Domini Impact International Equity Fund℠

Performance Commentary - Fourth Quarter 2017

Investor Shares - **DOMIX** | Class A Shares - **DOMAX** | Institutional Shares - **DOMOX**

The Fund invests primarily in mid- to large-cap equities across Europe, the Asia-Pacific region, and throughout the rest of the world. It is managed through a two-step process designed to capitalize on the strengths of Domini Impact Investments and Wellington Management Company, the Fund's subadviser. Domini creates an approved list of companies based on its social, environmental and governance analysis, and Wellington seeks to add value and manage risk through a systematic and disciplined portfolio construction process.

Total Returns as of December 31, 2017	DOMIX	DOMOX[1]	DOMAX *(without load)* [2,3]	DOMAX *(with load)* [2,3]	MSCI EAFE (gross)[4]	MSCI EAFE (net) [4]
Fourth Quarter 2017	2.86%	2.86%	2.76%	-2.12%	4.27%	4.23%
Year to Date	24.60%	24.78%	24.46%	18.55%	25.62%	25.03%
One Year	24.60%	24.78%	24.46%	18.55%	25.62%	25.03%
Three Year*	9.33%	9.76%	9.30%	7.54%	8.30%	7.80%
Five Year*	9.71%	10.14%	9.73%	8.66%	8.39%	7.90%
Ten Year*	2.56%	2.56%	2.56%	2.06%	2.42%	1.94%

MARKET OVERVIEW

Global equity markets remained strong during the fourth quarter, with the MSCI EAFE index returning 4.23% to end 2017 with a total gain of 25.03%. Despite political concerns continuing to dominate headlines around the world, economic data across most major economies remained largely positive.

Equity markets were especially strong in the Asia-Pacific region, led by Japan and Singapore. Despite lackluster inflation, economic activity and business sentiment in Japan exceeded expectations, as producer prices accelerated and consumer confidence rose to its highest level since 2013. Singapore experienced healthy economic growth, even as inflation was stable, as industrial production continued to expand and strong exports helped buoy confidence.

Returns, while still positive, were modest in Europe, where political uncertainties weighed on performance. In Germany, talks between Chancellor Angela Merkel's Christian Democratic Union and their coalition partners, the Social Democratic Party, broke down, prolonging the process of forming a new coalition government. With Europe's biggest economy stalled in these negotiations, the ability of French President Emmanuel Macron and other pro-Europe leaders to push forward a broader agenda for the European Union has been hampered. Meanwhile, the United Kingdom struggled to make meaningful progress on Brexit negotiations, and a snap election called by Spanish Prime Minister Mariano Rajoy in response to the banned Catalan independence referendum backfired, resulting in pro-independence parties winning a majority in Catalonia's parliament.

Despite the political uncertainty, the European economy continued on its path of broad improvement, with employment and manufacturing activity hitting record highs, and business and consumer confidence levels reaching multiyear highs. Even still, eurozone inflation stubbornly fell further behind the European Central Bank's forecast, supporting its decision to keep rates steady and continue a gradual policy-normalization process. While the ECB did announce a reduction in monthly asset purchases starting in January, it also extended the quantitative easing program until September 2018, or until inflation rises. In the UK, better-than-expected economic growth during the third quarter, as well as inflationary pressures from a weaker pound and improved employment and wage growth, boosted expectations for a rate hike by the Bank of England in the near future.

Performance was strong in emerging markets, supported by a weaker U.S. dollar, commodities strength, and rising corporate-earnings expectations. The Europe, the Middle East, and Africa (EMEA) region was especially strong, led higher by Russia after OPEC agreed to extend production cuts through the end of 2018. South African equities surged on strong economic data, including a sharp increase in retail sales. Equity markets were also strong in Asia, with broad-based contribution from most countries, but somewhat weaker in Latin America. Mexico's

(continued on next page)

**Average annual total returns.*

1. Institutional shares were not offered prior to 11/30/12. All performance information for time periods beginning prior to 11/30/12 is the performance of the Investor shares. This performance has not been adjusted to reflect the lower expenses of the Institutional shares.

2. Class A shares were not offered prior to 11/28/08. All performance information for time periods beginning prior to 11/28/08 is the performance of the Investor shares. This performance has not been adjusted to reflect the lower expenses of the Class A shares, but does where noted reflect an adjustment for the maximum applicable sales charge of 4.75%.

3. Performance "with load" for DOMAX reflects performance with application of highest maximum front-end sales charge (4.75%). Performance "without load" reflects performance without application of front-end sales charge.

4. Performance "gross" for MSCI EAFE includes the reinvestment of dividends but reflects no deduction for fees, expenses or taxes. Performance "net" includes the reinvestment of dividends net of witholding tax, but does not reflect other fees, expenses or taxes.

economy contracted for the first time in four years, as several natural disasters impacted oil production and stalled the services sector, while concerns around potential NAFTA renegotiations weighed on market sentiment.

FUND PERFORMANCE

For the quarter, the Fund's Investor shares returned 2.86%, underperforming the MSCI EAFE Index net return of 4.23%. Security selection was the largest driver of underperformance, with strong selection in the telecommunications services and industrials sectors more than offset by weaker selection in consumer staples, health care and energy. Sector allocation had a net neutral impact on relative results, with positive impacts from underweights to utilities and health care largely offset by a negative impact from an underweight to energy.

Geographically, security selection was especially weak in Japan, as well as Europe, where strong selection in Germany, Sweden and Spain was more than offset by weak selection in France and the United Kingdom. The Fund's out-of-benchmark emerging-market positions were mostly neutral, with strength in South Korea and South Africa mostly offset by weakness in Mexico and Turkey.

TOP RELATIVE CONTRIBUTORS AND DETRACTORS

CONTRIBUTORS

Company	*Sector*	*Stock Return**
ROHM Co., Ltd.	Information Technology	29.36 %
Deutsche Lufthansa AG	Industrials	32.72
Kering	Consumer Discretionary	18.44
DBS Group Holdings, Ltd.	Financials	21.21
Mitsubishi Gas Chemical, Inc.	Materials	22.68

DETRACTORS

Company	*Sector*	*Stock Return**
Sanofi S.A.	Health Care	-13.12 %
Peugeot S.A.	Consumer Discretionary	- 14.53
Crédit Agricole S.A.	Financials	- 8.86
Royal Dutch Shell plc**	Energy	12.41
Compagnie de Saint-Gobain S.A.	Industrials	- 7.28

*Represents return for period in the Fund's Portfolio or return for the entire period if not held.
**Not held in the Portfolio.

Despite weak security selection in the country overall, several of the quarter's top contributors came out of Japan. The largest individual contributor to relative results was **ROHM Semiconductor**, an analog circuit company serving Japan's consumer electronics industry. The company returned over 29% for the quarter, reporting very strong quarterly results that exceeded guidance, led by strong sales growth in autos and games. Management raised its outlook for the year, as growth for industrial and consumer applications remains strong, while price revisions and cost-reduction efforts provide the potential for margin improvement.

Mitsubishi Gas Chemical was another top contributor out of Japan, gaining almost 23%. The company reported a 13% year-over-year increase in net sales for the first half of fiscal 2017, driven by growth in specialty and aromatic chemicals, higher market prices for methanol, and a weaker yen.

Top contributors elsewhere in the Asia-Pacific region included **DBS**, a banking and financial services group based in Singapore, which returned more than 21%. Third-quarter earnings for the group fell well below expectations due to the company booking significant losses on allowances for non-performing loans in the oil and gas support services sector. However, the move is seen as giving DBS more of a clean slate and allowing investors to focus on future growth prospects. The bank is expected to be a significant beneficiary of an eventual rise in interest rates, while strong momentum in its wealth-management business is expected to continue amid upbeat market sentiment.

Significant contributors out of Europe included German aviation company **Deutsche Lufthansa** which gained nearly 33%. The company reported a solid third quarter, with better-than-expected results driven by higher growth in unit revenues per passenger, domestic-network strength, improvement in the Asia-Pacific and intra-European networks, and stable costs. Lufthansa is benefitting from cost-reduction measures, a healthy trading environment, and finally reaching a deal with the pilots union, after years of negotiation.

French luxury goods company **Kering** had a strong quarter, returning more than 18%, as solid third-quarter results saw sales outperform consensus estimates. This was mainly driven by the ongoing resurgence of its Gucci brand, although Yves Saint Laurent and Puma also saw strong momentum. Gucci, Kering's largest brand, is expected to remain strong and deliver higher margins, as management remains confident that prices will continue to support accelerating growth. Investors are optimistic that Kering's renewed financial discipline and momentum will lead to strong cash generation and higher shareholder returns.

These strong contributions, however, were more than offset by weaker performance elsewhere in the portfolio. Most the largest individual detractors came out of France, with the most significant being Sanofi, a pharmaceutical company that declined more than 13%. **Sanofi** encountered several negative developments over the quarter, including lower-than-expected third-quarter sales results. Its new diabetes treatment, Soliqua, had a slower-than-expected start and disappointing results for the quarter. Meanwhile, new data suggested that the company's dengue vaccine, Dengvaxia, could actually worsen dengue in some cases for patients who have never previously had the disease.

French automotive manufacturing group **Peugeot** (PSA Groupe) dropped almost 15%. Although impressive sales from new model launches drove strong third-quarter results, a slowdown in European sales and a tougher-than-expected turnaround for its newly acquired Opel Vauxhall division weighed on the group's performance.

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French banking and insurance group **Crédit Agricole** declined almost 9%, as it posted mixed results for the third quarter, with weaker trading and a number of exceptional items depressing adjusted earnings. Income for the Insurance division, the group's largest profit contributor, came in slightly above expectations despite a significant revenue miss, but it was a very weak quarter for its Corporate and Investment Banking Group.

Also out of France, **Saint-Gobain**, which manufactures glass products and construction materials, was down more than 7% for the quarter. Although third-quarter results were slightly better than expected, price increases were insufficient to offset rising cost inflation, and currency headwinds were expected to put further pressure on margins for the fourth quarter.

Relative performance was also hurt by the Fund not holding British-Dutch oil and gas company **Shell**, which is not approved for investment by the Domini Funds. Shell gained more than 12%, as it announced a return to all-cash dividends amid improving oil prices and progress on asset sales.

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 market, sector concentration, foreign investing and style risks. 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. These risks are magnified in emerging markets. 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: 1.43% (Investor), Net 1.50%/Gross 1.50% (Class A), 1.04% (Institutional). The Fund's adviser has con¬tractually agreed to waive certain fees and/or reimburse certain ordinary operating expenses in order to limit Class A share expenses to 1.51% 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 exchange, with certain exceptions. Class A shares are generally subject to a front-end sales charge of 4.75%. Certain fees and expenses also apply to a continued investment in the Fund and are described in the prospectus. Please consult the Fund's prospectus or your Service Organization for more information.

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

The Morgan Stanley Capital International Europe, Australasia, and Far East Index (MSCI EAFE) is an unmanaged index of common stocks. It is not available for direct investment. Effective March 31, 2017, the Fund's performance benchmark changed from the MSCI EAFE (gross) to the MSCI EAFE (net). MSCI EAFE (gross) includes the reinvestment of dividends but reflects no deduction for fees, expenses or taxes. MSCI EAFE (net) includes the reinvestment of dividends net of withholding tax, but does not reflect other fees, expenses or taxes.

As of 12/31/17, the companies noted above represented the following percentages of the Domini Impact International Equity Fund's portfolio: Compagnie de Saint-Gobain S.A. (0.73%); Crédit Agricole S.A. (1.26%); DBS Group Holdings, Ltd. (1.73%); Deutsche Lufthansa AG (1.14%); Kering (2.14%); Mitsubishi Gas Chemical Company, Inc. (1.32%); Peugeot S.A. (1.25%); ROHM Co., Ltd. (1.38%); and Sanofi S.A. (2.43%). Royal Dutch Shell plc is not currently approved for investment or held by any of the Domini Funds.

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 it carefully before investing or sending money.

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