Domini Impact International Equity Fund℠

Performance Commentary - Second Quarter 2018

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 June 30, 2018	DOMIX	DOMOX[1]	DOMAX *(without load)* [2,3]	DOMAX *(with load)* [2,3]	MSCI EAFE (gross)[4]	MSCI EAFE (net) [4]
Second Quarter 2018	-3.70%	-3.67%	-3.75%	-8.32%	-0.97%	-1.24%
Year to Date	-4.35%	-4.21%	-4.36%	-8.91%	-2.37%	-2.75%
One Year	2.78%	3.06%	2.67%	-2.20%	7.37%	6.84%
Three Year*	5.12%	5.49%	5.03%	3.34%	5.41%	4.90%
Five Year*	7.38%	7.79%	7.36%	6.32%	6.93%	6.44%
Ten Year*	3.49%	3.49%	3.49%	2.99%	3.33%	2.84%

MARKET OVERVIEW

International equities declined for the second straight quarter, with the MSCI EAFE Index down 1.24%†. Although returns were fairly strong in most local markets, they were dragged down for U.S. investors by the stronger dollar, which rallied against most other currencies, supported by stronger U.S. inflation and economic growth, as well as the Federal Reserve's ongoing tightening monetary policy. Global trade concerns escalated, as the U.S. imposed further tariffs on Chinese goods, which were met with the promise of retaliation. After the European Union imposed retaliatory tariffs on U.S. goods in response to its steel and aluminum tariffs, the U.S. threatened to place further levies on European autos.

Despite the escalating trade war, ongoing political instabilities, and signs of slowing eurozone economic growth, European equities generally posted solid gains in their local markets, buoyed by strong first-quarter earnings and higher merger and acquisition activity. Economic data was mixed during the quarter, as strong hiring drove unemployment levels down, but industrial activity continued to moderate. Germany's manufacturing Purchasing Managers' Index, which outperformed the rest of the eurozone, fell to an 18-month-low. Even as it announced an end to its quantitative easing stimulus in December, the European Central Bank (ECB) kept a cautious tone, noting increased risks to the economic outlook and indicating that rates will not increase at least until after next summer. Tensions between European Union (EU) supporters and anti-EU nationalists continued to mount throughout the quarter. After a protracted and turbulent general election in Italy, two euroskeptic populist parties—League and Five Star Movement—succeeded in forming a new coalition government, rattling global markets. Germany, the EU's largest economy, remained stuck in political gridlock, as its two coalition parties continued to disagree over immigration issues. In Spain, conservative prime minister Mariano Rajoy was ousted by a vote of no confidence amid a corruption scandal. Socialist party leader Pedro Sánchez succeeded Rajoy, and reaffirmed the country's support to EU commitments.

Asia-Pacific equities also generally posted solid gains in their local markets. Australia led the region higher amid lower unemployment, improved consumer sentiment, and accelerating retail sales. Japan was also solid, with unemployment falling to its lowest level since 1992. In May, consumer sentiment improved, while inflation held steady for the second month at 0.6%. Despite strong year-over-year growth in industrial production and exports, Singapore lagged the region due to concerns that global trade disputes would negatively impact its trade-dependent economy.

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**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. See page 3 for important disclosure information.

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Emerging markets generally posted negative returns for the quarter, dragged down by the stronger U.S. dollar, rising U.S. interest rates, and headwinds for the escalating trade war between the U.S. and China. Among emerging markets, Latin America was the weakest, followed by Asia. The market plunged in Argentina after its central bank was forced to take drastic action to stabilize the country's currency by raising interest rates to 40%. Brazil also saw sharp declines amid fears that a trucker and oil-worker strike would harm the country's economic recovery. In an attempt to break the strike, the government announced plans to lower diesel prices. Among emerging markets in Asia, Thailand, the Philippines and Malaysia posted the largest losses, while China also declined amid trade uncertainty and tightening monetary policy. In Europe, Turkey saw large declines due to deepening political turmoil that called into question the independence of its central bank.

TOP RELATIVE CONTRIBUTORS AND DETRACTORS

CONTRIBUTORS

Company	*Sector*	*Stock Return**
Kering S.A.	Consumer Discretionary	27.96%
J Sainsbury plc	Consumer Staples	29.55%
H. Lundbeck A/S	Health Care	25.90%
Central Japan Railway Company	Industrials	9.51%
Wm Morrison Supermarkets plc	Consumer Staples	14.89%

DETRACTORS

Company	*Sector*	*Stock Return**
Royal Dutch Shell plc**	Energy	12.99%
Mixi, Inc.	Information Technology	-31.50%
BP plc**	Energy	14.64%
Yamada-Denki Co., Ltd.	Consumer Discretionary	-17.79%
Türkiye Vakıflar Bankası T.A.O.	Financials	-34.93%

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

FUND PERFORMANCE

The Fund's Investor shares declined 3.70%, underperforming the MSCI EAFE Index return of -1.24%. Security selection was the largest driver of underperformance, with stronger selection in the consumer staples sector more than offset by weaker selection in information technology and industrials. Sector allocation also had a negative impact on relative results, primarily because the Fund was significantly underweight to the energy sector, which was MSCI EAFE's top performing sector for the quarter. The Fund maintains this underweight largely due to its exclusion of oil and gas exploration and production companies‡. Geographically, security selection was weakest in Asia, particularly in Japan, while the Fund's out-of-benchmark emerging-markets positions also detracted from relative results.

At a security level, the largest detractions to relative results came from the Fund not owning benchmark constituents **Shell** and **BP**, which returned almost 13% and 15%, respectively, for the Index. Both companies are ineligible for investment by the Fund due to Domini's oil and gas exclusion‡.

Among Fund holdings, the largest individual detractor was Japanese social networking service **Mixi**, which fell 31.5%. The company reported mixed results for its fiscal fourth quarter, and its Media Platform is expected to remain sluggish due to the suspension of its ticket resale business, TicketCamp, which was discontinued in May due to trademark-related violations. Mixi issued lower-than-expected guidance for its coming fiscal year, expecting declines in sales and operating profits as it invests for future growth.

Another Japanese company that was among the largest detractors was **Yamada Denki**, a consumer electronics retailer that declined almost 18%. The company reported weak results in May, with a decline in operating profit attributed to restricted purchases and increased use of discounts to reduce inventory levels. Yamada lowered guidance even further below expectations due to the need to rebalance divisional inventories in preparation for a new store format.

Our non-benchmark position in Turkey's **VakıfBank** (Türkiye Vakıflar Bankası) also detracted significantly from relative results. The bank plunged nearly 35% amid Turkey's monetary crisis. With maturities looming on overseas debt, the recent collapse in the value of the Turkish lira could make repayment significantly more expensive for VakıfBank.

Helping offset these weak results, were overweight positions in a number of strong performers. The largest individual contributor for the quarter was French luxury-goods company **Kering**, which gained almost 28%. The company reported strong first-quarter results, driven by sales growth for its Gucci brand, which saw higher volumes and prices. Kering's Balenciaga and Yves Saint Laurent brands were also strong, offsetting soft sales for Bottega Venetta.

Two UK grocery retailers were also among the top contributors: **Sainsbury's** and **Morrisons**, which rose almost 30% and 15%, respectively, with both stocks benefitting from improved sentiment across the sector. In late April, Sainsbury's announced a surprise merger agreement with Walmart-owned Asda. The deal would make the combined entity the largest grocery retailer in the UK, surpassing Tesco, and could lead to greater long-term margin stability for the UK's large grocers. Morrisons, which reported another quarter of strong sales volume growth, would become the country's third largest grocery retailer, and could also stand to benefit from ongoing industry consolidation.

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Other top contributors included Danish pharmaceutical company **Lundbeck**, which rose nearly 26%, and Japanese railway operator **JR Central** (Central Japan Railway Company), which gained 9.5%. Lundbeck reported better-than-expected results for the first quarter, underscored by higher revenues and cost savings, which are expected to be maintained throughout the year. The beat was driven by strong sales for Cipralex, an antidepressant, and for Onfi, a drug used to treat epileptic seizures. JR Central issued a better-than-expected forecast for fiscal-year operating profit, with strong business and leisure travel expected to drive revenues.

† Reflects reinvested dividends net of withholding taxes but reflects no deduction for fees, expenses or other taxes.

‡ Companies included in the Integrated Oil & Gas or Oil & Gas Exploration & Production Industries as defined by the Global Industry Classification System (GICS)

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, market segment, 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 - 1.43%/Gross - 1.50% (Class A), and 1.04% (Institutional). As of June 15, 2018, Domini has contractually agreed to waive certain fees and/or reimburse certain ordinary operating expenses in order to limit Class A share expenses to 1.43%. The agreement expires on November 30, 2019, absent an earlier modification by the Fund's Board.

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. See the Fund's prospectus for further 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.

Performance attribution is provided from Wellington Management Company's proprietary attribution system. Certain factors, which may affect performance, are not included, such as withholding taxes, fair value pricing when implemented by the Fund, accounting agent T+1 differences, market value discrepancies due to different pricing sources, methodology differences for large cash flows and NAV rounding. Wellington Management's proprietary systems are designed to support the management of portfolios and are not meant to be used as an accounting system. This information is intended to provide insight into the investment process and is not intended to be precise calculations. Attribution should be considered a tool that can help explain sources of alpha in terms of direction and magnitude.

4.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. Source: MSCI. MSCI makes no warranties and shall have no liabilities with respect to this data and it is not intended to be investment advice. Such data may not be redistributed or used for other products. This report is not approved or reviewed by MSCI.

As of 6/30/18, the companies noted above represented the following percentages of the Fund's portfolio: Central Japan Railway Company (2.25%); H. Lundbeck A/A (1.01%); J Sainsbury plc (1.33%); Kering S.A. (2.02%); Mixi, Inc. (0.49%); Türkiye Vakıflar Bankası T.A.O. (0.27%); Wm Morrison Supermarkets plc (1.02%); and Yamada-Denki Co., Ltd. (0.73%). BP plc, Royal Dutch Shell plc, Tesco plc, and Walmart Inc. were not approved for investment, and therefore not 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 the prospectus carefully before investing or sending money.

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