



Domini®



Domini Impact Bond Fund<sup>SM</sup>  
High Impact Investments

# Building Strong, Sustainable Communities

Domini's fixed-income strategy seeks to direct capital to where it is needed most. By increasing access to capital, creating public goods and filling capital gaps, we can help build healthy, vibrant communities.

Domini Impact Investments pursues two long-term goals: universal human dignity and ecological sustainability.

Our Impact Investment Standards are a fundamental part of our investment approach. The Domini Impact Bond Fund uses the same social and environmental standards applied across all of our mutual funds.

There are many opportunities within fixed income for lasting impact. When evaluating investment opportunities, it is important to ask two questions: To whom am I loaning my money? For what purpose?

When answering these questions, we keep three key goals in mind:

- Increasing access to capital, especially for those historically underserved by the mainstream financial community
- Creating public goods for those most in need
- Filling capital gaps unmet by current financial practices

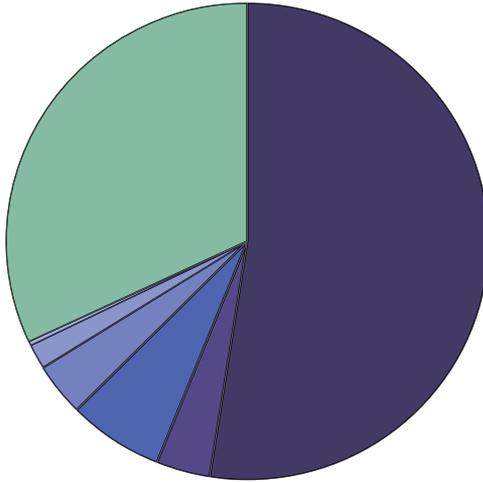
These goals stem from our belief that healthy economies must be built on a strong foundation of fairness and opportunity for all.

While all of our fixed-income investments meet our Impact Investment Standards, we consider many to be especially high impact. These include investments that support affordable housing, economic development, public education, nonprofit healthcare, and climate change mitigation and adaptation, among others.

# Domini Impact Bond Fund<sup>SM</sup>

## Portfolio Breakdown<sup>1</sup>

as of 9/30/2017



### High Impact Total (68.1%)

- Affordable Housing (52.8%)
- Economic Development (3.5%)
- High Social Impact (6.4%)
- Green Bonds (3.6%)
- Domini Highly Rated Corporate Debt & Bank Loans (1.5%)
- Community Development Financial Institution CDs (0.3%)

### ■ All Other<sup>2</sup> (31.9%)

1. Portfolio holdings allocations as of September 30, 2017 not including cash offsets, futures, and swaps.

2. All other includes Domini Eligible Corporate Debt (16.7%), Bank Loans (5.6%), Commercial Mortgage-Backed Securities (4.9%), Eligible Municipals (1.6%), Multifamily Housing (1.4%), Automotive Loans (1.3%), Other Asset Backed-Securities (0.5%).

Totals may not add to 100% due to rounding.



# Affordable Housing

The Domini Impact Bond Fund seeks to help build a sustainable housing system through investments that provide access to affordable mortgage credit.

We seek affordable-housing investments that target low-income neighborhoods, low-income borrowers, or specific community revitalization projects.

Our Affordable Housing theme includes the following types of investments:

	<b>Portfolio Allocation<sup>1</sup></b>
Affordable Housing Mortgage-Backed Securities	13.3%
Derivatives (TBA or When Issued Securities)	17.1%
Multifamily Housing (FNMA DUS)	14.0%
U.S. Agency (FNMA and FHLB) General Obligations	8.3%
<b>Total Affordable Housing</b>	<b>52.8%</b>

The Multifamily DUS bonds noted above financed 4,062 units, with 93% of these units for low-income (income below 60% of median) and very low-income households (income below 50% of median). These investments help to stabilize neighborhoods, home prices and the broader housing market.

We also seek to purchase bonds that that finance low-carbon, sustainable construction and retrofits, with features like green building materials, solar panels, and energy- and water-efficiency systems.

1. Portfolio holdings allocations as of September 30, 2017 not including cash offsets, futures, and swaps.  
*Totals may not add to 100% due to rounding.*



# Economic Development

We invest in municipal bonds issued by cities and towns across the U.S. to help revitalize communities. These bonds fund a wide variety of public goods that are essential to helping meet the basic needs of society, including infrastructure, safety, and social welfare. They address specific unmet needs that the private sector often underserves.

Types of projects funded by investments geared toward economic development might include:

- Public housing development
- Redevelopment of public spaces
- Highway improvements
- Public airport projects
- Energy efficiency programs
- Pollution prevention

## Example: Michigan State Finance Authority (City of Detroit)

Our investments in Detroit general obligation (GO) bonds provide us with the ability to directly invest in the redevelopment of a city that has gone through bankruptcy and is seeking revitalization. The proceeds of these bonds are being used to help the city recapitalize after emerging from bankruptcy in 2014. For a city where 40% of the residents live in poverty, it is especially critical to provide access to capital for financing public improvements and other municipal purposes.



## High Social Impact

Many of the Domini Impact Bond Fund's investments have particularly high impact in the areas of nonprofit healthcare and public education. These include bonds issued by state and local governments, corporations, universities, and hospitals to help fund the development of public health, research and education facilities.

High social impact investments fund the development of anchor institutions central to building community wealth, such as:

- Pediatric centers
- Mental health facilities
- Continuing care and retirement communities
- Teaching and research hospitals
- Hospitals focused on rare, neglected and WHO priority diseases
- Nonprofit hospitals and clinics in medically underserved communities
- Public schools and higher education institutions

### Example: The City of Hope

City of Hope is a nonprofit research and medical center in southern California with a specialized focus on treating cancer, diabetes, HIV/AIDS, and other life-threatening diseases. The National Cancer Institute has designated City of Hope as a comprehensive cancer center, making it one of only 49 in the nation. The center developed the first synthetic human insulin, human growth hormone, and the technology behind several cutting-edge cancer treatments. It continues to assist patients through leading research and drug development.



# Green Bonds

Green bonds finance projects and activities that address climate change and have other environmental benefits. The Domini Impact Bond Fund seeks to invest in green bonds that increase access to capital for projects that have been traditionally underfunded, including low-carbon infrastructure and climate adaptation. Green bonds are an ideal tool for funding projects that support the transition to a low-carbon economy.

We invest in green bonds used to fund clean energy and efficiency projects around the world, such as:

- Renewable energy, including wind farms and solar installations
- Reduction of greenhouse gas emissions
- Energy-efficiency initiatives
- Building retrofits and attainment of LEED certifications
- Sustainable land use
- Environmental remediation, including river revitalization and habitat restoration
- Mass transit, such as light and commuter railways

## Example: Queensland Treasury Corporation

A green bond issued by the Queensland Treasury Corporation is expected to help fund mass transit and renewable energy projects in Queensland, Australia, such as the Sunshine Coast Solar Farm, Gold Coast Light Rail, Moreton Bay Rail Link, electric trains, and various cycleways. Projects like these are especially important in countries like Australia, which are particularly susceptible to the impacts of climate change.



# Engagements with Impact

As a firm, we have a long-standing commitment to transparency and seek the same from issuers. As we continue to seek new opportunities for impact within the fixed income space, we are building on 20 years of experience as leaders in policy engagement and shareholder advocacy.

To date, our fixed-income engagements have focused on green bonds:

- We engaged in discussions with a major financial services company ahead of the launch of its inaugural green bond.
- We attended a meeting with the California State Treasurer to discuss green-bond evaluation approaches, best practices, and policy incentives to grow municipal green-bond issuances.
- We discussed our approach to investing in green bonds with a municipality in New Jersey.
- We participated in a round-table discussion on green and social bonds organized by GlobalCapital.
- We spoke on a panel on green bond reporting hosted by a major financial services company as part of Climate Week NYC 2017.
- We signed the UN Principles for Responsible Investment's statement supporting formal integration of environmental, social and governance factors into credit ratings.

## About Domini Impact Investments

Domini Impact Investments manages mutual funds for individual and institutional investors who wish to create positive change in society by integrating social and environmental standards into their investment decisions.

**Visit [www.domini.com](http://www.domini.com) or call 1-800-582-6757 for info.**

Each investor should consider the Domini Funds' investment objectives, risks, charges and expenses carefully before investing. Obtain a copy of the Funds' current prospectus for more complete information on these and other topics by calling 1-800-762-6814 or at [www.domini.com](http://www.domini.com). Please read the prospectus carefully before investing or sending money.

**Past performance is no guarantee of future results.** The Domini Funds are not insured and are subject to market risks such as sector concentration and style risk. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be more or less than their original cost. You may lose money.

The Domini Impact Bond Fund is subject to market risks, including interest rate and credit risks. During periods of rising interest rates, bond funds can lose value. The Domini Impact Bond 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. Some of the Domini Impact Bond Fund's community investments may be unrated and carry greater credit risks than its other investments.

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, 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.

As of 9/30/17, these securities represented the following percentages of the Fund's portfolio: Michigan State Finance Authority (0.62%); The City of Hope (0.18%); and Queensland Treasury Corporation (0.23%). The composition of the Fund's portfolios is subject to change. Visit [www.domini.com](http://www.domini.com) or call us for the most current list of the Fund's holdings. This information is provided for educational purposes only, and should not be considered investment advice with respect to any of the holdings listed.

Investing internationally involves special risks, such as currency fluctuations, social and economic instability, differing securities regulations and accounting standards, limited public information, possible changes in taxation, and periods of illiquidity. You may lose money.





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