Performance Commentary - Third Quarter 2017

Domini Impact Bond Fund℠

Investor Shares

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 submanager of the Fund since January 7, 2015.

Total Returns as of September 30, 2017	July 2017	Aug 2017	Sep 2017	Third Quarter 2017	Year to Date	One Year	Three Year*	Five Year*	Ten Year*	Since Inception (6/1/00)*
DSBFX	0.46%	0.88%	-0.44%	0.90%	3.35%	0.03%	2.46%	1.57%	3.49%	4.26%
BBUSA**	0.43%	0.90%	-0.48%	0.85%	3.14%	0.07%	2.72%	2.07%	4.28%	5.18%

MARKET OVERVIEW

Global bond markets generated positive returns in the third quarter. Escalating geopolitical tensions between the U.S. and North Korea and serial disappointments in inflation data helped to contain the increase in sovereign yields prompted by central bank policy normalization. Generally strong economic data, a rally in commodities prices, and continued demand for yield-producing assets supported credit markets and spreads tightened further. Most developed market currencies strengthened versus the U.S. dollar as political uncertainty and continued skepticism about the U.S. Federal Reserve's (Fed) projected rate-hiking path weighed on the greenback.

Monetary policy continued along an incrementally more hawkish path during the period. The Fed announced it would begin tapering its asset purchases starting in October and continued to project another rate hike later this year. The European Central Bank (ECB) attempted to push back against its recent currency strength which has hampered its ability to achieve higher inflation. The ECB is expected to announce details of its own tapering intentions at its October meeting. Strong growth and inflation prompted the Bank of Canada to hike rates for the first time in seven years and hint that more rate hikes may be forthcoming. Meanwhile, the Bank of England signaled it is close to hiking rates to contain surging inflation despite uncertainty about the post-Brexit outlook.

U.S. GDP growth accelerated to 3.0% in the second quarter, buoyed by consumer spending and investment. However, core inflation failed to engage higher despite ongoing health in the labor market. Eurozone economic data showed continued improvement in domestic-oriented sectors, with strength in both business and consumer confidence. Japanese GDP expanded at a 4% annualized rate in the second quarter—the fastest pace in more than three years. China's official Purchasing Managers' Index (PMI) improved to its strongest level in more than five years, while property sales continued to drift lower. Despite continued labor-market strength and a rebound in commodities prices, inflation data across most developed market economics remained subdued.

PERFORMANCE COMMENTARY

The Fund's Investor shares outperformed the Bloomberg Barclays U.S. Aggregate Bond Index for the third quarter, returning 0.90% vs. the benchmark's 0.85% performance. The Fund's exposure to agency mortgage-backed securities (MBS)—including pass-throughs and Fannie Mae (FNMA) Delegated Underwriting and Servicing (DUS) affordable housing bonds—and investment-grade credit represented the main contributors to outperformance, while its duration posture detracted from relative performance.

The Fund's positioning within agency MBS had a favorable impact on performance during the quarter. It held an overweight to agency pass-throughs, given low interest-rate volatility and greater visibility on the Fed's balance sheet intentions, and maintained an allocation to collateralized mortgage obligations (CMOs) and FNMA DUS bonds for their attractive income and convexity profiles. Mortgages benefitted from the extremely low level of volatility, which helped tighten spreads, and amid generally range-bound interest rates, which improved their carry. The sector's strong performance was especially notable in light of the Fed's September announcement that it will officially begin its balance-sheet normalization process in October.

Based on attractive valuations, the Fund also held an overweight to high-quality commercial mortgage-backed securities (CMBS), which was also additive to relative results. Most sectors of the market seemed to look past the negative retail headlines, implying that CMBS has already discounted a lot of the negative news in that space. Synthetic CMBX subordinate indices, on the other hand, came under pressure due to their exposure to lower quality shopping malls.

The submanager continued to favor high-yield credit and bank loans over investment-grade credit based on attractive valuations and low default expectations, and maintained an allocation to BB-rated high-yield issuances. Additionally, the Fund's submanager used high-yield

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*Average annual total returns.
**Bloomberg Barclays U.S. Aggregate Index

Past performance is no guarantee of future results. The Fund's returns quoted above represent past performance after all expenses. Investment return, principal value, and yield will fluctuate. Your shares, when redeemed, may be worth more or less than their original cost. 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. A 2.00% fee applies on sales/exchanges made less than 30 days after purchase/exchange, with certain exceptions. Quoted performance data does not reflect the deduction of this fee, which would reduce the performance quoted. See the Fund's prospectus for further information.

Expense Ratio – Gross 1.11% / Net: 0.85% (Per current prospectus. Domini has contractually agreed to cap Investor share expenses to not exceed 0.95% until 11/30/17, subject to earlier modification by the Fund's Board of Trustees. See prospectus for details.)

derivatives as a source of liquidity and to manage overall portfolio risk. The global high-yield sector generated strong gains, as generally strong economic data and a rally in commodities prices helped to offset escalating geopolitical tensions, and spreads tightened further. Bank loans also generated a positive total return, and given their floating-rate nature, they may benefit more than fixed-rate sectors from tighter U.S. monetary policy, as their coupons reset higher. High-yield and bank-loan positioning both contributed positively to the Fund's relative returns, particularly in industrials.

Given the better opportunities in higher-yield sectors, the Fund maintained an overall underweight to investment-grade corporate bonds. Within the investment-grade sector, the Fund continued to favor taxable municipals. Generally solid corporate earnings and continued demand for yield-producing assets supported credit markets and spreads tightened further. Credit positioning was a positive contributor to relative results overall, as a negative impact from an underweight to industrials was more than offset by exposure to the banking subsector and the overweight to taxable municipals.

Within Government issues, the Fund remained positioned for rising inflation expectations, as the submanager continued to believe the market was underpricing inflation expectations. Inflation positioning was neutral for relative performance, as mixed inflation data and ongoing concerns about the domestic "reflation trade" were balanced by continued strong economic data and renewed optimism around prospects for tax reform, leading inflation-protected instruments to outperform duration-equivalent nominal Treasuries. The Fund held modest opportunistic interest-rate positions during the quarter, in both short- and long-term rates. Tactical duration positioning had a negative impact on relative performance, primarily from a tactical short position.

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. Non-corporate fixed-income investments offer unique opportunities to support the creation public goods, help address economic disparities, and build a more sustainable and equitable society. Domini considers bonds that address affordable housing, economic development, public education, nonprofit healthcare, and climate change to be especially impactful. As of September 30, such securities represented 68% of the Fund's total portfolio[1], as shown in the table:

High-Impact Area	*Portfolio Percentage*[1]
Affordable Housing[2]	52.8 %
Economic Development	3.5
High Social Impact (Healthcare, Education, etc.)	6.4
Green Bonds	3.6
Domini Highly Rated Corporate Obligations	1.4
Community Development Financial Institution Certificates of Deposit	0.3

During the third quarter, the Fund initiated several new investments in high-impact securities, including a $500,000 investment in TD Bank Group's inaugural green bond, which will help build projects across North America that support the transition to a low-carbon economy. This may include funding for projects in areas like renewable-energy generation, energy-efficiency management, green infrastructure and sustainable land use.

1. Excludes cash offsets, futures and swaps
2. Affordable Housing holdings include affordable housing mortgage-backed securities [13.3%], derivatives (TBA or when issued securities) [17.1%], multifamily low-income rental units (FNMA DUS) [14.0%], and U.S. agency (FNMA and FHLB) general obligations [8.3%].

The Fund is not insured and is subject to market risks, including interest rate and credit risks. During periods of rising interest rates, bond funds can lose value. 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. Some of the Fund's community development investments may be unrated and carry greater credit risks than its other investments.

The performance information quoted above does not reflect the deduction of taxes that a shareholder would pay on distributions or the redemption of Fund shares. Total return is based on the Fund's net asset values and assumes all dividends and capital gains were reinvested. You may lose money.

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.

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. See the Fund's prospectus for more information. You cannot invest directly in an index.

Visit *www.domini.com* or call us for the most current list of the Fund's holdings. The Fund's investment in the Toronto-Dominion Bank green bond represented 0.29% of the Fund's Portfolio. The composition of the Funds' portfolios is subject to change. This information is provided for educational purposes only, and should not be considered investment advice with respect to any of the holdings listed.

This material must be preceded or accompanied by a current prospectus. Please read it carefully before investing.

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