and fee reductions on existing or future business could have a material adverse effect on our results of operations.

Higher insurance premiums and increased insurance coverage risks could increase our costs and reduce our profitability.

We carry insurance in amounts and under terms that we believe are appropriate, but we cannot guarantee that our insurance policies will cover all liabilities and losses to which we may be exposed or, if covered, that such liabilities and losses will not exceed insurance coverage limits or that our insurers will remain solvent and meet their obligations. In addition, insurance premiums and required retentions have increased in recent years and may continue to do so.

We are subject to regulatory and governmental inquiries and civil litigation. An adverse outcome of any such proceeding could involve substantial financial penalties. Various claims may also arise against us in the ordinary course of business, such as employment-related claims. There has been increased incidence of litigation and regulatory investigations in the financial services industry in recent years, including customer claims and class action suits alleging substantial monetary damages. Certain insurance coverage may not be available or may be prohibitively expensive in future periods. As our insurance policies come up for renewal, we may need to assume higher deductibles or co-insurance liabilities, or pay higher premiums, which would increase our expenses and have a material adverse effect on our results of operations.

We are highly dependent on various software applications and other technologies, as well as on third parties who utilize various software applications and other technologies, for our business to function properly and to safeguard confidential information; any significant limitation, failure, or security breach could adversely affect our operations.

We use software and related technologies throughout our business and also utilize third-party vendors who use software and related technologies to provide services to us and the Hennessy Funds. Although we take protective measures (including striving to understand the protective measures taken by our third-party vendors) and endeavor to modify such protective measures as circumstances warrant, we may experience system delays and interruptions as a result of natural disasters, power failures, acts of war, third-party failures, or other unexpected events. We cannot predict with certainty all of the adverse effects that could result from the failure to efficiently address and resolve these delays and interruptions.

We could also be subject to losses if we fail to properly safeguard sensitive and confidential and proprietary information that we and our third-party vendors store and transmit as part of our normal business operations. Although we take protective measures, the security of our and our vendors' computer systems, software, and networks may be vulnerable to hacking, breaches, unauthorized access, misuse, computer viruses, or other malicious code, as well as to other events that could have a security impact, such as an employee or vendor inadvertently or intentionally causing us to release confidential or proprietary information. Additionally, although we take precautions to password protect and encrypt our laptops and other mobile electronic hardware, if such hardware is stolen, misplaced, or left unattended, it may become vulnerable to hacking or other unauthorized use, creating a possible security risk and resulting in potentially costly actions.

There have been a number of highly publicized cases in recent years involving financial services and consumer-based companies reporting the unauthorized disclosure of client or customer information, as well as cyber-attacks involving the dissemination, theft, and destruction of corporate information or other assets, as a result of employees' or contractors' failure to follow procedures or as a result of actions by third parties, including actions by terrorist organizations and hostile foreign governments. We, the Hennessy Funds, and our third-party vendors may be vulnerable to such unauthorized disclosures and cyber-attacks. Our increased use of mobile and cloud technologies could heighten these and other operational risks, and any failure by mobile technology and cloud service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt our operations and result in misappropriation, corruption, or loss of confidential or proprietary information.

If any of these events were to occur, we could suffer a financial loss, a disruption of our business, liability to the Hennessy Funds and their investors, regulatory intervention, or reputational damage, any of which could have a material adverse effect on our business, results of operations, and financial condition. We also may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures.

Finally, cybersecurity and data privacy have become high priorities for regulators, and many jurisdictions are enacting laws and regulations in these areas. Two such laws are the California Consumer Privacy Act of 2018, which took effect in 2020, and the California Privacy Rights Act of 2020, which will take effect in 2023. Enactment of new privacy laws or regulations could, among other things, result in additional costs of compliance or litigation. In addition, while we strive to comply with the relevant laws and regulations, any failure to comply could result in regulatory investigations and penalties as well as negative publicity, which could materially adversely affect our business, results of operations, and financial condition.

We are exposed to legal risk and litigation, which could increase our expenses and reduce our profitability.

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against the financial services industry have been increasing. While we strive to conduct our business in accordance with the highest ethical standards, we nevertheless remain exposed to litigation risk. We could be sued by many different parties, including, by way of example, investors in the Hennessy Funds, our own shareholders, our employees, or regulators. Lawsuits or investigations that we may become involved in could be very expensive and highly damaging to our reputation, even if the underlying claims are without merit.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act amended the Exchange Act to compensate and protect whistleblowers who voluntarily provide original information to the SEC and establishes a fund to be used to pay whistleblowers who will be entitled to receive a payment equal to between 10% and 30% of certain monetary sanctions imposed in a successful government action resulting from the information provided by the whistleblower. According to an annual report to Congress on the Dodd-Frank Whistleblower Program, whistleblower claims have increased significantly since the enactment of these provisions. Addressing such claims could generate significant expenses and take up significant management time, even if such claims are frivolous or without merit.

Our business is extensively regulated, which increases our costs of doing business, and our failure to comply with regulatory requirements may harm our financial condition.

Our business is subject to extensive regulation in the United States, particularly by the SEC. We are subject to regulation under the Securities Act of 1933, as amended, the Exchange Act, the Investment Company Act of 1940, the Investment Advisers Act of 1940, and various other statutes. The laws to which we are subject are designed primarily to protect investors in the Hennessy Funds as opposed to our shareholders. In addition to an increased number of applicable laws, the mutual fund industry has undergone increased scrutiny by the SEC and state regulators in recent years, resulting in numerous enforcement actions and sweep examinations. Increased regulation has increased our costs in managing the Hennessy Funds, and we could continue to experience higher costs if new laws require us to spend more time, hire additional personnel, or buy new technology to comply effectively. Any change in law could also have a material adverse effect on us by limiting the sources of our revenues and increasing our costs. In addition to securities regulations, our business also may be materially adversely affected by other types of laws and policies. For example, the amount of net assets in the Hennessy Funds in a given time period could be affected by existing and proposed tax legislation or the interest rate policies of the Federal Reserve Board.

In recent years, we have been affected by changes in law such as the U.S. Department of Labor fiduciary rule, which significantly expanded the class of advisers and the scope of investment advice that are subject to fiduciary standards, and the SEC's Regulation Best Interest ("Regulation BI"), which requires broker-dealers to act in the retail customer's best interest and not place the broker-dealer's interests ahead of the retail customer's interests. Both the fiduciary rule and Regulation BI caused financial advisers and broker-dealers to make significant operational changes, including, in some cases, removing one or more of the Hennessy Funds from their platforms. This resulted in fewer purchases of shares and increased redemptions of shares of the Hennessy Funds, and the effects of such regulations may persist even if they are ultimately replaced, retracted, or overturned. For example, while the U.S. Court of Appeals for the Fifth Circuit issued a mandate vacating the fiduciary rule in its entirety in June 2018, many companies had already implemented a number of business and compliance initiatives in order to change their distribution methods and operations in response to the rule, and most of these companies did not halt these initiatives following the court's ruling.

Although we strive to conduct our business in accordance with applicable law, if we were found to have violated an applicable law, we could be subject to fines, suspensions of personnel, or other sanctions, including revocation of our registration as an investment advisor. If a sanction were imposed against us or our personnel, even if only for a small monetary amount, the adverse publicity related to such a sanction could harm our reputation, result in redemptions by investors in the Hennessy Funds, and impede our ability to attract new investors, all of which could have a material adverse effect on our business, results of operations, and financial condition.

Changes to U.S. or state tax laws, our failure to adequately comply with U.S. or state tax laws, or the outcome of any audits or regulatory disputes with respect to our compliance with U.S. or state tax laws could adversely affect us.

Changes to U.S. or state tax law could be enacted in the future that could have a material adverse effect on our business, results of operations, and financial condition. Further, we are subject to potential tax audits in various jurisdictions and in such event, tax authorities may disagree with certain positions we have taken and assess penalties or additional taxes. While we assess regularly the likely outcomes of these potential audits, there can be no assurance that we will accurately predict the outcome of a potential audit, and an audit could have a material adverse impact on our business, results of operations, and financial condition.

Our investment advisory agreements require us to adhere to the investment policies and strategies of the Hennessy Funds; any failure to comply with such requirements could result in claims, losses, or regulatory sanctions.

Our investment advisory agreements with the Hennessy Funds contain contractual provisions that require us to comply with the investment policies and strategies of the Hennessy Funds when we provide our investment advisory services. We are also required to comply with numerous investment, asset valuation, distribution, and tax requirements under applicable law and regulations. Any allegation of a failure to adhere to these requirements could result in investor claims, reputational damage, withdrawal of assets, and potential regulatory sanctions, any of which could negatively impact our revenues and earnings. We have implemented procedures and utilize the services of experienced administrators, accountants, and lawyers to assist in satisfying these requirements, but there can be no assurance that these precautions will protect us from potential liabilities.

We may need to raise additional capital to fund new business initiatives, and resources may not be available to us in sufficient amounts or on acceptable terms, which could have an adverse impact on our business.

Our ability to meet our future cash needs is dependent upon our ability to generate cash. Although we have been successful in generating sufficient cash in the past, we may not be successful in the future. We may need to raise additional capital to fund new business initiatives, and financing may not be available to us in sufficient amounts, on acceptable terms, or at all. Our ability to access bank financing or capital markets efficiently depends on a number of factors, including the state of credit and equity markets, interest rates, and credit spreads. If we are unable to access sufficient capital on acceptable terms, our business could be adversely impacted.

Failure to establish adequate controls and risk management policies, as well as circumvention of established controls and policies by employees, could harm us by impairing our ability to attract and retain investors in the Hennessy Funds and by subjecting us to significant legal liability, regulatory scrutiny, and reputational harm.

Our reputation is critical to attracting and retaining investors in the Hennessy Funds. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest, or other misconduct by individuals in the financial services industry. We have extensive controls and risk management policies to monitor and manage risks, but we cannot be certain that such controls and policies will successfully identify and manage internal and external risks. Further, although we strive to conduct our business in accordance with the highest ethical standards and emphasize the importance of doing so to our employees, there is a risk that our employees could engage in misconduct that adversely affects our business. For example, if an employee were to engage in, or be accused of engaging in, illegal or suspicious activity (such as improper trading, disclosure of confidential information, or breach of fiduciary duties), we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial position, and ability to maintain and grow the number of investors in the Hennessy Funds.

The historical performance of the Hennessy Funds should not be considered indicative of the future results of the Hennessy Funds or of any returns expected on our common stock.

The historical performance of the Hennessy Funds is relevant to returns on our common stock only insofar as the fees we have earned in the past and may earn in the future, which are based on average assets under management, may impact the performance of our common stock. Positive performance of the Hennessy Funds typically increases our revenues, which in turn could positively affect our business, and poor performance typically reduces our revenues, which in turn could adversely affect our business. However, the historical and potential future returns of the Hennessy Funds are not directly linked to returns on our common stock, such that positive performance of the Hennessy Funds will not necessarily result in positive returns on our common stock and poor performance of the Hennessy Funds will not necessary result in negative returns on our common stock. Moreover, the historical performance of the Hennessy Funds should not be considered indicative of the future results that should be expected from such funds.

RISKS RELATING TO OUR COMMON STOCK

Ownership of a large percentage of our common stock is concentrated with a small number of shareholders, which could increase the volatility in our stock trading and significantly affect our share price and causes us to experience limited trading volume in our securities.

We have a limited number of shareholders, and a large percentage of our common stock is held by an even fewer number of shareholders. If our larger shareholders were to decide to liquidate their ownership positions, it could cause significant fluctuations in the share price of our common stock. Having a limited number of shareholders also causes us to experience limited trading volume in our securities.

We intend to pay regular dividends to our shareholders, but our ability to do so is subject to the discretion of our Board of Directors.

We have consistently paid dividends each year since 2005, but the declaration, amount, and payment of dividends to our shareholders by us are subject to the discretion of our Board of Directors. Our Board of Directors takes into account general economic and business conditions, our strategic plans, our financial results and condition, any contractual, legal, and regulatory restrictions on our payment of dividends, and such other factors as our Board of Directors deems relevant to determining whether to declare dividends and the amount of such dividends.

ITEM 2. PROPERTIES.

Our principal executive office is located at 7250 Redwood Boulevard, Suite 200, Novato, California 94945, where we occupy approximately 13,728 square feet and have the right to use all common areas. We also lease office space in Austin, Texas, Boston, Massachusetts, and Chapel Hill, North Carolina. We consider these arrangements to be suitable and adequate for the management and operations of our business. We do not own any real property.

ITEM 3. LEGAL PROCEEDINGS.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Until October 18, 2021, our common stock traded on The Nasdaq Capital Market under the stock symbol "HNNA." On October 13, 2021, following the end of our fiscal year 2021, we submitted an application to transfer our common stock from The Nasdaq Capital Market to The Nasdaq Global Market, and on October 19, 2021, our common stock began trading on The Nasdaq Global Market, where it continues to trade under the stock symbol "HNNA."

We have paid regular cash dividends to our shareholders and intend to continue to do so, although the declaration of a dividend is always subject to the discretion of our Board of Directors.

As of the end of fiscal year 2021, we had 132 holders of record of our common stock. In addition, there were 45 brokerage firm accounts that represent 1,997 additional individual shareholders for a total of 2,129 shareholders.

The equity compensation plan information required by Item 201(d) of Regulation S-K is set forth in the "Equity Compensation Plan Information" subheading under Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

During fiscal year 2021, we repurchased shares underlying vested restricted stock units ("RSUs") from employees to satisfy tax withholding obligations arising in connection with the vesting of RSUs. The stock repurchases are presented in the following table for the three months ended September 30, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 1-31, 2021	—	$ —	—	596,368
August 1-31, 2021 (2)	2,490	10.00	—	596,368
September 1-30, 2021 (2)	30,002	9.91	—	596,368
Total	32,492	$ 9.92	—	596,368

(1) We are authorized to purchase a maximum of 1,500,000 shares under our stock buyback program. We announced the stock buyback program in August 2010, and the program has no expiration date. We temporarily suspended the stock buyback program as of March 24, 2020, so we did not repurchase any shares pursuant to the stock buyback program during the three months ended September 30, 2021.

(2) The shares that we repurchased in August and September 2021 are not subject to a maximum per plan or program because we did not repurchase them pursuant to a plan or program.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of the securities laws, for which we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by terminology such as "expect," "anticipate," "intend," "may," "plan," "will," "should," "could," "would," "assume," "believe," "estimate," "predict," "potential," "project," "continue," "seek," and similar expressions, as well as statements in the future tense. We have based these forward-looking statements on our current expectations and projections about future events, based on information currently available to us. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at which, or means by which, such performance or results will be achieved.

Forward-looking statements are subject to risks, uncertainties, and assumptions, including those described in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Unforeseen developments could cause actual performance or results to differ substantially from those expressed in or suggested by the forward-looking statements. Management does not assume responsibility for the accuracy or completeness of these forward-looking statements. There is no regulation requiring an update of any of the forward-looking statements after the date of this report to conform these statements to actual results or to changes in our expectations.

Our business activities are affected by many factors, including, without limitation, redemptions by mutual fund shareholders, taxes, general economic and business conditions, including those related to the COVID-19 pandemic, movement of interest rates, competitive conditions, industry regulation, and fluctuations in the stock market, many of which are beyond the control of our management. Further, the business and regulatory environments in which we operate remain complex, uncertain, and subject to change. We expect that regulatory requirements and developments will cause us to incur additional administrative and compliance costs. Notwithstanding the variability in our economic and regulatory environments, we remain focused on the investment performance of the Hennessy Funds and on providing high-quality customer service to investors.

Our business strategy centers on (i) the identification, completion, and integration of future acquisitions and (ii) organic growth, through both the retention of the mutual fund assets we currently manage and the generation of inflows into the mutual funds we manage. The success of our business strategy may be influenced by the factors discussed in Item 1A, "Risk Factors." All statements regarding our business strategy, as well as statements regarding market trends and risks and assumptions about changes in the marketplace, are forward-looking by their nature.

OUR CONTINUING RESPONSE TO THE COVID-19 PANDEMIC

We continue to monitor the effects of the COVID-19 pandemic on our business, particularly focusing on meeting the needs of our employees, our partners, and the Hennessy Funds and their shareholders. Since March 2020, we have remained engaged with key partners and service providers, strengthened our digital marketing and public relations programs, maintained an effective governance and internal controls program, and kept our employees up to date with trainings on relevant government and regulatory guidance impacting in-office work in order to ensure our continued success.

We returned to work in the Novato, California office in August 2021, and continue to adhere to our Site-Specific Protection Plan, which we regularly update to reflect current local, state, and federal requirements.

We remain committed to providing the same high level of services to the 16 Hennessy Funds and their shareholders, and we believe we have positioned the Company for long-term growth.

OVERVIEW

Our primary business activity is providing investment advisory services to a family of open-end mutual funds branded as the Hennessy Funds. We manage 10 of the 16 Hennessy Funds internally. For the remaining six funds, we have delegated the day-to-day portfolio management responsibilities to sub-advisors, subject to our oversight. We oversee the selection and continued employment of each sub-advisor, review each fund's investment performance, and monitor each sub-advisor's adherence to each applicable fund's investment objectives, policies, and restrictions. In addition, we conduct ongoing reviews of the compliance programs of sub-advisors and make on-site visits to sub-advisors, as feasible. Our secondary business activity is providing shareholder services to shareholders of the Hennessy Funds.

We derive our operating revenues from investment advisory fees and shareholder service fees paid to us by the Hennessy Funds. These fees are calculated as a percentage of the average daily net assets in each Hennessy Fund. The percentage amount of the investment advisory fees varies by fund. The percentage amount of the shareholder service fees is consistent across all funds, but shareholder service fees are charged on Investor Class shares only. The dollar amount of the fees we receive fluctuates with changes in the average net asset value of each Hennessy Fund, which is affected by each fund's investment performance, purchases and redemptions of shares, general market conditions, and the success of our marketing, sales, and public relations efforts.

U.S. equities had positive performance for the one-year period ended September 30, 2021, with the S&P 500® Index returning 30.00% and the Dow Jones Industrial Average returning 24.15% for the period (on a total return basis). Equity prices advanced sharply during the period despite increased concerns over supply chain disruptions and elevated levels of inflation. The offset to this dynamic was the idea that economic growth has resumed as economies continue to reopen despite the lingering effects of the COVID-19 pandemic. After a 3.4% contraction in Real GDP in 2020, economic growth is expected to increase 5.9% in 2021, according to estimates compiled by Bloomberg. Over the past year, we have seen widespread availability of vaccines, and with that the ability of an ever-increasing number of people to travel, eat in restaurants, and return to work. The unemployment rate improved from 7.9% at the end of September 2020 to 4.8% at the end of September 2021.

Long-term U.S. bonds declined meaningfully during the one-year period ended September 30, 2021, as the prospect of the Federal Reserve tapering its bond-buying activity and potentially raising interest rates as soon as 2022 prompted investors to sell bonds. As the U.S. economy reopens and some semblance of normalcy returns to the economy, investors' attention has turned to the idea that inflation may continue to remain elevated, which may prompt the Federal Reserve to raise interest rates. While the Federal Reserve has indicated that they would like to see employment numbers return to pre-pandemic levels before raising rates, it seems that some investors are focused on the idea that any further inflationary pressures may force the Federal Reserve to act sooner. For the one-year period ended September 30, 2021, 10-year U.S. Government Bond yields rose from 0.68% to 1.49%.

The Japanese equity market rose 20.61% (in U.S. dollar terms) for the one-year period ended September 30, 2021, as measured by the Tokyo Stock Price Index. Enthusiasm around Japanese equities has centered on the country's recent surge in COVID-19 vaccinations as well as by the election of a new Prime Minister, Fumio Kishida, to replace Yoshihide Suga, who recently resigned.

Against this backdrop, all of the 16 Hennessy Funds posted positive returns for the one-year period ended September 30, 2021. The longer-term performance numbers remain strong, with 14 of the Hennessy Funds posting positive returns for the five-year period ended September 30, 2021, and all 14 Hennessy Funds with at least 10 years of operating history posting positive returns for the 10-year period ended September 30, 2021.

As always, we are committed to providing superior service to investors and employing a consistent and disciplined approach to investing based on a buy-and-hold philosophy that rejects the idea of market timing. Our goal is to provide products that investors can have confidence in, knowing their money is invested as promised and with their best interests in mind. Accordingly, we continually seek new and improved ways to support investors in the Hennessy Funds, including by providing thought leadership and other resources to help them navigate through this unprecedented market disruption due to the pandemic. We operate a robust and leading-edge marketing automation and customer relationship management (CRM) system, with a database of over 100,000 financial advisors in addition to retail investors. We utilize this technology both to retain assets and to drive new purchases into the Hennessy Funds. We employ a comprehensive marketing and sales program consisting of content, digital, social media, and traditional marketing initiatives and proactive meetings. In addition, our consistent annual public relations campaign has resulted in the Hennessy brand name appearing on TV, radio, print, or online media on average once every two to three days.

We provide service to approximately 160,000 mutual fund accounts nationwide, including accounts held by shareholders who employ financial advisors to assist them with investing as well as accounts held by retail shareholders who invest directly with us. We serve over 14,000 financial advisors who utilize the Hennessy Funds on behalf of their clients, including over 800 who purchased one of our Funds for the first time during fiscal year 2021. Approximately 17% of such advisors own two or more Hennessy Funds, and nearly 550 advisors hold a position of over $500,000, demonstrating strong brand loyalty.

Total assets under management as of the end of fiscal year 2021 was $4.1 billion, an increase of $0.5 billion, or 14.1%, compared to the end of fiscal year 2020. The increase in total assets during fiscal year 2021 was attributable to market appreciation.

The following table illustrates the changes in our assets under management over the past three years:

	Fiscal Years Ended September 30,		
	2021	2020	2019
		(In thousands)	
Beginning assets under management	$ 3,564,597	$ 4,873,839	$ 6,197,617
Acquisition inflows	—	—	194,948
Organic inflows	818,358	571,195	825,541
Redemptions	(1,345,371)	(1,771,127)	(2,374,734)
Market appreciation (depreciation)	1,028,338	(109,310)	30,467
Ending assets under management	$ 4,065,922	$ 3,564,597	$ 4,873,839

As stated above, the fees we receive for providing investment advisory and shareholder service are based on average assets under management. The following table shows average assets under management by share class over the past three years:

	Fiscal Years Ended September 30,		
	2021	2020	2019
		(In thousands)	
Average assets under management—Investor Class	$ 2,394,194	$ 2,556,875	$ 3,357,813
Average assets under management—Institutional Class	1,595,106	1,541,529	1,826,929
Total	$ 3,989,300	$ 4,098,404	$ 5,184,742

The principal asset on our balance sheet, management contracts, represents the capitalized costs incurred in connection with the purchase of the assets related to the management of mutual funds. As of the end of fiscal year 2021, this asset had a net balance of $80.6 million, unchanged since the end of fiscal year 2020.

The principal liability on our balance sheet as of the end of our fiscal year 2021 was the net deferred tax liability of $12.4 million generated due to the continued write-off of our management contracts asset for tax purposes, which creates a book-to-tax difference. Following the end of our fiscal year 2021, on October 20, 2021, we completed a public offering of 4.875% unsecured notes due 2026 in the aggregate principal amount of $40,250,000. The 2026 Notes mature on December 31, 2026, and may be redeemed in whole or in part at any time or from time to time at our option on or after December 31, 2023. The 2026 Notes bear interest at a rate of 4.875% per year payable quarterly on March 31, June 30, September 30, and December 31. The 2026 Notes are direct unsecured obligations, rank equally in right of payment with any of our future unsecured unsubordinated indebtedness, senior to any of our future indebtedness that expressly provides that it is subordinate to the 2026 Notes, effectively subordinate to all of our existing and future secured indebtedness, and structurally subordinated to all existing and future indebtedness and other obligations of any future subsidiaries of ours.

RESULTS OF OPERATIONS

The following table sets forth items in our statements of income as dollar amounts and as percentages of total revenue:

	Fiscal Years Ended September 30,			
	2021		2020	
	Amounts	Percent of Total Revenue	Amounts	Percent of Total Revenue
	(In thousands, except percentages)			
Revenue				
Investment advisory fees	$ 30,367	92.7%	$ 30,831	92.3%
Shareholder service fees	2,393	7.3	2,558	7.7
Total revenue	32,760	100.0	33,389	100.0
Operating expenses				
Compensation and benefits	9,078	27.7	8,820	26.4
General and administrative	4,754	14.5	4,961	14.9
Mutual fund distribution	485	1.5	477	1.4
Sub-advisory fees	7,332	22.4	7,573	22.7
Depreciation	232	0.7	239	0.7
Total operating expenses	21,881	66.8	22,070	66.1
Operating income	10,879	33.2	11,319	33.9
Interest expense	—	—	447	1.3
Other income	(2)	(0.0)	(89)	(0.2)
Income before income tax expense	10,881	33.2	10,961	32.8
Income tax expense	2,979	9.1	3,120	9.3
Net income	$ 7,902	24.1%	$ 7,841	23.5%

Revenues – Investment Advisory Fees and Shareholder Service Fees

Total revenue comprises investment advisory fees and shareholder service fees. Comparing fiscal year 2021 to fiscal year 2020, total revenue decreased by 1.9%, from $33.4 million to $32.8 million, investment advisory fees decreased by 1.5%, from $30.8 million to $30.4 million, and shareholder service fees decreased by 6.5%, from $2.6 million to $2.4 million.

The decrease in investment advisory fees was due to decreased average daily net assets of the Hennessy Funds. The decrease in shareholder service fees was due to a decrease in the average daily net assets held in Investor Class shares of the Hennessy Funds. Assets held in Investor Class shares of the Hennessy Funds are subject to a shareholder service fee, whereas assets held in Institutional Class shares of the Hennessy Funds are not subject to a service fee.

We collect investment advisory fees from each Hennessy Fund at differing annual rates. These annual rates range between 0.40% and 1.25% of average daily net assets. Average daily net assets of the Hennessy Funds for fiscal year 2021 was $4.0 billion, which represents a decrease of $0.1 billion, or 2.7%, compared to fiscal year 2020. The Hennessy Fund with the largest average daily net assets for fiscal year 2021 was the Hennessy Focus Fund, with $1.1 billion. We collect an investment advisory fee from the Hennessy Focus Fund at an annual rate of 0.90% of average daily net assets. However, we pay a sub-advisory fee at an annual rate of 0.29% to the fund's sub-advisor, which reduces the net operating profit contribution of the fund to our financial operations. The Hennessy Fund with the second largest average daily net assets for fiscal year 2021 was the Hennessy Japan Fund, with $844 million. We collect an investment advisory fee from the Hennessy Japan Fund at an annual rate of 0.90% of average daily net assets. However, we pay a sub-advisory fee at an annual rate between 0.35% and 0.42% (depending on asset level) to the fund's sub-advisor, which reduces the net operating profit contribution of the fund to our financial operations.

Total assets under management as of the end of fiscal year 2021 was $4.1 billion, an increase of $0.5 billion, or 14.1%, compared to the end of fiscal year 2020. The increase was attributable to market appreciation.

The Hennessy Funds with the three largest amounts of net inflows were as follows:

Fiscal Year Ended September 30, 2021	
Fund Name	**Amount**
Hennessy Japan Fund	$ 42 million
Hennessy Small Cap Financial Fund	$ 35 million
Hennessy Japan Small Cap Fund	$ 13 million

The Hennessy Funds with the three largest amounts of net outflows were as follows:

Fiscal Year Ended September 30, 2021	
Fund Name	**Amount**
Hennessy Focus Fund	$(339) million
Hennessy Gas Utility Fund	$(134) million
Hennessy Cornerstone Mid Cap 30 Fund	$ (76) million

Redemptions as a percentage of assets under management decreased from an average of 3.6% per month during fiscal year 2020 to an average of 2.8% per month during fiscal year 2021.

Operating Expenses

Comparing fiscal year 2020 to fiscal year 2021, total operating expenses remained relatively flat, decreasing by 0.9%, from $22.1 million to $21.9 million. The slight decrease in the dollar amount of operating expenses was due to decreases in many expense categories, partially offset by increases in compensation and benefits expense and mutual fund distribution expense. As a percentage of total revenue, total operating expenses increased 0.7 percentage points to 66.8%. Although the dollar value decreased slightly, operating expenses increased slightly as a percentage of total revenue because some of our operating expenses are fixed costs that did not decrease with decreasing revenue during fiscal year 2021.

Compensation and Benefits Expense: Comparing fiscal year 2020 to fiscal year 2021, compensation and benefits expense increased by 2.9%, from $8.8 million to $9.1 million. As a percentage of total revenue, compensation and benefits expense increased 1.3 percentage points to 27.7%. The increase in compensation and benefits expense was due to an increase in incentive-based compensation during fiscal year 2021 resulting from our higher total assets under management, as well as an increase in salary compensation paid to our executive officers compared to our fiscal year 2020, which included five months during which our executive officers agreed to temporary 25% salary reductions.

General and Administrative Expense: Comparing fiscal year 2020 to fiscal year 2021, general and administrative expense decreased by 4.2%, from $5.0 million to $4.8 million. As a percentage of total revenue, general and administrative expense decreased 0.4 percentage points to 14.5%. The decrease in general and administrative expense was due to lower director stock award expense, as well as a reduction in rent expense in our Novato office and a decrease in legal and accounting costs in the current period.

Mutual Fund Distribution Expense: Mutual fund distribution expense consists of fees paid to various financial institutions that offer the Hennessy Funds as potential investments to their clients. When the Hennessy Funds are purchased through one of these financial institutions, the institution typically charges an asset-based fee, which is recorded as mutual fund distribution expense on our statement of operations to the extent paid by us. When the Hennessy Funds are purchased directly, we do not incur any such expense. These fees generally increase or decrease in line with the net assets of the Hennessy Funds held through these financial institutions, which are affected by inflows, outflows, and fund performance. In addition, some financial institutions charge a minimum fee if the average daily net assets of a Hennessy Fund held by such an institution are less than a threshold amount. In such cases, we pay the minimum fee.

Comparing fiscal year 2020 to fiscal year 2021, mutual fund distribution expense increased slightly by 1.7%, from $0.48 million to $0.49 million. As a percentage of total revenue, mutual fund distribution expense increased 0.1 percentage points to 1.5%. The increase in mutual fund distribution expense was due to slightly higher average daily net assets of the Hennessy Funds held at financial institutions in the current period. In the second quarter of the prior fiscal year, significant market depreciation, primarily resulting from the COVID-19 pandemic, caused a decrease in average daily net assets.

Sub-Advisory Fees Expense: Comparing fiscal year 2020 to fiscal year 2021, sub-advisory fees expense decreased by 3.2%, from $7.6 million to $7.3 million. As a percentage of total revenue, sub-advisory fees expense decreased 0.3 percentage point to 22.4%. The decrease in sub-advisory fees was due to a decrease in average daily net assets of the sub-advised Hennessy Funds.

Depreciation Expense: Comparing fiscal year 2020 to fiscal year 2021, depreciation expense decreased by 2.9% from $0.24 million to $0.23 million due to the write-off of fully depreciated assets. As a percentage of total revenue, depreciation expense remained flat at 0.7%.

Interest Expense

Comparing fiscal year 2020 to fiscal year 2021, interest expense decreased by 100% from $0.4 million to $0. The decrease in interest expense was due to the payoff in full of the remaining outstanding balance under our term loan agreement with U.S. Bank National Association on March 26, 2020.

Income Tax Expense

Comparing fiscal year 2020 to fiscal year 2021, income tax expense decreased by 4.5%, from $3.1 million to $3.0 million. The decrease in income tax expense was due primarily to lower net operating income in the current period.

Net Income

Comparing fiscal year 2020 to fiscal year 2021, net income increased by 0.8%, from $7.8 million to $7.9 million. The increase in net income was primarily due to decreased interest expense in the current period.

LIQUIDITY AND CAPITAL RESOURCES

We continually review our capital requirements to ensure that we have funding available to support our business model. Management anticipates that cash and other liquid assets on hand as of the end of fiscal year 2021 will be sufficient to meet our capital requirements for one year from the issuance date of this report, as well as our longer-term capital requirements for periods beyond one year from the issuance date of this report. To the extent that liquid resources and cash provided by operations are not adequate to meet long-term capital requirements, management plans to raise additional capital by either, or both, seeking bank financing or accessing the capital markets. There can be no assurance that we will be able to raise additional capital.

Following the end of our fiscal year 2021, on October 20, 2021, the Company completed a public offering of its 2026 Notes in the aggregate principal amount of $40,250,000. The 2026 Notes mature on December 31, 2026, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after December 31, 2023. The 2026 Notes bear interest at a rate of 4.875% per year payable quarterly on March 31, June 30, September 30, and December 31. The 2026 Notes are the Company's direct unsecured obligations, rank equally in right of payment with any of the Company's future unsecured unsubordinated indebtedness, senior to any of the Company's future indebtedness that expressly provides that it is subordinate to the 2026 Notes, effectively subordinate to all of the Company's existing and future secured indebtedness, and structurally subordinated to all existing and future indebtedness and other obligations of any future subsidiaries of the Company.

Our total assets under management as of the end of fiscal year 2021 was $4.1 billion, an increase of $0.5 billion, or 14.1%, from the end of fiscal year 2020. The primary sources of our revenues, liquidity, and cash flow are our investment advisory fees and shareholder service fees, which are based on, and generated by, our average assets under management. Our average assets under management for fiscal year 2021 was $4.0 billion. As of the end of fiscal year 2021, we had cash and cash equivalents of $15.8 million.

The following table summarizes key financial data relating to our liquidity and use of cash:

	Fiscal Years Ended September 30,	
	2021	2020
	(In thousands)	
Net cash provided by operating activities	$ 10,386	$ 10,623
Net cash used in investing activities	(249)	(882)
Net cash used in financing activities	(4,256)	(24,473)
Net increase (decrease) in cash and cash equivalents	$ 5,881	$ (14,732)

The decrease in cash provided by operating activities of $0.2 million was due mainly to decreased operating income.

The decrease in cash used in investing activities of $0.6 million was due to a payment for the purchase of assets related to the management of the BP Funds made in the prior period.

The decrease in cash used for financing activities of $20.2 million was due primarily to the prepayment of the remaining outstanding balance payable under our term loan agreement with U.S. Bank National Association in the prior period.

Dividend Payments. We have consistently paid dividends each year since 2005. Our quarterly dividend rate remained constant during fiscal years 2020 and 2021, and our dividend payments totaled $4.0 million in each such fiscal year.

Our Bank Loan. On March 26, 2020, we prepaid in full all principal, accrued interest, and costs and expenses outstanding under our term loan agreement with U.S. Bank National Association. The aggregate prepayment amount of $15.4 million was funded by cash on hand, and we did not incur any prepayment penalties.

2026 Notes. On October 20, 2021, we completed a public offering of 4.875% notes due 2026 in the aggregate principal amount of $40,250,000, which included the full exercise of the underwriters' overallotment option. The 2026 Notes bear interest at 4.875% per annum, payable on the last day of each calendar quarter and at maturity, beginning December 31, 2021. The 2026 Notes mature on December 31, 2026.

CRITICAL ACCOUNTING POLICIES

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States, which require the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. These accounting policies, methods, and estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience with regard to past and current events and assumptions about future events. Certain accounting policies, methods, and estimates are particularly sensitive because of their significance to the financial statements and because future events affecting them may differ markedly from management's current judgment. Described below are the accounting policies that we believe are most critical to understanding our results of operations and financial position.

Our operating revenues consist of contractual investment advisory and shareholder service fees. We earn our investment advisory fees through portfolio management of the Hennessy Funds, and we earn our shareholder service fees by assisting investors in purchases, sales, distribution, and customer service. These fee revenues are earned and calculated daily by the Hennessy Funds' accountants. In accordance with Financial Accounting Standards Board ("FASB") guidance on revenue recognition, we recognize fee revenues monthly. Our contractual agreements provide persuasive evidence that an arrangement exists with fixed and determinable fees, and the services are rendered daily. The collectability is probable as the fees are received from the Hennessy Funds in the month subsequent to the month in which the services are provided.

The management contracts we have purchased are considered intangible assets with an indefinite life and we account for them in accordance with Accounting Standards Codification 350: Intangibles – Goodwill and Other (“ASC 350”). Pursuant to ASC 350, an entity first assesses qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform a quantitative impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. If an entity determines that it is more likely than not that an indefinite-lived intangible asset is impaired, then it must conduct an impairment analysis. We were able to forego the annual impairment analysis for fiscal year 2021 as the more-likely-than-not threshold was not met as of the end of fiscal year 2021.

The costs related to our purchase of the assets related to the management of mutual funds are capitalized as incurred. The costs are defined as an intangible asset per the FASB standard “Intangibles – Goodwill and Other.” The acquisition costs include legal fees, fees for soliciting shareholder approval, and a percent of asset costs to purchase the management contracts. The amounts are included in the management contracts asset, totaling $80.6 million as of the end of fiscal year 2021.

RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS

We reviewed accounting pronouncements issued between December 1, 2020, the filing date of our most recent previously filed Annual Report on Form 10-K, and November 24, 2021, the filing date of this Annual Report on Form 10-K, and have determined that no accounting pronouncement issued would have a material impact on our financial position, results of operations, or disclosures.

There have been no other significant changes to our critical accounting policies and estimates during fiscal year 2021.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements:

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
of Hennessy Advisors, Inc.:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Hennessy Advisors, Inc. (the "Company") as of September 30, 2021 and 2020, the related statements of income, changes in stockholders' equity and cash flows for each of the two years in the period ended September 30, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended September 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Valuation of Management Contract Assets – Impairment Consideration

As described in Note 1(f) to the financial statements, the Company has historically capitalized the cost of purchasing management contracts as intangible assets. These intangible assets are considered to have indefinite useful lives and are therefore not amortized, but rather tested at least annually for impairment. As part of this annual test, management (i) evaluates whether events and circumstances indicate that it is more likely than not that impairment exists, and/or (ii) estimates the fair value of such intangible assets and compares it to the cost of the assets to determine whether impairment has occurred. Management's estimate of the fair value of management contract assets involves subjective assumptions that include stock market returns and weighted average cost of capital.

We have determined that the valuation of management contract assets constitutes a critical audit matter for the following reasons: (i) it is a matter that should be communicated to the audit committee, since it involves a significant management estimate; (ii) it involves a material account balance; and (iii) it involves especially subjective auditor judgment.

We have addressed this critical audit matter by performing appropriate audit procedures. These procedures included (i) performing an independent evaluation of whether events or circumstances indicate that it is more likely than not that impairment exists; (ii) evaluating the reasonableness of management's fair value estimate assumptions; and (iii) testing the mathematical accuracy of management's valuation model. Professionals with specialized skills and knowledge were used to assist in evaluating of the measurement of the Company's estimated fair value of the management contract assets.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2004.

Costa Mesa, CA
November 24, 2021

Hennessy Advisors, Inc.
Balance Sheets
(In thousands, except share and per share amounts)

	September 30, 2021	September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 15,836	$ 9,955
Investments in marketable securities, at fair value	10	9
Investment fee income receivable	2,795	2,403
Prepaid expenses	788	637
Other accounts receivable	277	378
Total current assets	19,706	13,382
Property and equipment, net of accumulated depreciation of $1,850 and $1,618, respectively	311	294
Operating lease right-of-use asset	1,010	276
Management contracts	80,643	80,643
Other assets	235	191
Total assets	$ 101,905	$ 94,786
Liabilities and Stockholders' Equity		
Current liabilities		
Accrued liabilities and accounts payable	$ 4,151	$ 3,813
Operating lease liability	359	330
Income taxes payable	1,050	949
Total current liabilities	5,560	5,092
Long-term operating lease liability	646	—
Net deferred income tax liability	12,437	11,516
Total liabilities	18,643	16,608
Commitments and contingencies (Note 10)		
Stockholders' equity		
Common stock, no par value, 22,500,000 shares authorized; 7,469,584 shares issued and outstanding as of September 30, 2021, and 7,356,822 as of September 30, 2020	19,964	18,705
Retained earnings	63,298	59,473
Total stockholders' equity	83,262	78,178
Total liabilities and stockholders' equity	$ 101,905	$ 94,786

See Accompanying Notes to Financial Statements

Hennessy Advisors, Inc.
Statements of Income
(In thousands, except share and per share amounts)

	Fiscal Years Ended September 30,	
	2021	2020
Revenue		
Investment advisory fees	$ 30,367	$ 30,831
Shareholder service fees	2,393	2,558
Total revenue	32,760	33,389
Operating expenses		
Compensation and benefits	9,078	8,820
General and administrative	4,754	4,961
Mutual fund distribution	485	477
Sub-advisory fees	7,332	7,573
Depreciation	232	239
Total operating expenses	21,881	22,070
Net operating income	10,879	11,319
Interest expense	—	447
Other income	(2)	(89)
Income before income tax expense	10,881	10,961
Income tax expense	2,979	3,120
Net income	$ 7,902	$ 7,841
Earnings per share		
Basic	$ 1.07	$ 1.07
Diluted	$ 1.07	$ 1.06
Weighted average shares outstanding		
Basic	7,367,948	7,352,495
Diluted	7,409,112	7,378,729
Cash dividends declared per share	$ 0.55	$ 0.55

See Accompanying Notes to Financial Statements

Hennessy Advisors, Inc.
Statements of Changes in Stockholders' Equity
(In thousands, except share data)

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total Stockholders' Equity
Balance at September 30, 2019	7,527,040	$ 17,673	$ 57,855	$ 75,528
Net income	—	—	7,841	7,841
Dividends paid	—	—	(4,040)	(4,040)
Employee and director restricted stock vested	125,750	—	—	—
Repurchase of vested employee restricted stock for tax withholding	(34,887)	(311)	(3)	(314)
Shares issued for auto-investments pursuant to the 2018 Dividend Reinvestment and Stock Purchase Plan	2,065	22	—	22
Shares issued for dividend reinvestment pursuant to the 2018 Dividend Reinvestment and Stock Purchase Plan	7,750	73	—	73
Shares repurchased pursuant to a stock buyback program	(270,896)	(534)	(2,180)	(2,714)
Stock-based compensation	—	1,782	—	1,782
Balance at September 30, 2020	7,356,822	$ 18,705	$ 59,473	$ 78,178
Net income	—	—	7,902	7,902
Dividends paid	—	—	(4,049)	(4,049)
Employee and director restricted stock vested	132,588	—	—	—
Repurchase of vested employee restricted stock for tax withholding	(32,492)	(294)	(28)	(322)
Shares issued for auto-investments pursuant to the 2018 Dividend Reinvestment and Stock Purchase Plan	958	9	—	9
Shares issued for dividend reinvestment pursuant to the 2018 Dividend Reinvestment and Stock Purchase Plan	2,165	19	—	19
Shares issued for auto-investments pursuant to the 2021 Dividend Reinvestment and Stock Purchase Plan	3,219	29	—	29
Shares issued for dividend reinvestment pursuant to the 2021 Dividend Reinvestment and Stock Purchase Plan	6,324	58	—	58
Stock-based compensation	—	1,438	—	1,438
Balance at September 30, 2021	7,469,584	$ 19,964	$ 63,298	$ 83,262

See Accompanying Notes to Financial Statements

Hennessy Advisors, Inc.
Statements of Cash Flows
(In thousands)

	Fiscal Years Ended September 30, 2021	Fiscal Years Ended September 30, 2020
Cash flows from operating activities		
Net income	$ 7,902	$ 7,841
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	232	239
Change in right-of-use asset and operating lease liability	(59)	(62)
Deferred income taxes	921	1,247
Deferred offering costs	(11)	—
Stock-based compensation	1,438	1,782
Unrealized gains on marketable securities	(1)	—
Interest expense associated with debt issuance cost	—	125
Change in operating assets and liabilities:		
Investment fee income receivable	(392)	888
Prepaid expenses	(151)	(4)
Other accounts receivable	101	14
Other assets	(33)	1
Accrued liabilities and accounts payable	338	(1,725)
Income taxes payable	101	277
Net cash provided by operating activities	10,386	10,623
Cash flows from investing activities		
Purchases of property and equipment	(249)	(172)
Payments related to management contracts	—	(710)
Net cash used in investing activities	(249)	(882)
Cash flows from financing activities		
Principal payments on bank loan	—	(17,500)
Shares repurchased pursuant to stock buyback program	—	(2,714)
Repurchase of vested employee restricted stock for tax withholding	(322)	(314)
Proceeds from shares issued pursuant to the 2018 Dividend Reinvestment and Stock Repurchase Plan	9	22
Proceeds from shares issued pursuant to the 2021 Dividend Reinvestment and Stock Repurchase Plan	29	—
Dividend payments	(3,972)	(3,967)
Net cash used in financing activities	(4,256)	(24,473)
Net increase (decrease) in cash and cash equivalents	5,881	(14,732)
Cash and cash equivalents at the beginning of the period	9,955	24,687
Cash and cash equivalents at the end of the period	$ 15,836	$ 9,955
Supplemental disclosures of cash flow information		
Cash paid for income taxes	$ 1,957	$ 1,596
Cash paid for interest	$ —	$ 381

See Accompanying Notes to Financial Statements

Notes to Financial Statements

(1) Organization and Description of Business and Significant Accounting Policies

(a) Organization and Description of Business

Hennessy Advisors, Inc. (the "Company") was founded on February 1, 1989, as a California corporation under the name Edward J. Hennessy, Incorporated. In 1990, the Company became a registered investment advisor, and on April 15, 2001, the Company changed its name to Hennessy Advisors, Inc.

The Company's operating activities consist primarily of providing investment advisory services to 16 open-end mutual funds branded as the Hennessy Funds. The Company serves as the investment advisor to all classes of the Hennessy Cornerstone Growth Fund, the Hennessy Focus Fund, the Hennessy Cornerstone Mid Cap 30 Fund, the Hennessy Cornerstone Large Growth Fund, the Hennessy Cornerstone Value Fund, the Hennessy Total Return Fund, the Hennessy Equity and Income Fund, the Hennessy Balanced Fund, the Hennessy BP Energy Transition Fund, the Hennessy BP Midstream Fund, the Hennessy Gas Utility Fund, the Hennessy Japan Fund, the Hennessy Japan Small Cap Fund, the Hennessy Large Cap Financial Fund, the Hennessy Small Cap Financial Fund, and the Hennessy Technology Fund. The Company also provides shareholder services to shareholders of the Hennessy Funds.

The Company's operating revenues consist of contractual investment advisory and shareholder service fees paid to it by the Hennessy Funds. The Company earns investment advisory fees from each Hennessy Fund by, among other things:

- acting as portfolio manager for the fund or overseeing the sub-advisor acting as portfolio manager for the fund, which includes managing the composition of the fund's portfolio (including the purchase, retention, and disposition of portfolio securities in accordance with the fund's investment objectives, policies, and restrictions), seeking best execution for the fund's portfolio, managing the use of soft dollars for the fund, and managing proxy voting for the fund;
- performing a daily reconciliation of portfolio positions and cash for the fund;
- monitoring the liquidity of the fund;
- monitoring the fund's compliance with its investment objectives and restrictions and federal securities laws;
- maintaining a compliance program (including a code of ethics), conducting ongoing reviews of the compliance programs of the fund's service providers (including any sub-advisor), including their codes of ethics, as appropriate, conducting onsite visits to the fund's service providers (including any sub-advisor) as feasible, monitoring incidents of abusive trading practices, reviewing fund expense accruals, payments, and fixed expense ratios, evaluating insurance providers for fidelity bond, directors and officers and errors and omissions insurance, and cybersecurity insurance coverage, managing regulatory examination compliance and responses, conducting employee compliance training, reviewing reports provided by service providers, and maintaining books and records;
- if applicable, overseeing the selection and continued employment of the fund's sub-advisor, reviewing the fund's investment performance, and monitoring the sub-advisor's adherence to the fund's investment objectives, policies, and restrictions;
- overseeing service providers that provide accounting, administration, distribution, transfer agency, custodial, sales, marketing, public relations, audit, information technology, and legal services to the fund;
- maintaining in-house marketing and distribution departments on behalf of the fund;

- preparing or directing the preparation of all regulatory filings for the fund, including writing and annually updating the fund's prospectus and related documents;
- for each annual report of the fund, preparing or reviewing a written summary of the fund's performance during the most recent 12-month period;
- monitoring and overseeing the accessibility of the fund on third-party platforms;
- paying the incentive compensation of the fund's compliance officers and employing other staff such as legal, marketing, national accounts, distribution, sales, administrative, and trading oversight personnel, as well as management executives;
- providing a quarterly compliance certification to the Board of Trustees of Hennessy Funds Trust (the "Funds' Board of Trustees"); and
- preparing or reviewing materials for the Funds' Board of Trustees, presenting to or leading discussions with the Funds' Board of Trustees, preparing or reviewing all meeting minutes, and arranging for training and education of the Funds' Board of Trustees.

The Company earns shareholder service fees from Investor Class shares of the Hennessy Funds by, among other things, maintaining a toll-free number that the current investors in the Hennessy Funds may call to ask questions about their accounts or the funds or to get help with processing exchange and redemption requests or changing account options. These fee revenues are earned and calculated daily by the Hennessy Funds' accountants at U.S. Bank Global Fund Services and are subsequently reviewed by management. The fees are computed and billed monthly, at which time they are recognized in accordance with Accounting Standards Codification 606 — Revenue from Contracts with Customers.

The Company waived a portion of its fees with respect to the Hennessy Cornerstone Large Growth Fund and the Hennessy BP Energy Transition Fund through the expiration of each fund's expense limitation agreement on November 30, 2019, and October 25, 2020, respectively. The Company continues to waive a portion of its fees with respect to the Hennessy BP Midstream Fund and the Hennessy Technology Fund to comply with contractual expense ratio limitations. The fee waivers are calculated daily by the Hennessy Funds' accountants at U.S. Bank Global Fund Services, reviewed by management, and then charged to expense monthly as offsets to the Company's revenues. Each waived fee is then deducted from investment advisory fee income and reduces the aggregate amount of advisory fees the Company receives from such fund in the subsequent month. To date, the Company has only waived fees based on contractual obligations, but the Company has the ability to waive fees at its discretion. Any decision to waive fees would apply only on a going-forward basis.

The Company's contractual agreements for investment advisory and shareholder services prove that a contract exists with fixed and determinable fees, and the services are rendered daily. The collectability is deemed probable because the fees are received from the Hennessy Funds in the month subsequent to the month in which the services are provided.

(b) Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less that are readily convertible into cash.

(c) Fair Value of Financial Instruments

The Financial Accounting Standards Board ("FASB") guidance on "Disclosures about Fair Value of Financial Instruments" requires disclosures regarding the fair value of all financial instruments for financial statement purposes. The estimates presented in these financial statements are based on information available to management as of the end of fiscal years 2021 and 2020. Accordingly, the fair values presented in the Company's financial statements as of the end of fiscal years 2021 and 2020 may not be indicative of amounts that could be realized on disposition of the financial instruments. The fair value of receivables, accounts payable, and notes payable has been estimated at carrying value due to the short maturity of these instruments. The fair value of marketable securities and money market accounts is based on closing net asset values as reported by securities exchanges registered with the SEC.

(d) Investments

Investments in highly-liquid financial instruments with remaining maturities of less than one year are classified as short-term investments. Financial instruments with remaining maturities of greater than one year are classified as long-term investments. A table of investments is included in Note 3 in this Item 8, “Financial Statements and Supplementary Data.”

The Company holds investments in publicly traded mutual funds, which are accounted for as trading securities. Accordingly, unrealized gains of less than $1,000 per year were recognized in operations for fiscal years 2021 and 2020.

Dividend income is recorded on the ex-dividend date. Purchases and sales of marketable securities are recorded on a trade-date basis, and realized gains and losses recognized on sale are determined on a specific identification/average cost basis.

(e) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally between one and ten years.

(f) Management Contracts Purchased

Throughout its history, the Company has completed 10 purchases of the assets related to the management of 30 different mutual funds, some of which were reorganized into already existing Hennessy Funds. In accordance with FASB guidance, the Company periodically reviews the carrying value of its management contract asset to determine if any impairment has occurred. The fair value of the management contracts asset was estimated by applying the income approach and is based on management estimates and assumptions, including third-party valuations that utilize appropriate valuation techniques. It was determined that there was no impairment as of the end of fiscal years 2021 and 2020.

Under Accounting Standards Codification 350 — Intangibles—Goodwill and Other, intangible assets that have indefinite useful lives are not amortized but are tested at least annually for impairment. The Company reviews the useful life of the management contracts each reporting period to determine if they continue to have an indefinite useful life. The Company considers the management contracts asset to be an intangible asset with an indefinite useful life and no impairment as of the end of fiscal year 2021.

The Company completed its most recent asset purchase on October 26, 2018, when it purchased the assets related to the management of the BP Capital TwinLine Energy Fund and the BP Capital TwinLine MLP Fund (the “BP Funds”), which were reorganized into the Hennessy BP Energy Transition Fund and the Hennessy BP Midstream Fund, respectively, two new series of Hennessy Funds Trust.

(g) Income Taxes

The Company, under the FASB guidance on “Accounting for Uncertainty in Income Tax,” uses a recognition threshold and measurement attribute for the financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a company’s income tax return and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company utilizes a two-step approach for evaluating uncertain tax positions. The first step, recognition, requires the Company to determine if the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. The second step, measurement, is based on the largest amount of benefit that is more likely than not to be realized on ultimate settlement.

The Company believes the positions taken on its tax returns are fully supported, but tax authorities may challenge these positions and they may not be fully sustained on examination by the relevant tax authorities. Accordingly, the income tax provision includes amounts intended to satisfy assessments that may result from these challenges. Determining the income tax provision for these potential assessments and recording the related effects requires management judgement and estimates. The amounts ultimately paid on resolution of an audit could be materially different from the amounts previously included in the income tax provision and, therefore, could have a material impact on the Company's income tax provision, net income, and cash flows. The accrual for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of the Company's domestic operations, including the allocation of income among different jurisdictions. For a further discussion on taxes, refer to Note 11 in this Item 8, "Financial Statements and Supplementary Data."

The Company is subject to income tax in the U.S. federal jurisdiction and multiple state jurisdictions. The Company's U.S. federal income taxes for 2017 through 2021 remain open and subject to examination. The Company has identified 22 major state tax jurisdictions in which it is subject to income tax, which include California, Colorado, Connecticut, Illinois, Indiana, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, and Wisconsin. For tax years that remain open, the below chart shows the number of such state tax jurisdictions that remain subject to examination by the appropriate governmental agencies:

Year	Number of State Tax Jurisdictions
2021	22
2020	22
2019	19
2018	17
2017	16

For state tax jurisdictions with unfiled tax returns, the statutes of limitations remains open indefinitely.

(h) Earnings per Share

Basic earnings per share is determined by dividing net earnings by the weighted average number of shares of common stock outstanding, while diluted earnings per share is determined by dividing net earnings by the weighted average number of shares of common stock outstanding adjusted for the dilutive effect of common stock equivalents, which consist of restricted stock units ("RSUs").

(i) Equity

Amended and Restated 2013 Omnibus Incentive Plan

The Company has adopted, and the Company's shareholders have approved, the Amended and Restated 2013 Omnibus Incentive Plan (the "Omnibus Plan"), which provides for the issuance of options, stock appreciation rights, restricted stock, RSUs, performance awards, and other equity awards for the purpose of attracting and retaining executive officers, key employees, and outside directors and advisors and increasing shareholder value. The maximum number of shares that may be issued under the Omnibus Plan is 50% of the number of outstanding shares of common stock of the Company, subject to adjustment by the compensation committee of the Company's Board of Directors upon the occurrence of certain events. The 50% limitation does not invalidate any awards made prior to a decrease in the number of outstanding shares, even if such awards have result or may result in shares constituting more than 50% of the outstanding shares being available for issuance under the Omnibus Plan. Shares available under the Omnibus Plan that are not awarded in one particular year may be awarded in subsequent years.

The compensation committee of the Company's Board of Directors has the authority to determine the awards granted under the Omnibus Plan, including among other things, the individuals who receive the awards, the times when they receive them, vesting schedules, performance goals, whether an option is an incentive or nonqualified option, and the number of shares to be subject to each award. However, no participant may receive options or stock appreciation rights under the Omnibus Plan for an aggregate of more than 75,000 shares in any calendar year. The exercise price and term of each option or stock appreciation right is fixed by the compensation committee except that the exercise price for each stock option that is intended to qualify as an incentive stock option must be at least equal to the fair market value of the stock on the date of grant and the term of the option cannot exceed 10 years. In the case of an incentive stock option granted to a 10% or more shareholder, the exercise price must be at least 110% of the fair market value on the date of grant and cannot exceed five years. Incentive stock options may be granted only within 10 years from the date of adoption of the Omnibus Plan. The aggregate fair market value (determined at the time the option is granted) of shares with respect to which incentive stock options may be granted to any one individual, which stock options are exercisable for the first time during any calendar year, may not exceed $100,000. An optionee may, with the consent of the compensation committee, elect to pay for the shares to be received upon exercise of his or her options in cash, shares of common stock, or any combination thereof.

Under the Omnibus Plan, participants may be granted RSUs, each of which represents an unfunded, unsecured right to receive a share of the Company's common stock on the date specified in the recipient's award. The Company issues new shares of its common stock when it is required to deliver shares to an RSU recipient. The RSUs granted under the Omnibus Plan vest over four years at a rate of 25% per year. The Company recognizes stock-based compensation expense on a straight-line basis over the four-year vesting term of each award.

All compensation costs related to RSUs vested during fiscal years 2021 and 2020 have been recognized in the financial statements.

The Company has available up to 3,734,792 shares of the Company's common stock in respect of granted stock awards, in accordance with terms of the Omnibus Plan.

A summary of RSU activity is as follows:

	Fiscal Years Ended September 30,			
	2021		2020	
	Shares	Weighted Average Grant Date Fair Value per Share	Shares	Weighted Average Grant Date Fair Value per Share
Non-vested balance at beginning of year	322,181	$ 9.76	313,669	$ 12.22
Granted	134,625	8.64	134,625	8.13
Vested (1)	(132,996)	(10.81)	(126,113)	(14.13)
Forfeited	—	—	—	—
Non-vested balance at end of year	323,810	$ 8.87	322,181	$ 9.76

(1) Represents partially vested RSUs for which the Company already has recognized the associated compensation expense but has not yet issued to employees the related shares of common stock.

Additional information related to RSUs is as follows:

	September 30, 2021 (In thousands, except years)
Total expected compensation expense related to RSUs	$ 16,905
Recognized compensation expense related to RSUs	(14,034)
Unrecognized compensation expense related to RSUS	$ 2,871
Weighted average remaining period to expense for RSUs	3.0

Dividend Reinvestment and Stock Purchase Plan

In January 2021, the Company adopted an updated Dividend Reinvestment and Stock Purchase Plan (the "DRSPP"), replacing the previous Dividend Reinvestment and Stock Purchase Plan that had been in place since 2018. The DRSPP provides shareholders and new investors with a convenient and economical means of purchasing shares of the Company's common stock and reinvesting cash dividends paid on the Company's common stock. Under the DRSPP and its predecessor plan, the Company issued 12,666 and 9,815 shares of common stock in fiscal years 2021 and 2020, respectively. The maximum number of shares that may be issued under the DRSPP is 1,470,000, of which 1,460,457 shares remained available for issuance as of September 30, 2021.

Stock Buyback Program

In August 2010, the Company adopted a stock buyback program. The program provides that the Company may repurchase up to 1,500,000 shares of its common stock and has no expiration date. Share repurchases may be made in the open market, in privately negotiated transactions, or otherwise. A total of 596,368 shares remains available for repurchase under the stock buyback program. The Company temporarily suspended repurchases under the stock buyback program as of March 24, 2020, so the Company did not repurchase any shares of its common stock pursuant to the stock buyback program during fiscal year 2021.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(2) Fair Value Measurements

The Company applies Accounting Standards Codification 820 — Fair Value Measurement for all financial assets and liabilities, which establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” It also establishes a fair value hierarchy consisting of the following three levels that prioritize the inputs to the valuation techniques used to measure fair value:

- Level 1 – Unadjusted, quoted prices in active markets for identical assets or liabilities that an entity has the ability to access at the measurement date;
- Level 2 – Other significant observable inputs (including, but not limited to, quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets); and
- Level 3 – Significant unobservable inputs (including the entity’s own assumptions about what market participants would use to price the asset or liability based on the best available information) when observable inputs are not available.

Based on the definitions, the following table represents the Company's assets categorized in the Level 1 to Level 3 hierarchies:

	September 30, 2021			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Money market fund deposits	$ 11,554	$ —	$ —	$ 11,554
Mutual fund investments	10	—	—	10
Total	$ 11,564	$ —	$ —	$ 11,564
Amounts included in				
Cash and cash equivalents	$ 11,554	$ —	$ —	$ 11,554
Investments in marketable securities	10	—	—	10
Total	$ 11,564	$ —	$ —	$ 11,564

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Money market fund deposits	$ 6,053	$ —	$ —	$ 6,053
Mutual fund investments	9	—	—	9
Total	$ 6,062	$ —	$ —	$ 6,062
Amounts included in				
Cash and cash equivalents	$ 6,053	$ —	$ —	$ 6,053
Investments in marketable securities	9	—	—	9
Total	$ 6,062	$ —	$ —	$ 6,062

There were no transfers between levels during fiscal years 2021 or 2020.

(3) Investments

The cost, gross unrealized gains, gross unrealized losses, and fair market value of the Company's trading investments were as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total
	(In thousands)			
2021				
Mutual fund investments	$ 4	$ 24	$ (18)	$ 10
Total	4	24	(18)	10
2020				
Mutual fund investments	$ 4	$ 23	$ (18)	$ 9
Total	4	23	(18)	9

The mutual fund investments are included as a separate line item in current assets on the Company's balance sheets.

(4) Property and Equipment, Net

The following table summarizes the Company’s property and equipment balances:

	September 30, 2021	September 30, 2020
	(In thousands)	
Equipment	$ 599	$ 538
Leasehold improvements	154	154
Furniture and fixtures	391	391
IT infrastructure	84	71
Software	933	758
Property and equipment, gross	2,161	1,912
Accumulated depreciation	(1,850)	(1,618)
Property and equipment, net	$ 311	$ 294

During each of fiscal year 2021 and fiscal year 2020, depreciation expense was $0.2 million.

(5) Management Contracts

The costs related to the Company’s purchase of the assets related to management contracts are capitalized as incurred and comprise the management contracts asset. This asset was $80.6 million as of the end of fiscal year 2021, unchanged from the end of fiscal year 2020. The Company considers the management contracts asset to be an intangible asset per Accounting Standards Codification 350 — Intangibles—Goodwill and Other. The purchase costs that comprise the management contracts asset include legal fees, shareholder vote fees, and percent of asset costs to purchase the assets related to the management contracts.

(6) Investment Advisory Agreements

The Company has investment advisory agreements with Hennessy Funds Trust under which it provides investment advisory services to all classes of the 16 Hennessy Funds.

The investment advisory agreements must be renewed annually (except in limited circumstances) by (a) the Funds’ Board of Trustees or the vote of a majority of the outstanding shares of the applicable Hennessy Fund and (b) the vote of a majority of the trustees of Hennessy Funds Trust who are not interested persons of the Hennessy Funds. If an investment advisory agreement is not renewed, it terminates automatically. There are two additional circumstances in which an investment advisory agreement would terminate. First, an investment advisory agreement automatically terminates if the Company assigns it to another advisor (assignment includes “indirect assignment,” which is the transfer of the Company’s common stock in sufficient quantities deemed to constitute a controlling block). Second, an investment advisory agreement may be terminated prior to its expiration upon 60 days’ written notice by either the applicable Hennessy Fund or the Company.

As provided in each investment advisory agreement, the Company receives investment advisory fees monthly based on a percentage of the applicable fund’s average daily net asset value.

The Company has entered into sub-advisory agreements for the Hennessy Focus Fund, the Hennessy Equity and Income Fund, the Hennessy BP Energy Transition Fund, the Hennessy BP Midstream Fund, the Hennessy Japan Fund, and the Hennessy Japan Small Cap Fund. Under each of these sub-advisory agreements, the sub-advisor is responsible for the investment of the assets of the applicable Hennessy Fund in accordance with the terms of such agreement and the applicable Hennessy Fund’s Prospectus and Statement of Additional Information. The sub-advisors are subject to the direction, supervision, and control of the Company and the Funds’ Board of Trustees. The sub-advisory agreements must be renewed annually (except in limited circumstances) in the same manner as, and are subject to the same termination provisions as, the investment advisory agreements.

In exchange for the sub-advisory services, the Company (not the Hennessy Funds) pays sub-advisory fees to the sub-advisors out of its own assets. Sub-advisory fees are calculated as a percentage of the applicable sub-advised fund’s average daily net asset value.

(7) Leases

The Company determines if an arrangement is an operating lease at inception. Operating leases are included in operating lease right-of-use assets and current and long-term operating lease liabilities on the Company's balance sheet. During the quarter ended March 31, 2021, the Company renewed the lease for its office in Novato, California for an additional three years. The renewed lease expires on July 31, 2024. The lease renewal created a long-term operating lease as of March 31, 2021, and the Company recorded a right-of-use asset of $1.1 million on the balance sheet. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Company uses its incremental borrowing rate based on the information available at the lease commencement date. The Company's lease terms may include options to extend the lease when it is reasonably certain that it will exercise any such options. For its leases, the Company concluded that it is not reasonably certain that any renewal options would be exercised, so the amounts are not recognized as part of operating lease right-of-use assets or operating lease liabilities. Leases with initial terms of 12 months or less and certain office equipment leases that are deemed insignificant are not recorded on the balance sheet and are expensed as incurred and included within rent expense under general and administrative expense. Lease expense related to operating leases is recognized on a straight-line basis over the expected lease terms.

The Company's most significant leases are real estate leases of office facilities. The Company leases office space under non-cancelable operating leases. Its principal executive office is located in Novato, California, and it has additional offices in Austin, Texas, Boston, Massachusetts, and Chapel Hill, North Carolina. Only the office lease in Novato, California has been capitalized because the other operating leases have terms of 12 months or less, including leases that are month-to-month in nature. The classification of the Company's operating lease right-of-use assets and operating lease liabilities and other supplemental information related to the Company's operating leases are as follows:

	September 30, 2021 (In thousands, except years and percentages)
Operating lease right-of-use assets	$ 1,010
Current operating lease liability	$ 359
Long-term operating lease liability	$ 646
Weighted average remaining lease term	2.8
Weighted average discount rate	0.90%

For fiscal years 2021 and 2020, the Company's lease payments related to its operating lease right-of-use assets totaled $0.43 million and $0.44 million, respectively, and total rent expense for all offices, which is recorded under general and administrative expense in the statements of income, totaled $0.51 million and $0.57 million, respectively.

The undiscounted cash flows for future maturities of the Company's operating lease liabilities and the reconciliation to the balance of operating lease liabilities reflected on the Company's balance sheet are as follows:

	September 30, 2021 (In thousands)
Fiscal year 2022 undiscounted cash flows	363
Fiscal year 2023	374
Fiscal year 2024	286
Total undiscounted cash flows	1,023
Present value discount	(18)
Total operating lease liabilities	$ 1,005

(8) Accrued Liabilities and Accounts Payable

The details relating to the accrued liabilities and accounts payable reflected on the Company's balance sheet are as follows:

	September 30	
	2021	2020
	(In thousands)	
Accrued bonus liabilities	$ 2,738	$ 2,571
Accrued sub-advisor fees	628	552
Other accrued expenses	785	690
Total accrued expenses	$ 4,151	$ 3,813

(9) Bank Loan

On March 26, 2020, the Company prepaid in full all principal, accrued interest, and costs and expenses outstanding under its term loan agreement with U.S. Bank National Association. The aggregate prepayment amount of $15.4 million was funded by cash on hand, and the Company did not incur any prepayment penalties.

(10) Commitments and Contingencies

The Company has no commitments and no significant contingencies with original terms in excess of one year other than operating leases, which are discussed in Note 7.

(11) Retirement Plan

The Company has a 401(k) retirement plan covering eligible employees. Employees are eligible to participate if they are over 21 years of age and have completed a minimum of one month of service with at least 80 hours worked in that month. The Company also made discretionary profit-sharing contributions of $0.2 million in each of the fiscal years 2021 and 2020. To be eligible for the discretionary profit-sharing contribution, an employee must be eligible to participate in the 401(k) retirement plan and must complete at least 501 hours of service during the calendar year or be employed as of the last day of the calendar year.

(12) Income Taxes

As of the end of each of fiscal years 2021 and 2020, the Company's gross liability for unrecognized tax benefits related to uncertain tax positions was $0.6 million. If the tax benefits of such amounts were recognized, $0.50 million of such amounts would decrease the Company's effective income tax rate. The Company's net liability for accrued interest and penalties was $0.30 million and $0.27 million as of September 30, 2021, and September 30, 2020, respectively. The Company has elected to recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense. During the years ended September 30, 2021, and September 30, 2020, the Company recognized approximately $0.03 million and $0.04 million in interest and penalties, respectively.

The Company's activity was as follows:

	Fiscal Years Ended September 30, 2021	2020
	(In thousands)	
Beginning year balance	$ 608	$ 608
Decrease related to prior year tax positions	—	—
Increase related to current year tax positions	—	—
Settlements	—	—
Lapse of statutes of limitations	—	—
Ending year balance	$ 608	$ 608

The total amount of unrecognized tax benefits can change due to final regulations, audit settlements, tax examinations activities, lapse of applicable statutes of limitations, and the recognition and measurement criteria under the guidance related to accounting for uncertainly in income taxes. The Company is unable to estimate what this change could be within the next 12 months, but does not believe it would be material to its financial statements.

The Company's income tax expense was as follows:

	Fiscal Years Ended September 30, 2021	2020
	(In thousands)	
Current		
Federal	$ 1,545	$ 1,321
State	513	552
Total Current	2,058	1,873
Deferred		
Federal	752	904
State	169	343
Total Deferred	921	1,247
Total	$ 2,979	$ 3,120

The principal reasons for the differences from the federal statutory income tax rate and the Company's effective tax rate were as follows:

	Fiscal Years Ended September 30, 2021	2020
Federal statutory income tax rate	21.0%	21.0%
State income taxes, net of federal benefit	4.1	4.3
Permanent and other differences	0.3	0.2
Difference due to executive compensation	1.3	1.1
Tax return to provision adjustments	0.1	(0.1)
Uncertain tax position allowance	0.3	0.4
Stock-based compensation	0.3	1.6
Effective income tax rate	27.4%	28.5%

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities were as follows:

	Fiscal Years Ended September 30, 2021	Fiscal Years Ended September 30, 2020
	(In thousands)	
Deferred tax assets		
Accrued compensation	$ 60	$ 47
Stock compensation	2	13
State taxes	266	245
Capital loss carryforward	7	7
ROU asset/lease liability	(1)	—
Gross deferred tax assets	334	312
Disallowed capital loss	(7)	(7)
Net deferred tax assets	327	305
Deferred tax liabilities		
Property and equipment	(33)	(28)
Management contracts	(12,731)	(11,793)
Total deferred tax liabilities	(12,764)	(11,821)
Net deferred tax liabilities	$(12,437)	$(11,516)

(13) Earnings per Share

The weighted average common shares outstanding used in the calculation of basic earnings per share and weighted average common shares outstanding, adjusted for common stock equivalents, used in the computation of diluted earnings per share were as follows:

	September 30, 2021	September 30, 2020
Weighted average common stock outstanding, basic	7,367,948	7,352,495
Dilutive impact of RSUs	41,164	26,234
Weighted average common stock outstanding, diluted	7,409,112	7,378,729

For fiscal years 2021 and 2020, the Company excluded 65,098 and 186,520 common stock equivalents, respectively, from the diluted earnings per share calculations because they were not dilutive. In each case, the excluded common stock equivalents consisted of vested RSUs.

(14) Concentration of Credit Risk

The Company maintains its cash accounts with three commercial banks that, at times, may exceed federally insured limits. The amount on deposit at September 30, 2021, exceeded the insurance limits of the Federal Deposit Insurance Corporation by approximately $4.0 million. In addition, total cash and cash equivalents include $11.5 million held in the First American U.S. Government Money Market Fund that is not federally insured. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

(15) Recently Issued and Adopted Accounting Standards

The Company has reviewed accounting pronouncements issued between December 1, 2020, the filing date of its most recent previously filed Annual Report on Form 10-K, and November 24, 2021, the filing date of this Annual Report on Form 10-K, and has determined that no accounting pronouncement issued would have a material impact on the Company’s financial position, results of operations, or disclosures.

There have been no other significant changes to the Company’s critical accounting policies and estimates during fiscal year 2021.

(16) Subsequent Events

As of November 24, 2021, the filing date of this Annual Report on Form 10-K, management evaluated the existence of events occurring subsequent to the end of fiscal year 2021, and determined the following to be subsequent events:

On October 20, 2021, the Company completed a public offering of 4.875% notes due 2026 in the aggregate principal amount of $40,250,000, which included the full exercise of the underwriters' overallotment option. The 2026 Notes bear interest at 4.875% per annum, payable on the last day of each calendar quarter and at maturity, beginning December 31, 2021. The 2026 Notes mature on December 31, 2026.

On October 29, 2021, the Company announced a quarterly cash dividend of $0.1375 per share paid on November 23, 2021, to shareholders of record as of November 11, 2021. The declaration and payment of dividends to holders of the Company's common stock, if any, are subject to the discretion of the Company's Board of Directors. The Company's Board of Directors will take into account such matters as general economic and business conditions, the Company's strategic plans, the Company's financial results and condition, contractual, legal, and regulatory restrictions on the payment of dividends by the Company, and such other factors as the Company's Board of Directors may consider relevant.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2021, using the criteria set forth in 2013 Internal Control — Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that, as of September 30, 2021, the Company's internal control over financial reporting was effective based on those criteria.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) of the Exchange Act, as of the end of the period covered by this report. Based on such evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as of September 30, 2021, were effective to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and (ii) accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROLS

There have been no changes in internal control over financial reporting as defined in Rules 13a-15(f) of the Exchange Act that occurred during the fiscal quarter ended September 30, 2021, and that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The information required by this item can be found in our Proxy Statement for our 2022 Annual Meeting ("Proxy Statement") under the captions "Election of Directors," "Corporate Governance," and "Executive Officers." Such information is incorporated by reference as if fully set forth in this report.

CODE OF ETHICS

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, executive vice presidents, directors, and all employees. The code has been designed in accordance with the Sarbanes-Oxley Act of 2002 to promote honest and ethical conduct. The code also applies to Hennessy Funds Trust. The Code of Ethics is posted on our website at www.hennessyadvisors.com. In the event we amend or waive any of the provisions of the Code of Ethics, we intend to disclose these actions on our website. We are not including the information contained on our website as part of, or incorporating it by reference into, this report.

Any person may obtain a copy of the Code of Ethics, at no cost, by forwarding a written request to:

Hennessy Advisors, Inc.
7250 Redwood Blvd., Suite 200
Novato, CA 94945
Attention: Teresa Nilsen

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item can be found in the Proxy Statement under the captions "Compensation Discussion and Analysis" and "Compensation of Executive Officers and Directors." Such information is incorporated by reference as if fully set forth in this report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item can be found in the Proxy Statement under the caption "Voting Securities." Such information is incorporated by reference as if fully set forth in this report.

EQUITY COMPENSATION PLAN INFORMATION

Our Omnibus Plan, which was approved by our shareholders, is the only equity compensation plan under which we may issue our common stock.

	September 30, 2021		
Plan Category	**Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants, and Rights**	**Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights**	**Number of Securities Remaining for Issuance Under Compensation Plans (2)**
Equity compensation plans approved by security holders (1)	328,150	—	1,352,012
Equity compensation plans not approved by security holders	—	—	—
Total	328,150	—	1,352,012

(1) Securities to be issued pursuant to outstanding RSUs that vest over four years at a rate of 25% per year, for which the weighted average exercise price is zero.

(2) Excludes securities to be issued upon the vesting of outstanding RSUs. The maximum number of shares of common stock that may be issued under the Omnibus Plan is 50% of our outstanding common stock, or 3,734,792 shares, as of the end of fiscal year 2021.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item can be found in the Proxy Statement under the caption “Corporate Governance.” Such information is incorporated by reference as if fully set forth in this report.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item can be found in the Proxy Statement under the caption “Independent Registered Public Accounting Firm.” Such information is incorporated by reference as if fully set forth in this report.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

The financial statements and financial statement schedules for Hennessy Advisors, Inc. are included in Item 8, “Financial Statements and Supplementary Data.”

Exhibit Index

Set forth below is a list of all exhibits to this Annual Report on Form 10-K, including those incorporated by reference.

Exhibits

3.1	Amended and Restated Articles of Incorporation (11)
3.2	Fifth Amended and Restated Bylaws (13)
4.1	Description of Securities
4.2	Indenture, dated as of October 20, 2021, by and between the Registrant and U.S. Bank National Association, as trustee (17)
4.3	First Supplemental Indenture, dated as of October 20, 2021, by and between the Registrant and U.S. Bank National Association, as trustee (17)
10.1	License Agreement, dated as of April 10, 2000, between the registrant and Netfolio, Inc. (2)
10.2	Investment Advisory Agreement, dated as of March 23, 2009, between the registrant and Hennessy Funds Trust (on behalf of the Hennessy Cornerstone Large Growth Fund) (3)
10.3	Investment Advisory Agreement, dated as of October 25, 2012, between the registrant and Hennessy Funds Trust (on behalf of the Hennessy Focus Fund, the Hennessy Equity and Income Fund, the Hennessy Core Bond Fund, the Hennessy Gas Utility Fund, the Hennessy Large Cap Financial Fund, the Hennessy Small Cap Financial Fund, and the Hennessy Technology Fund) (4)
10.4	Investment Advisory Agreement, dated as of February 28, 2014, between the registrant and Hennessy Funds Trust (on behalf of the Hennessy Cornerstone Growth Fund, the Hennessy Cornerstone Mid Cap 30 Fund, the Hennessy Cornerstone Value Fund, the Hennessy Total Return Fund, the Hennessy Balanced Fund, the Hennessy Japan Fund, and the Hennessy Japan Small Cap Fund) (7)
10.5	Amendment to Investment Advisory Agreement, dated as of March 1, 2016, between the registrant and Hennessy Funds Trust (on behalf of the Hennessy Cornerstone Growth Fund, the Hennessy Cornerstone Mid Cap 30 Fund, the Hennessy Cornerstone Value Fund, the Hennessy Total Return Fund, the Hennessy Balanced Fund, the Hennessy Japan Fund, and the Hennessy Japan Small Cap Fund) (10)
10.6	Investment Advisory Agreement, dated as of October 26, 2018, between the registrant and Hennessy Funds Trust (on behalf of the Hennessy BP Energy Transition Fund and the Hennessy BP Midstream Fund) (15)
10.7	Sub-Advisory Agreement, dated as of October 25, 2012, between the registrant and Broad Run Investment Management, LLC (for the Hennessy Focus Fund) (4)

10.8	Sub-Advisory Agreement, dated as of October 25, 2012, between the registrant and The London Company of Virginia, LLC (for the Hennessy Equity and Income Fund (equity allocation)) (4)
10.9	Sub-Advisory Agreement, dated as of October 25, 2012, between the registrant and FCI Advisors (for the Hennessy Equity and Income Fund (fixed income allocation)) (4)
10.10	Sub-Advisory Agreement, dated as of February 28, 2014, between the registrant and SPARX Asset Management Co., Ltd. (for the Hennessy Japan Fund and the Hennessy Japan Small Cap Fund) (7)
10.11	First Amendment to Sub-Advisory Agreement, dated as of February 28, 2018, between the registrant and SPARX Asset Management Co., Ltd. (for the Hennessy Japan Fund and the Hennessy Japan Small Cap Fund) (14)
10.12	Sub-Advisory Agreement, dated as of October 26, 2018, between the registrant and BP Capital Fund Advisors, LLC (for the Hennessy BP Energy Transition Fund and the Hennessy BP Midstream Fund) (15)
10.13	Amended and Restated Servicing Agreement, dated as of February 28, 2014, between the registrant and Hennessy Funds Trust (on behalf of the Hennessy Cornerstone Growth Fund, the Hennessy Cornerstone Mid Cap 30 Fund, the Hennessy Cornerstone Large Growth Fund, the Hennessy Cornerstone Value Fund, the Hennessy Large Value Fund, the Hennessy Total Return Fund, the Hennessy Balanced Fund, the Hennessy Japan Fund, and the Hennessy Japan Small Cap Fund) (7)
10.14	First Amendment to Amended and Restated Servicing Agreement, dated as of March 1, 2015, between the registrant and Hennessy Funds Trust (on behalf of all Funds) (8)
10.15	Second Amendment to Amended and Restated Servicing Agreement, dated as of October 26, 2018, between the registrant and Hennessy Funds Trust (on behalf of all Funds) (16)
10.16	Hennessy Advisors, Inc. Amended and Restated 2013 Omnibus Incentive Plan (6)
10.17	Form of Restricted Stock Unit Award Agreement for Employees (1)(5)
10.18	Form of Restricted Stock Unit Award Agreement for Directors (1)(5)
10.19	Form of Stock Option Award Agreement for Employees (1)(5)
10.20	Form of Stock Option Award Agreement for Directors (1)(5)
10.21	Second Amended and Restated Bonus Agreement, dated as of January 26, 2018, between the registrant and Teresa M. Nilsen (1)(13)
10.22	Amended and Restated Bonus Agreement, dated as of October 10, 2016, between the registrant and Daniel B. Steadman (1)(9)
10.23	Employment Agreement, dated as of January 26, 2018, between the registrant and Teresa M. Nilsen (1)(13)
10.24	Fourth Amended and Restated Employment Agreement, dated as of February 22, 2019, between the registrant and Neil J. Hennessy (1)(16)
23.1	Consent of Marcum LLP, Independent Registered Public Accounting Firm
31.1	Rule 13a-14a Certification of the Principal Executive Officer

31.2 Rule 13a-14a Certification of the Principal Financial Officer

32.1 Written Statement of the Principal Executive Officer, Pursuant to 18 U.S.C. § 1350

32.2 Written Statement of the Principal Financial Officer, Pursuant to 18 U.S.C. § 1350

101 Financial statements from the Annual Report on Form 10-K of the registrant for the year ended September 30, 2021, filed on November 24, 2021, formatted in XBRL: (i) the Balance Sheets; (ii) the Statements of Income and Comprehensive Income; (iii) the Statements of Changes in Stockholders' Equity; (iv) the Statements of Cash Flows; and (v) the Notes to Financial Statements.

104 The Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document).

Notes:

* The related schedules to the agreement are not being filed herewith. The registrant agrees to furnish supplementally a copy of any such schedules to the Securities and Exchange Commission upon request.

(1) Management contract or compensatory plan or arrangement.

(2) Incorporated by reference from the Company's Form SB-2 registration statement (SEC File No. 333-66970) filed August 6, 2001.

(3) Incorporated by reference from the Company's Form 10-K for the fiscal year ended September 30, 2009 (SEC File No. 000-49872), filed December 4, 2009.

(4) Incorporated by reference from the Company's Form 10-Q for the quarter ended December 31, 2012 (SEC File No. 000-49872), filed January 17, 2013.

(5) Incorporated by reference from the Company's Current Report on Form 8-K (SEC File No. 000-49872) filed September 18, 2013.

(6) Incorporated by reference to Annex A of the Company's definitive proxy statement on Schedule 14A for the Company's Special Meeting of Shareholders held on March 26, 2015 (SEC File No. 000-49872), filed February 21, 2014.

(7) Incorporated by reference from the Company's Form 10-Q for the quarter ended June 30, 2014 (SEC File No. 001-36423), filed August 6, 2014.

(8) Incorporated by reference from the Company's Form 10-K for the fiscal year ended September 30, 2015 (SEC File No. 001-36423), filed November 30, 2015.

(9) Incorporated by reference from the Company's Current Report on Form 8-K (SEC File No. 001-36423) filed October 13, 2016.

(10) Incorporated by reference from the Company's Form 10-K for the fiscal year ended September 30, 2016 (SEC File No. 001-36423), filed December 1, 2016.

(11) Incorporated by reference from the Company's Current Report on Form 8-K (SEC File No. 001-36423) filed March 7, 2017.

(12) Incorporated by reference from the Company's Current Report on Form 8-K (SEC File No. 001-36423) filed May 11, 2017.

(13) Incorporated by reference from the Company's Current Report on Form 8-K (SEC File No. 001-36423) filed January 25, 2018.

(14) Incorporated by reference from the Company's Form 10-Q for the quarter ended March 31, 2018 (SEC File No. 001-36423), filed May 2, 2018.

(15) Incorporated by reference from the Company's Form 10-K for the fiscal year ended September 30, 2018 (SEC File No. 001-36423), filed November 28, 2018.

(16) Incorporated by reference from the Company's Current Report on Form 8-K (SEC File No. 001-36423) filed February 25, 2019.

(17) Incorporated by reference from the Company's Current Report on Form 8-K (SEC File No. 001-36423), filed October 20, 2021.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

Hennessy Advisors, Inc.
(Registrant)

By:	/s/ Teresa M. Nilsen Teresa M. Nilsen President, Chief Operating Officer, and Director (As a duly authorized officer on behalf of the registrant and as Principal Executive Officer)	Date:	November 24, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

By:	/s/ Kathryn R. Fahy Kathryn R. Fahy Chief Financial Officer and Senior Vice President (Principal Financial and Accounting Officer)	Date:	November 24, 2021
By:	/s/ Neil J. Hennessy Neil J. Hennessy Chief Executive Officer and Chairman of the Board of Directors	Date:	November 24, 2021
By:	/s/ Daniel B. Steadman Daniel B. Steadman Executive Vice President and Director	Date:	November 24, 2021
By:	/s/ Henry Hansel Henry Hansel Director	Date:	November 24, 2021
By:	/s/ Brian A. Hennessy Brian A. Hennessy Director	Date:	November 24, 2021
By:	/s/ Daniel G. Libarle Daniel G. Libarle Director	Date:	November 24, 2021
By:	/s/ Rodger Offenbach Rodger Offenbach Director	Date:	November 24, 2021
By:	/s/ Susan W. Pomilia Susan W. Pomilia Director	Date:	November 24, 2021
By:	/s/ Thomas L. Seavey Thomas L. Seavey Director	Date:	November 24, 2021

Exhibit 4.1

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Hennessy Advisors, Inc. (the "Company," "we," "our," or "us") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), common stock, no par value per share ("Common Stock").

DESCRIPTION OF COMMON STOCK

The following is a description of the rights of the Common Stock and related provisions of the Company's Amended and Restated Articles of Incorporation (the "Articles") and Fifth Amended and Restated Bylaws (the "Bylaws") and applicable California law. This description is qualified in its entirety by, and should be read in conjunction with, the Articles, Bylaws, and applicable California law.

Common Stock

The Company is authorized to issue up to 22,500,000 shares of Common Stock.

Fully Paid and Nonassessable

All of the outstanding shares of Common Stock are fully paid and nonassessable.

Voting Rights

The holders of shares of Common Stock are entitled to one vote per share on all matters to be voted on by such holders. Holders of shares of Common Stock are not entitled to cumulative voting rights.

Dividends

Subject to preferences to which holders of any preferred stock the Company may issue may be entitled, the holders of shares of Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by the Company's Board of Directors, in its discretion, from funds legally available therefor.

Right to Receive Liquidation Distributions

In the event of a liquidation, dissolution, or winding up of the Company, holders of shares of Common Stock would be entitled to share in the Company's assets remaining after the payment of liabilities and the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock. The rights, preferences, and privileges of the holders of shares of Common Stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that the Company may issue in the future.

No Preemptive or Similar Rights

Common Stock has no preemptive or other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with respect to shares of Common Stock.

Anti-Takeover Provisions of the Bylaws and California Law

Provisions of the Bylaws may delay or discourage transactions involving an actual or potential change in control of the Company or change in its management, including transactions in which shareholders might otherwise receive a premium for their shares or transactions that its shareholders might otherwise deem to be in their best interests. Among other things, the Bylaws:

- provide that, except for a vacancy caused by the removal of a director as provided in the Bylaws, a vacancy on the Company's Board of Directors may be filled by a person selected by a majority of the remaining directors then in office, whether or not less than a quorum, or by a sole remaining director; and
- provide that shareholders seeking to present proposals before a meeting of shareholders or to nominate candidates for election as directors at a meeting of shareholders must provide advance notice in writing in a timely manner.

In addition, as a California corporation, the Company is subject to the provisions of Section 1203 of the California General Corporation Law, which requires the Company to provide a fairness opinion to its shareholders in connection with their consideration of certain proposed "interested party" reorganization transactions.

Listing

The Company's Common Stock is listed on The Nasdaq Stock Market LLC under the trading symbol "HNNA."

DESCRIPTION OF THE NOTES

The following description of our 4.875% notes due 2026 (the "Notes") summarizes certain material terms of the Notes. This description is qualified in its entirety by reference to the base indenture (as defined below) and supplemental indenture (as defined below), which are filed as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part.

The Notes were issued under, and are governed by, an indenture, dated as of October 20, 2021 (the "base indenture"), as supplemented by the first supplemental indenture, dated as of October 20, 2021 (the "supplemental indenture"), entered into between us and U.S. Bank National Association, as trustee (the "trustee") (the base indenture, together with the supplemental indenture, the "indenture").

General, Principal and Interest

On October 20, 2021, we completed a public offering of $40,250,000 aggregate principal amount of the 2026 Notes. The Notes mature on December 31, 2026. The principal payable at maturity will be 100% of the aggregate principal amount. The interest rate of the Notes is 4.875% per year and will be paid every March 31, June 30, September 30, and December 31, beginning December 31, 2021, and the regular record dates for interest payments will be every March 15, June 15, September 15, and December 15 beginning December 15, 2021. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment. The initial interest period will be the period from and including October 20, 2021, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

The indenture does not limit the amount of debt (including secured debt) that may be issued by us or our subsidiaries under the indenture or otherwise, but does contain a covenant regarding our maintenance of a certain net consolidated debt to equity ratio. See "– Covenants" below. Other than restrictions described under "– Merger or Consolidation" below, the indenture does not contain any covenants or other provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving us or if our credit rating declines as the result of a takeover, recapitalization, highly leveraged transaction, or similar restructuring involving us.

Covenants

In addition to standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment, and related matters, the following covenants apply to the Notes:

- If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with GAAP. "GAAP" means generally accepted accounting principles in effect from time to time in the United States; provided, notwithstanding the foregoing, if any change in such generally accepted accounting principles or in the application thereof after the issue date would affect the computation of any financial ratio or requirement set forth in the Notes or the indenture, then we may deliver notice to the trustee that such change will not apply for any determinations thereafter under the Notes or the indenture.

- We agree to not permit the Net Consolidated Debt to Equity Ratio, measured as of the last day of each fiscal quarter, to be greater than 2 to 1. "Net Consolidated Debt to Equity Ratio" means the ratio of Net Consolidated Debt to our total shareholders' equity as shown on our most recent consolidated balance sheet. "Net Consolidated Debt" means, as of any determination date, without duplication, an amount equal to (a) the aggregate principal amount of outstanding indebtedness for borrowed money of us and our subsidiaries, plus (b) Capital Lease Obligations we and/or our subsidiaries may have outstanding as of such date, minus (c) the aggregate amount of cash and cash equivalents included on our most recent consolidated balance sheet; provided that the cash proceeds of any proposed incurrence of indebtedness shall not be included in this clause (c) for purposes of calculating Net Consolidated Debt; provided further that "Net Consolidated Debt" shall not include (1) any indebtedness that has been defeased, discharged, and/or redeemed, provided that funds in an amount equal to all such indebtedness (including interest and any other amounts required to be paid to the holders thereof in order to give effect to such defeasance, discharge or redemption) have been irrevocably deposited with a trustee or agent for the benefit of the relevant holders of such indebtedness, (2) interest, fees, make-whole amounts, premium, charges, or expenses, if any, relating to the principal amount of Net Consolidated Debt, and (3) any indebtedness owing to us by any subsidiary or any indebtedness owing to any subsidiary by us or another subsidiary. "Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided that obligations of us or any subsidiaries we may acquire or establish in the future, or of a special purpose or other entity not consolidated with us and any subsidiaries we may acquire or establish in the future that (x) initially were not included on our consolidated balance sheet as capital lease obligations and were subsequently characterized as capital lease obligations or, in the case of such a special purpose or other entity becoming consolidated with us and our subsidiaries were required to be characterized as capital lease obligations upon such consolidation, in either case, due to a change in accounting treatment or otherwise, or (y) did not exist on the issue date and were required to be characterized as capital lease obligations but would not have been required to be treated as capital lease obligations on the issue date had they existed at that time, shall for all purposes not be treated as Capital Lease Obligations; provided further, notwithstanding the foregoing, "Capital Lease Obligations" shall not include obligations relating to a lease that was (or would be) classified and accounted for by us and our subsidiaries as an operating lease under GAAP as in effect prior to the effectiveness of Accounting Standards Codification 842.

Optional Redemption

The Notes may be redeemed in whole or in part at any time or from time to time at our option on or after December 31, 2023, upon not less than 30 days' nor more than 60 days' written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the Notes to be redeemed plus accrued and unpaid interest payments otherwise payable thereon for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption.

If we redeem only some of the Notes, the trustee or, with respect to global securities, DTC, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

Conversion and Exchange

The Notes are not convertible into or exchangeable for other securities.

Events of Default

An “event of default” with respect to the Notes occurs if:

- we do not pay the principal of any Note when due and payable at maturity;
- we do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;
- we remain in breach of any other covenant in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes (with a copy to the Trustee)); or
- we file for bankruptcy or certain other events of bankruptcy, insolvency, or reorganization occur and remain undischarged or unstayed for a period of 90 days.

If an Event of Default has occurred and is continuing, the trustee or the holders of not less than 25% in principal amount of the Notes (with a copy to the trustee) may declare the entire principal amount of all the Notes to be due and immediately payable, but this does not entitle any holder of Notes to any redemption payout or redemption premium. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the Notes if (1) we have deposited with the trustee all amounts due and owing with respect to the Notes (other than principal or any payment that has become due solely by reason of such acceleration) and certain other amounts, and (2) any other Events of Default have been cured or waived.

Merger or Consolidation

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

- where we merge out of existence or convey or transfer our assets substantially as an entirety, the resulting entity must agree to be legally responsible for our obligations under the Notes;
- immediately after giving effect to the transaction, no default or Event of Default shall have occurred and be continuing; and
- we must deliver certain certificates and documents to the trustee.

Modification or Waiver

There are three types of changes we can make to the indenture and the Notes issued thereunder.

Changes Requiring the Approval of the Noteholders

First, there are changes that we cannot make to the Notes without approval from each holder directly and adversely affected thereby. The following is a list of those types of changes:

- changing the stated maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on the Notes;
- reducing any amounts due on the Notes or reduce the rate of interest on the Notes;

- reducing the amount of principal payable upon acceleration of the maturity of a Note during the continuance of an Event of Default;
- changing the place or currency of payment on a Note;
- impairing noteholders' right to sue for payment in respect of a Note;
- reducing the percentage of holders of Notes whose consent is needed to modify or amend the indenture; and
- reducing the percentage of holders of Notes whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults or reduce the percentage of holders of Notes required to satisfy quorum or voting requirements at a meeting of holders of the Notes.

Changes Not Requiring Approval of the Noteholders

The second type of change does not require any vote by the holders of the Notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the Notes in any material respect.

Changes Requiring Majority Approval

Any other change to the indenture and the Notes would require the following approval:

- if the change affects only the Notes, it must be approved by the holders of a majority in principal amount of the Notes; and
- if the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

In each case, the required approval must be given by written consent. The holders of a majority in principal amount of all of the series of debt securities issued under the indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under "Changes Requiring Approval of the Noteholders."

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect with respect to the Notes when:

- either:
  - all the Notes that have been authenticated have been delivered to the trustee for cancellation; or
  - all the Notes that have not been delivered to the trustee for cancellation:
    - have become due and payable, or
    - will become due and payable at their stated maturity within one year, or
    - are to be called for redemption within one year,
    - and we, in the case of the first, second and third sub-bullets above, have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of the Notes, in amounts as will be sufficient, to pay and discharge the entire indebtedness (including all principal, premium, if any, and interest) on such Notes not previously delivered to the trustee for cancellation (in the case of Notes that have become due and payable on or prior to the date of such deposit) or to the stated maturity or redemption date, as the case may be;

- we have paid or caused to be paid all other sums payable by us under the indenture with respect to the Notes; and
- we have delivered to the trustee an officers' certificate and legal opinion, each stating that all conditions precedent provided for in the indenture relating to the satisfaction and discharge of the indenture and the Notes have been complied with.

Defeasance

The following provisions will be applicable to the Notes. "Defeasance" means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the Notes when due and satisfying any additional conditions noted below, we will be deemed to have been discharged from our obligations under the Notes. In the event of a "covenant defeasance," upon depositing such funds and satisfying similar conditions discussed below, we would be released from certain covenants under the indenture relating to the Notes.

Covenant Defeasance

Under the indenture, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the Notes were issued. This is called "covenant defeasance." In that event, noteholders would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay the Notes. In order to achieve covenant defeasance, the following must occur:

- since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of cash and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates;
- we must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing noteholders to be taxed on the Notes any differently than if we did not make the deposit;
- we must deliver to the trustee a legal opinion and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with;
- defeasance must not result in a breach or violation of, or result in a default under, the indenture or any of our other material agreements or instruments; and
- no default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or Events of Default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

If we accomplish covenant defeasance, noteholders can still look to us for repayment of the Notes if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred (such as our bankruptcy) and the Notes became immediately due and payable, there might be a shortfall. Depending on the event causing the default, noteholders may not be able to obtain payment of the shortfall.

Full Defeasance

The Notes are subject to full defeasance. Full defeasance means that we can legally release ourselves from all payment and other obligations on the Notes, subject to the satisfaction of certain conditions, including, but not limited to that (a) we have received from, or there has been published by, the Internal Revenue Service, or the IRS, a ruling, or (b) there is a change in U.S. federal income tax law, in either case to the effect that the holders of the Notes and any coupons appertaining thereto will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred (called "full defeasance"), and that we put in place the following other arrangements for noteholders to be repaid:

- since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal, and any other payments on the Notes on their various due dates;
- we must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing noteholders to be taxed on the Notes any differently than if we did not make the deposit;
- we must deliver to the trustee a legal opinion and officers' certificate stating that all conditions precedent to defeasance have been complied with;
- defeasance must not result in a breach or violation of, or constitute a default under, the indenture or any of our other material agreements or instruments; and
- no default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or Events of Default related to bankruptcy, insolvency, or reorganization shall occur during the next 90 days.

If we ever did accomplish full defeasance, as described above, noteholders would have to rely solely on the trust deposit for repayment of the Notes. Noteholders could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent.

Governing Law

The indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

Indenture Provisions - Ranking

The Notes are our direct unsecured obligations and rank:

- *pari passu* with any of our existing and future unsecured, unsubordinated indebtedness;
- senior to any of our future indebtedness that expressly provides it is subordinated to the Notes;
- effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness; and
- structurally subordinated to all existing and future indebtedness and other obligations of any future subsidiaries of ours.

The Trustee under the Indenture

U.S. Bank National Association serves as the trustee, paying agent, and security registrar under the indenture.

Book-Entry Procedures

The Notes were issued in book-entry form and are represented by global notes deposited and registered in the name of DTC or its nominee. Except as set forth in this description, certificated notes will not be issued in exchange for beneficial interests in the global notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each issuance of the Notes, in the aggregate principal amount thereof, and will be deposited with DTC.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement of Hennessy Advisors, Inc. on Form S-3 (No. 333-251201) and Form S-8 (No. 333-188439) of our report dated November 24, 2021, with respect to our audits of the financial statements of Hennessy Advisors, Inc. as of September 30, 2021 and 2020, and for the years ended September 30, 2021 and 2020, which report is included in this Annual Report on Form 10-K of Hennessy Advisors, Inc. for the year ended September 30, 2021.

/s/ Marcum LLP

Marcum LLP
Costa Mesa, California
November 24, 2021

Exhibit 31.1

Rule 13a – 14a Certification of the Principal Executive Officer

I, Teresa M. Nilsen, certify that:

1. I have reviewed this annual report on Form 10-K of Hennessy Advisors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Teresa M. Nilsen

Teresa M. Nilsen, President
Hennessy Advisors, Inc.

Date: November 24, 2021

Exhibit 31.2

Rule 13a – 14a Certification of the Principal Financial Officer

I, Kathryn R. Fahy, certify that:

1. I have reviewed this annual report on Form 10-K of Hennessy Advisors, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kathryn R. Fahy
Kathryn R. Fahy, Chief Financial Officer
Hennessy Advisors, Inc.

Date: November 24, 2021

Exhibit 32.1

Written Statement of the Principal Executive Officer
Pursuant to 18 U.S.C. § 1350

Solely for the purposes of complying with 18 U.S.C. § 1350, I, the undersigned President of Hennessy Advisors, Inc. (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended September 30, 2021 (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Teresa M. Nilsen
Teresa M. Nilsen, President
Hennessy Advisors Inc.

Date: November 24, 2021

Exhibit 32.2

Written Statement of the Principal Financial Officer
Pursuant to 18 U.S.C. § 1350

Solely for the purposes of complying with 18 U.S.C. § 1350, I, the undersigned Chief Financial Officer of Hennessy Advisors, Inc. (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended September 30, 2021 (the "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kathryn R. Fahy
Kathryn R. Fahy, Chief Financial Officer
Hennessy Advisors, Inc.

Date: November 24, 2021