

Domini Impact Bond FundSM

Performance Commentary - First Quarter 2018



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 March 31, 2018	DSBFX	DSBIX	BBUSA**
First Quarter 2018	-1.45%	-1.47%	-1.46%
Year to Date	-1.45%	-1.47%	-1.46%
One Year	1.53%	1.65%	1.20%
Three Year*	1.42%	1.66%	1.21%
Five Year* ¹	1.40%	1.63%	1.83%
Ten Year* ¹	2.93%	2.93%	3.64%

MARKET OVERVIEW

Most global fixed-income sectors generated negative total returns during the first quarter. Sovereign yields generally moved higher along with rising global inflation expectations, and easing political uncertainty in Europe and the anticipated inflationary impact of US trade tariffs contributed to the increase in the bond yields of many government issuers. Credit spreads widened amid a pickup in equity-market volatility, higher currency hedging costs, and weaker demand for credit, as US firms repatriated overseas funds held in high-quality corporate debt. The Trump administration's protectionist trade rhetoric placed pressure on the US dollar, which weakened against most major currencies.

In the US, fourth-quarter GDP grew at a 2.9% annualized rate, labor market data surprised to the upside, and manufacturing surged, although higher rates weighed on some housing-market indicators. Eurozone GDP grew at a 2.7% annualized rate in the fourth quarter, matching its strongest level since 2011. Eurozone manufacturing and services Purchasing Manager's Indices (PMIs) each slowed but remained well in expansionary territory. United Kingdom GDP grew at just 1.4% year-over-year during the fourth quarter, making the UK the only G7 nation whose pace of growth slowed from 2016. Japan's jobless rate fell to the lowest level in 25 years, helping to lift inflation; however, manufacturing weakened on higher input costs. China's manufacturing and non-manufacturing PMIs declined, partially disrupted by new regulatory initiatives aimed to curb debt growth and control pollution.

Global monetary policy generally continued along a less accommodative path during the period. The Bank of Japan (BOJ) was an outlier, pushing back against speculation that it would begin to unwind its stimulus and pledged "unlimited" purchases of government bonds to maintain its zero-interest-rate policy. Nevertheless, the US Federal Reserve (Fed) hiked rates by an additional 25 basis points in March and projected two more hikes this year. Dissenting votes at the Bank of England's (BOE) meeting suggested a higher likelihood of a rate hike in May, while the European Central Bank (ECB) adjusted its forward guidance to remove its official easing bias and is expected to cease asset purchases by September.

Amid these shifts to more normalized policy, sovereign yield curves continued to flatten to varying degrees across most developed markets. Short-term yields in the US and UK increased sharply on expectations for more aggressive tightening, while longer-term yields declined in most major developed markets where inflation remained tame. In the US, firmer inflation data and expectations for continued tightening pushed Treasury yields higher across the curve during the first half of the quarter, but concerns about a global trade war and potentially adverse regulation in the technology sector caused yields to decline later in the quarter. Yields on UK gilt and German bunds increased on the BOE's hawkish outlook and the ECB's signaling of a gradual end to quantitative easing; while progress on Brexit negotiations, the formation of a coalition government in Germany, and decreasing risks of a purely anti-establishment government in Italy all helped to support growth expectations.

(continued on next page)

*Average annual total returns.

**Bloomberg Barclays U.S. Aggregate Index

¹Institutional 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.

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PERFORMANCE COMMENTARY

The Fund performed in line with the Bloomberg Barclays US Aggregate (BBUSA) Bond Index. Investor shares returned -1.45% for the quarter, edging out the BBUA return by one basis point. Gross outperformance was primarily driven by the Fund's credit positioning and exposure to inflation-protected instruments. Overall security selection and asset allocation both contributed positively to relative results, but this was partially offset by a negative impact from the Fund's yield-curve positioning.

The Fund's submanager maintained an overweight to credit throughout the quarter, but positioned the Fund defensively in corporate investment-grade credit in favor of taxable municipal obligations, corporate bank loans and high-yield credit, corporate mortgage-backed securities (CMBS), and inflation-protected instruments. The submanager sees attractive valuations and low default expectations in bank loans. Within taxable municipals, the submanager continues to favor select nonprofit hospital issuers. Bank-loan positioning contributed positively to returns, helped by their floating-rate nature, while high-yield exposure detracted modestly, in line with broader underperformance of the sectors.

Within agency mortgage-backed securities (MBS), an allocation to FNMA ("Fannie Mae") Designated Underwriting and Servicing (DUS) bonds detracted modestly from relative results, as did the Fund's overweight allocation to US Agency debentures. The Fund's allocation to CMBS, on the other hand, contributed favorably to relative performance.

The Fund held modest directional US interest-rate positions during the quarter, which had an overall negative impact on relative performance, while developed non-US dollar duration trades were a modest contributor. The Fund was also positioned for rising inflation expectations, as the submanager continued to believe the market was underpricing inflation expectations. This positioning helped results following stronger inflation data and as the expected impact of trade tariffs increased the market's inflation expectations.

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 exchange, 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.

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

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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.

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.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Domini Impact Investments. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification nor shall any such party have any liability therefrom.



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