Domini Impact Equity Fund℠

Performance Commentary - Fourth Quarter 2017

Investor Shares - **DSEFX** | Institutional Shares - **DIEQX** | Class R Shares - **DSFRX** | Class A Shares - **DSEPX**

The Fund invests primarily in mid- and large-cap U.S. equities. 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	DSEFX	DIEQX	DSFRX	DSEPX *(without load)* [2]	DSEPX *(with max load)* [2]	S&P 500
Fourth Quarter 2017	4.81%	4.91%	5.07%	4.77%	-0.20%	6.64%
Year to Date	15.42%	15.80%	15.85%	15.44%	9.96%	21.83%
One Year	15.42%	15.80%	15.85%	15.44%	9.96%	21.83%
Three Year*	5.99%	6.35%	6.36%	5.94%	4.24%	11.41%
Five Year*	12.51%	12.93%	12.87%	12.50%	11.41%	15.79%
Ten Year* [1]	6.83%	6.83%	7.19%	6.83%	6.31%	8.50%

MARKET OVERVIEW

U.S. equities extended their rally for the ninth straight quarter, with the S&P 500 gaining another 6.64% for the quarter and closing out the year up 21.83%. Low unemployment, solid corporate earnings, and strong consumer and business spending contributed to positive market sentiment and economic momentum. The National Federation for Independent Business' (NFIB) Small Business Optimism Index rose to its highest level since 1983, while the Conference Board's Consumer Confidence Index hit its highest in seventeen years. Homebuilders' confidence likewise reached its highest level since 1999, amid rising sales for new and existing homes and single-family housing starts. Strong consumer spending and capital investment by businesses helped drive gross domestic product (GDP) growth to 3.2%, but inflation remained stubbornly below the Federal Reserve Bank's (Fed) 2% target. The unemployment rate in December stood at 4.1%, the lowest level since February 2001, but despite the strong labor market, wage growth continued to disappoint.

Despite the generally strong economic landscape, political turmoil continued to mire the headlines, as the investigation into Russian interference in the 2016 presidential election continued to intensify. In Congress, Republicans scored their first major legislative victory under the new administration, passing a much-debated $1.5 trillion tax reform bill. On the monetary front, the Fed, as expected, raised interest rates by another 25 basis points (0.25%), while Jerome Powell's nomination as the new Fed Chair provided markets with reasonable assurance that the current central bank policies would be maintained in the near term.

FUND PERFORMANCE

The Fund's Investor shares returned 4.81% for the quarter, underperforming the S&P 500 Index return. Security selection was the primary driver of underperformance, with strong selection in the materials, utilities and industrials sectors more than offset by weaker selection in health care, financials and information technology. Sector allocation had a negative contribution overall, with an overweight to real estate and an underweight to consumer discretionary detracting from relative results.

The top contributor to relative performance this quarter was **Ross Stores**, a discount home and apparel retailer, which returned almost 25%. The company reported strong third-quarter results that exceeded previous guidance and consensus estimates, while raising full-year 2017 guidance for the third consecutive quarter. Despite hurricanes in Texas and Florida—two of its most important states—the retailer reported better-than-expected merchandise margins and growth driven by higher store traffic and an increase in the average basket size. The company's focus on executing its off-price model, delivering good value while maximizing profitability, have yielded positive results in a challenging retail environment.

Intel was another top contributor for the quarter, gaining just shy of 22% to return to levels not seen since 2000. The chipmaker reported

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**Average annual total returns.*

1. Institutional and 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 Institutional and Class A shares, but in the case of the Class A shares, does where noted reflect an adjustment for the maximum applicable sales charge of 4.75%.

2. Performance "with load" for DSEPX 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.

a 34% increase in year-over-year profits for the third quarter, despite increasing competition in its core markets supplying chips for personal computers and corporate data centers. Intel has found new momentum from surging sales in areas including artificial intelligence, autonomous driving and memory chips, which have lifted expectations for future growth.

The other top contributors this quarter were in the materials sector. **Steel Dynamics**, a steel producer and metals recycler, and **Domtar,** a producer of paper, pulp and personal care products, respectively returned nearly 25% and over 15%. Steel Dynamics is investing in equipment upgrades and product diversification, and believes it is well-positioned to capitalize on both organic and strategic growth opportunities amid an improving outlook for U.S. steel and an expected increase in spending on public infrastructure projects. Domtar, despite challenged margins in its personal products segment, reported slightly better-than-expected third-quarter results for its pulp and paper segments, supported by rising pulp prices and a more tempered decline in paper sales.

The Fund's relative performance also benefitted from not owning **General Electric (GE)**, which declined more than 27%. The multinational digital-industrial conglomerate is not approved for investment by the Domini Funds due to its significant involvement in multiple excluded industries, including nuclear- and weapons-related technology. GE extended its year-long slide this quarter amid lowered forecasts, uncharacteristic dividend cuts, and major restructuring efforts that will limit its focus to just three business units going forward.

TOP RELATIVE CONTRIBUTORS AND DETRACTORS

CONTRIBUTORS

Company	*Sector*	*Stock Return**
Ross Stores, Inc.	Consumer Discretionary	24.54 %
General Electric Company**	Industrials	-27.34
Intel Corporation	Information Technology	21.97
Steel Dynamics, Inc.	Materials	24.86
Domtar Corporation	Materials	15.06

DETRACTORS

Company	*Sector*	*Stock Return**
Gilead Sciences, Inc.	Health Care	-10.96 %
Merck & Co., Inc.	Health Care	- 11.37
Sanofi S.A.	Health Care	- 13.64
Applied Materials, Inc.	Information Technology	- 1.71
Microsoft Corporation	Information Technology	15.42

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

These contributions to relative performance, however, were more than offset by more significant detractors. The three largest detractors this quarter were all healthcare pharmaceutical companies: Gilead Sciences and Merck, which each declined about 11%, and Sanofi, which declined close to 14%. **Gilead** reported in-line third-quarter results, helped by solid sales for its HIV business, but a sharp downturn in HCV (hepatitis C drug) sales caused the company to lower its 2017 guidance, as the business struggles to compete in a highly competitive pricing environment. **Merck** reported a decline in third-quarter revenue, attributed to lower sales of off-patent drugs and a June cyber attack that temporarily crippled manufacturing. The company also withdrew an application for European use of its key cancer drug, Keytruda, as a front-line treatment for lung cancer. Combined with delays for another study, this represented a major setback for Keytruda, which is seen as Merck's biggest potential value driver. **Sanofi** also reported lower-than-expected sales for the third quarter. 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.

Applied Materials, which provides manufacturing equipment, services, and software to the global semiconductor, display, and related industries, was another significant detractor. The Fund's overweight position hindered performance, as the stock declined almost 2%. The company reported solid results for its fiscal fourth quarter, driven by the accelerating shift to OLED displays, but the stock was negatively affected by a sharp sell-off in Semiconductor Capital Equipment, which is seen as a reaction to fears of potential oversupply in 3D NAND memory in 2018.

The Fund's underweight position in **Microsoft**, which gained more than 15%, also significantly detracted from relative results. Microsoft reported better-than-expected quarterly results driven by strong demand for its cloud computing services and stabilization in its personal computing software business.

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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, style and foreign investing 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: 1.09% (Investor), Net 1.12%/Gross 1.41% (Class A), Net 0.74%/Gross 0.74% (Institutional), 0.80% (Class R). The Fund's adviser has contractually agreed to waive certain fees and/or reimburse certain ordinary operating expenses in order to limit Class A and Institutional share expenses to 1.12% and 0.74%, respectively, until November 30, 2018, absent an earlier modification approved by the Funds' 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 Standard & Poor's 500 Index (S&P 500) is an unmanaged index of common stocks. You cannot invest directly in an index.

As of 12/31/17, the companies noted above represented the following percentages of the Fund's portfolio: Applied Materials, Inc. (2.23%); Domtar Corporation (1.60%); Gilead Sciences, Inc. (2.29%); Intel Corporation (2.58%); Merck & Co., Inc. (2.00%); Microsoft Corporation (0.87%); Ross Stores, Inc. (2.77%); Sanofi S.A. [ADR] (1.02%); and Steel Dynamics, Inc. (0.74%). General Electric Company was not approved for investment by 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 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 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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