

Domini Impact Equity FundSM

Performance Commentary - First Quarter 2018



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 March 31, 2018	DSEFX	DIEQX	DSFRX	DSEPX (without load) ²	DSEPX (with max load) ²	S&P 500 ³
First Quarter 2018	-0.70%	-0.63%	-0.77%	-0.71%	-5.43%	-0.76%
Year to Date	-0.70%	-0.63%	-0.77%	-0.71%	-5.43%	-0.76%
One Year	9.03%	9.37%	9.35%	9.07%	3.89%	13.99%
Three Year*	5.35%	5.71%	5.65%	5.30%	3.60%	10.78%
Five Year*	10.19%	10.59%	10.51%	10.16%	9.10%	13.31%
Ten Year* ¹	7.81%	7.81%	8.16%	7.81%	7.29%	9.49%

MARKET OVERVIEW

Following nine straight quarters of positive returns, U.S. equities had a more subdued start to 2018, with the S&P 500 Index down 0.76% for the first quarter. The year started off strong, with better-than-expected corporate earnings driving the Index to all-time highs in January. However, concerns over lofty equity valuations and risks of stronger inflation and rising interest rates caused a spike in market volatility, beginning with a steep selloff in late January. The threat of a global trade war further unsettled markets after the Trump administration imposed steep tariffs on imported steel and aluminum and announced plans for additional tariffs on approximately \$50 billion worth of Chinese goods. While these tariffs will have little direct impact, worries of retaliatory measures and disruptions to global supply chains contributed to growing apprehension among investors.

Despite these political and policy uncertainties, the Federal Reserve Bank (Fed) increased benchmark rates by another 25 basis points in March and projected two additional rate hikes this year, noting that the U.S. economic outlook had strengthened in recent months. In general, data releases during the quarter continued to paint a picture of economic health. The unemployment rate held steady at 4.1%, its lowest level since 2000, while nonfarm payroll growth accelerated ahead of forecasts. In January, the service industry, which accounts for around 90% of the U.S. economy, saw its fastest level of growth in ten years. Higher-than-expected orders for durable goods drove an increase in capital expenditures in February, while business and consumer confidence both remained elevated throughout the quarter. Housing and consumer-spending data were more mixed, though, and despite the positive impact of higher short-term interest rates, concerns over trade protectionism and growing deficits caused the U.S. dollar to weaken versus most major currencies.

FUND PERFORMANCE

The Fund's Investor shares declined 0.70% for the quarter, outperforming the S&P 500 Index return by six basis points. Security selection was the primary driver of outperformance, as strong selection in the information technology, real estate, and consumer staples sectors offset weaker selection in financials and industrials. Sector allocation also contributed positively to relative results overall, primarily due to a significant underweight to the energy sector. The Fund maintains this underweight largely due to its exclusion of oil and gas exploration and production companies[†].

The top three contributors to relative performance this quarter were all from the information technology sector. The largest of these was global payments company **Mastercard**, which gained almost 16% after reporting strong year-over-year sales growth for the fourth quarter. The company's recent acquisition of VocaLink, a payment-technology provider, has improved its competitive advantage by providing it with a fast infrastructure that would have otherwise taken time some time to build out.

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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.

3. See page 3 for important disclosure information.

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Intel rose almost 14% for the quarter after the computer-components manufacturer reported record fourth-quarter results. Revenue, operating cash flow, operating income, and net income all broadly beat estimates. The company shift away from its PC business to focus on its data-centric business, which accounted for about half of fourth-quarter revenue, signals an inflection point for its growth outlook. Management raised its 2018 guidance, expecting both revenue and earnings to exceed prior consensus estimates.

Lam Research Corporation, which supplies water fabrication equipment (WFE) and services to the semiconductor industry, also had a solid quarter, gaining more than 11%. The company reported strong results for the fourth quarter, beating consensus estimates and its own guidance for the seventh consecutive quarter. Lam has seen continued success in the WFE market and continues to expand its market share, and management expects revenue growth to remain strong in 2018.

Other top contributors for the quarter included **CBRE**, a commercial real estate services firm that rose almost 9% after reporting fourth-quarter results that exceeded estimates and issuing better-than-expected guidance for 2018, and **Estée Lauder**, which manufacturers skin care, makeup, fragrance and hair care products. Estée Lauder, which gained more than 17% for the quarter, has seen sales growth accelerate in recent quarters, and reported that the acceleration continued through the holiday season, driven by a successful e-commerce strategy and rising demand in Asia.

The largest detractor from the quarter's relative results was **Unum Group**, which provides financial protection benefits in the US and UK. The stock dropped almost 13% for the quarter amid a more uncertain earnings outlook, as the company is faced with across-the-board tailwinds and the US and the potential for elevated claims in the UK, as Brexit continues to cloud the nation's employment picture. Unum's fourth-quarter results were fairly mixed, led by strong domestic sales growth, in-line earnings, and higher expenses.

Prudential Financial was another significant detractor within the financials sector, declining more than 9% for the quarter. The insurance and financial services group reported mixed results for the fourth quarter, with strong revenues and margins in its annuity and asset management business, but weak underwriting margins in its life, group insurance, and international businesses.

Pharmacy retailer **Walgreens Boots Alliance** also dropped more than 9% for the quarter, after Amazon.com, Berkshire Hathaway**, and JPMorgan Chase** announced a joint not-for-profit venture to lower health care costs for their U.S. employees, sparking worries that the collaboration could disrupt sales for traditional drugstore and pharmacy retailers.

Non-benchmark holding **Domtar**, which produces, paper, pulp and personal care products, was another significant detractor, declining more than 13% for the quarter. The stock dropped after the company reported disappointing preliminary results for the fourth quarter, with a sharp loss attributable to a large impairment of goodwill related to its struggling personal care segment.

TOP RELATIVE CONTRIBUTORS AND DETRACTORS

CONTRIBUTORS

<i>Company</i>	<i>Sector</i>	<i>Stock Return*</i>
Mastercard Incorporated	Information Technology	15.89 %
Intel Corporation	Information Technology	13.58
Lam Research Corporation	Information Technology	11.34
CBRE Group, Inc.	Real Estate	8.99
The Estée Lauder Companies Inc.	Consumer Staples	17.18

DETRACTORS

<i>Company</i>	<i>Sector</i>	<i>Stock Return*</i>
Unum Group	Financials	-12.81 %
Walgreens Boots Alliance, Inc.	Consumer Staples	-9.32
Prudential Financial, Inc.	Financials	-9.20
Domtar Corporation	Materials	-13.22
Netflix, Inc.**	Consumer Discretionary	53.86

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

**Not held in the Portfolio.

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

** Not approved for investment by the Domini Funds as of 3/31/18

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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.

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As of 3/31/18, the companies noted above represented the following percentages of the Fund's portfolio: Amazon.com, Inc. (0.57%); CBRE Group, Inc. (2.33%); Domtar Corporation (1.44%); The Estée Lauder Companies Inc. (2.12%); Intel Corporation (3.04%); Lam Research Corporation (1.13%); Mastercard Incorporated (3.13%); Prudential Financial, Inc. (2.58%); Unum Group (1.27%); and Walgreens Boots Alliance, Inc. (2.58%). Netflix, Inc. was not held by any of the Domini Funds. Berkshire Hathaway, Inc. and JPMorgan Chase & Co. 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 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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