INVESTMENT NEWS

Formula-Based Investing Pays Off In Long Run

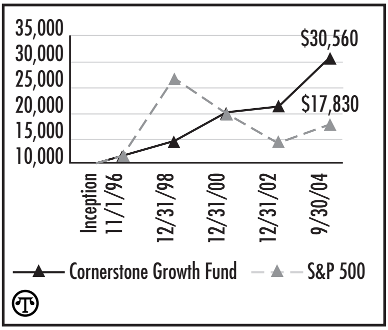
(NAPSA)—In today's volatile stock market, many investors are looking for better strategies than trying to outguess, outpick or outsmart it. According to *Smart Money* magazine, investors who follow the numbers instead of their gut can beat the market. For example, some "quantitative" mutual funds use a numeric investment formula and employ complex computer models to crunch numbers and analyze years of historical data.

Hennessy

"Emotions, hunches and fads should play no part in your investment decisions," advises Neil Hennessy, who has built one of the fastest growing money-management firms in the country. Hennessy, named by *Barron's* as one of the nation's top 10 mutual fund managers, maintains that a disciplined, consistent, long-term focus is critical to investment success. He adds that as long as investors buy high-quality funds and stick with them, they should be rewarded over time.

Hennessy's strategy, which consists of never wavering from proven formulas that use market data going back 50 years, has worked well—even during market turmoil. While past performance does not guarantee future results, the Hennessy Cornerstone Growth Fund, one of five no-load mutual funds managed by Hennessy, has outperformed the market in both good and bad times. Since its inception in 1996, Cornerstone Growth has returned over 15 percent annually. And the fund has only had one year with negative returns—it was down less than 5 percent in 2002, a year that the S&P 500 lost over 22 percent.

The Cornerstone Growth Fund invests primarily in small-cap, growth-oriented stocks and sticks to a highly disciplined, quantitative formula. "Smart investors want to know exactly how their money is invested, and we fully disclose our strategy and performance," says Hennessy.



Growth of a $10,000 investment in the Cornerstone Growth Fund* versus the S&P 500.

For his Cornerstone Growth Fund, Hennessy selects 50 common stocks with the highest one-year price appreciation, which also meet the following criteria:

- Price-to-sales ratio below 1.5
- Annual earnings that are higher than the previous year
- Price appreciation over the past three and six months

By annually rebalancing the portfolio, using the same strict, quantitative formula, this strategy has produced strong returns for its investors—nearly double those of the S&P 500.

"We base our successful strategy on a time-tested stock selection formula that is managed with strict discipline, not letting market fluctuations or headlines distract us from long-term goals," Hennessy says. A recent article in *Consumer Reports* recommends investing in such small-cap mutual funds because "they have rewarded investors willing to hold on for the long haul."

Mutual fund investing involves risk, so please call (800) 966-4354, visit www.hennessyfunds.com or call your broker for more information.

*Returns are net of fees and expenses.