Domini Impact Bond Fund℠

Performance Commentary - Fourth Quarter 2017

Domini

Investor Shares - DSBFX | Institutional Shares - DSBIX

The Fund is managed through a two-step process designed to capitalize on the strengths of Domini Impact Investments and Wellington Management Company. Domini sets social and environmental guidelines and objectives for each asset class, and develops an approved universe of companies, and Wellington utilizes proprietary analytical tools to manage the portfolio. Wellington Management Company has been serving as subadviser of the Fund since January 7, 2015.

Total Returns as of December 31, 2017	DSBFX	DSBIX	BBUSA**
Fourth Quarter 2017	0.48%	0.56%	0.39%
Year to Date	3.85%	4.16%	3.54%
One Year	3.85%	4.16%	3.54%
Three Year*	2.26%	2.53%	2.24%
Five Year* [1]	1.69%	1.92%	2.10%
Ten Year* [1]	3.28%	3.28%	4.01%

MARKET OVERVIEW

Global bond markets once again generated positive total returns in the fourth quarter. Those returns came from both stable or lower yields on sovereign debt (especially those with longer maturities) and tightening credit spreads. With regard to rates, U.S. tax reform and further policy normalization by the Federal Reserve (Fed) were balanced against ongoing geopolitical tension and subdued inflation data. Meanwhile, credit spreads narrowed on strong global economic data, positive earnings trends, and continued demand for yield-producing assets. News flow caused the U.S. dollar to fluctuate throughout the quarter, but the greenback ended up stronger against most major currencies. The euro and the pound were notable exceptions, supported, in part, by robust European economic growth.

Global monetary policy continued along a less accommodative path during the period. The Fed hiked rates in December and projected three additional hikes in 2018. At its October meeting, the European Central Bank (ECB) announced a reduction in its monthly asset purchases to €30 billion from €60 billion beginning in January, but extended the purchase program through September 2018. The Bank of England hiked interest rates for the first time in ten years; but its press conference tilted dovish, noting that future rate hikes would depend on the stability of the Brexit transition. The People's Bank of China raised its open market operations reverse repo rate.

In the U.S., GDP growth for the third quarter was revised up to a 3.2% annualized rate, housing market data continued to be robust, and both consumer and small-business sentiment surged. Eurozone unemployment and consumer confidence data improved to post-crisis levels, while the manufacturing Purchasing Manager's Index (PMI) expanded to a record level on strong gains in output, orders, and employment. Japanese GDP grew at an annualized 2.5% pace in the third quarter; manufacturing improved to the highest level in almost four years in December, led by new orders. Chinese industrial production slowed, imports and exports jumped, and the country's manufacturing and non-manufacturing PMIs both rose. Inflation across most developed market economies failed to engage meaningfully higher—and remained well below central bank targets—despite continued labor market improvement.

PERFORMANCE COMMENTARY

The Fund's Investor shares outperformed the Bloomberg Barclays U.S. Aggregate Bond Index for the fourth quarter, returning 0.48% vs. the benchmark's 0.39% performance. Outperformance was primarily driven by the Fund's exposure to certain credit sectors and certain inflation-protected instruments. Security selection contributed positively to relative performance, as did the Fund's positioning within investment-grade credit, high-yield credit and bank loans. This was slightly offset by a negative impact from the Fund's yield-curve positioning.

The Fund's submanager reduced risk earlier in 2017, but has consistently maintained an overweight to credit, although some of that overweight has shifted from corporate credit to securitized sectors where valuations are more attractive. The submanager's favored exposures included agency mortgage-backed securities (MBS), investment-grade financials, taxable municipals, bank loans, commercial mortgage-backed securities (CMBS), and inflation-protected instruments.

(continued on next page)

**Average annual total returns.*
***Bloomberg Barclays U.S. Aggregate Index*
[1]Institutional shares were not offered prior to 11/30/11. All performance information for the periods beginning prior to 11/30/11 is the performance of the Investor shares. This performance has not been adjusted to reflect the lower expenses of the Institutional shares.

Within credit, the Fund remained underweight investment-grade corporates in favor of bank loans, high-yield credit, and structured finance. The submanager sees attractive valuations and low default expectation in bank loans and also maintained an allocation to high yield. Within investment-grade credit, the Fund continued to favor U.S. financials, particularly large money center banks, and is positioned with an overweight to taxable municipals. High yield and bank loan positioning both contributed to positively to relative results for the quarter.

Allocations to CMBS and agency MBS, particularly Fannie Mae Designated Underwriting and Servicing (FNMA DUS) bonds contributed positively to performance during the quarter.

The Fund held modest tactical interest-rate positions during the quarter, which overall had a modest negative impact on performance, primarily from a tactical long position in intermediate U.S. rates. The Fund is also positioned for rising inflation expectations, as the submanager continued to believe the market was underpricing inflation expectations. Inflation positioning helped results, as the momentum around tax reform appeared to re-invigorate the “reflation trade” that had faltered earlier in the year.

COMMUNITY & ENVIRONMENTAL IMPACT

As is true of all Domini mutual funds, all securities held in the Bond Fund meet Domini’s social and environmental standards. Fixed-income investments offer unique opportunities to support the creation of public goods, help address economic disparities, and build a more sustainable and equitable society. Domini seeks investments that help finance affordable housing, community and economic development, societal health and well-being, and environmental sustainability.

Within affordable housing, Domini especially seeks investments that help low-income communities. As of December 31, FNMA DUS bonds accounted for around 17% of the portfolio and represented 4,438 multifamily rental housing units for low-income tenants. This quarter, the Fund purchased a DUS bond (FNMA Pool AN5557) that is also part of Fannie Mae’s Green Financing program. The bond provided financing to the Oakbrook Terrace housing complex located in Orange, Virginia, a facility with 80 housing units, all of which are designated as low-income units. Multifamily properties accessing Fannie Mae Green Financing must meet at least one of two criteria: (1) possess a nationally recognized, current Green Building Certification; and/or (2) make property improvements that target reductions in energy and/or water use.

Past performance is no guarantee of future results. *The Fund’s returns quoted above represent past performance after all expenses. The returns reflect any applicable expense waivers in effect during the periods shown. Without such waivers, returns would be lower. Investment return, principal value, and yield will fluctuate. Your shares, when redeemed, may be worth more or less than their original cost. An investment in the Fund is not a bank deposit. The Fund is not insured and is subject to credit, interest rate, liquidity, and market risks. Investing internationally involves special risks, such as currency fluctuations, social and economic instability, differing security regulations and accounting standards limited public information possible changes in taxation, and periods of illiquidity. You may lose money. Call 1-800-762-6814 or visit www.domini.com for performance information current to the most recent month-end, which may be lower or higher than the performance data quoted.*

For the period reported in its current prospectus, the Fund’s annual operating expenses totaled: Gross: 1.10% / Net: 0.87% (Investor), Gross: 0.96% / Net: 0.56% (Institutional). Domini Impact Investments LLC has contractually agreed to waive certain fees and/or reimburse certain ordinary operating expenses in order to limit Investor and Institutional shares expenses to 0.87% and 0.57% respectively, of the average daily net assets per annum of each class until 11/30/18, absent an earlier modification approved by the Fund's Board of Trustees.

The Fund charges a 2.00% redemption fee on sales or exchanges of shares made less than 30 days after the settlement of purchase or acquisition through ex¬change, with certain exceptions. Certain fees and expenses also apply to a continued investment in the Fund and are described in the prospectus. See the Fund’s current prospectus for further information.

Total return for the Fund is based on the Fund’s net asset values and assumes all dividends and capital gains were reinvested. The returns above do not reflect the deduction of fees and taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

During periods of rising interest rates, bond funds can lose value. Some of the Fund's community development investments may be unrated and may carry greater credit risks than the Fund’s other holdings. The Fund currently holds a large percentage of its portfolio in mortgage-backed securities. During periods of falling interest rates, mortgage-backed securities may prepay the principal due, which may lower the Fund’s return by causing it to reinvest at lower interest rates.

Investments in derivatives can be volatile. Potential risks include currency risk, leverage risk (the risk that small market movements may result in large changes in the value of an investment), liquidity risk, index risk, pricing risk, and counterparty risk (the risk that the counterparty may be unwilling or unable to honor its obligations). TBA (To Be Announced) securities involve the risk that the security the Fund buys will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation, which can adversely affect the Fund’s results.

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The Fund may hold a substantial portion of its assets in the direct obligations of U.S. government agencies and government-sponsored entities, including Fannie Mae and Freddie Mac, and in the mortgage-backed securities of Government National Mortgage Association (Ginnie Mae), Fannie Mae, and Freddie Mac.. Although the U.S. government has provided financial support to Fannie Mae and Freddie Mac, there can be no assurance that it will support these or other government-sponsored enterprises in the future. Ginnie Maes are guaranteed by the full faith and credit of the U.S. Treasury as to the timely payment of principal and interest. Freddie Macs and Fannie Maes are backed by their respective issuer only, and are not guaranteed or insured by the U.S. government or the U.S. Treasury.

The reduction or withdrawal of historical financial market support activities by the U.S. Government and Federal Reserve, or other governments/central banks could negatively impact financial markets generally, and increase market, liquidity and interest rate risks which could adversely affect the Fund's returns.

The Bloomberg Barclays U.S. Aggregate Bond Index ("BBUSA") is an index representing securities that are U.S. domestic, taxable, and dollar denominated and covering the U.S investment grade fixed rate bond market, with index components for government and corporate securities and asset-backed securities. You cannot invest directly in an index.

As of December 31, 2017 the Fund's investment in the FNMA POOL AN5557 represented 0.83% of the Fund's Portfolio.

The composition of the Fund's portfolio is subject to change. The Domini Funds maintain portfolio holdings disclosure policies that govern the timing and circumstances of disclosure to shareholders and third parties of information regarding the portfolio investments held by the Funds. Visit www.domini.com to view the most current list of the Fund's holdings. Obtain a copy of the Fund's most recent Annual or Semi-Annual Report, containing a complete description of the Fund's portfolio, by calling 1-800-762-6814 or at www.domini.com.

This commentary is provided for informational purposes only. Nothing herein is to be considered a recommendation concerning the merits of any noted company, or an offer of sale or solicitation of an offer to buy shares of any Fund or company referenced herein.

Carefully consider the Fund's investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectus, which may be obtained by calling 1-800-762-6814, or at www.domini.com. Please read the prospectus carefully before investing or sending money.

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