

# Domini Impact Equity Fund<sup>SM</sup>

## Institutional Shares



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 subadvisor. 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, 2017	Apr 2017	May 2017	June 2017	Second Quarter 2017	Year to Date	One Year	Three Year*	Five Year*	Ten Year**†	Since Inception (6/3/91)**†
DIEQX	1.01%	0.08%	-0.75%	0.34%	5.57%	18.28%	4.83%	11.19%	5.31%	8.26%
S&P 500	1.03%	1.41%	0.62%	3.09%	9.34%	17.90%	9.61%	14.63%	7.18%	9.48%

### MARKET OVERVIEW

U.S. equities continued to rally for the seventh straight quarter, with the S&P 500 returning 3.09%. Plunging oil prices and a more muddled political and economic outlook were not enough to derail market momentum, as the S&P hit a series of new record highs. In a well-telegraphed move, the Federal Reserve Bank hiked rates by another 25 basis points and laid out a plan for balance sheet normalization later this year, provided the economy improves as expected. The economic picture this quarter, though, was somewhat more mixed. The final estimate for first-quarter GDP growth was revised higher, driven by increased spending on health care, financial services and insurance, while the manufacturing index ticked up on new orders, and consumer confidence rose above expectations due to the solid job market and rising stock and home prices. Payroll and housing data reports, however, disappointed, and a tick-down in the unemployment rate was mostly due to a drop in the size of the labor force.

On the political front, controversy surrounding the White House and the ongoing Russia investigation continued to escalate, while Senate Republicans again delayed a vote on their controversial health care reform bill after failing to garner significant support. By the end of the quarter, volatility picked up in the U.S. equity market, as investors rotated out of growth and momentum stocks and back into cyclical and value plays.

### FUND PERFORMANCE

The Fund's Institutional shares returned 0.34% for the quarter, underperforming the S&P 500 Index return of 3.09%. Security selection was the largest driver of underperformance, particularly within the consumer discretionary and information technology sectors, as well as industrials and financials. This was slightly offset by a benefit from being underweight to energy, which was one of the worst performing sectors this quarter.

For both the Fund and the Index, Health Care was the best performing sector this quarter, lifted by positive trial data and increased merger and acquisition rumors, as well as speculation that an upcoming executive order on drug pricing could benefit pharmaceutical companies. The largest positive contributor to the Fund's relative performance was diagnostic information services company **Quest Diagnostics**, which returned almost 14% for the quarter. Quest reported better-than-expected earnings for the twelfth straight quarter, with solid organic volume growth led by recovery in healthcare utilization. Quest's partnerships with hospitals are showing traction, boosting volumes to the highest level in two years. The company is well positioned to gain share from hospital-based labs in the long-term as it continues to sign new partnerships. Meanwhile, its retail business is also ramping up, with the company set to add more than a hundred new Safeway stores, which will eventually replace Quest's existing patient service centers and should provide numerous cost-reduction opportunities. Medical equipment company **Edwards Lifesciences** was another top contributor from the Health Care sector, returning almost 26% for the quarter. Edwards rose to six-month highs after reporting better-than-expected results for the first quarter, driven by strong U.S. sales of transcatheter aortic heart valves, and lifting annual sales guidance.

(continued on next page)

\*Average annual total returns.

†Institutional 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 shares.

‡On 11/30/06, the Fund, formerly a passively managed index fund, transitioned to an active management strategy. Past performance before 11/30/06 represents the former investment strategy, and is not indicative of future results.

**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. The Fund is not insured and is subject to market risks, such as sector concentration and style risk. You may lose money. Call 1-800-762-6814 or visit [www.domini.com](http://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.

Expense Ratio – Gross: 0.75% / Net: 0.74% (Per current prospectus. Domini has contractually agreed to cap Institutional share expenses to not exceed 0.80% until 11/30/17, subject to earlier modification by the Fund's Board of Trustees. See prospectus for details.)

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Another top contributor to relative performance was truck engine manufacturer **Cummins**, which returned more than 8% for the quarter after reporting first-quarter earnings 26% higher than the first quarter last year, far surpassing expectations. Stronger industrial demand from construction and mining is offsetting weaker demand from truck production in North America, while international sales benefitted from growth in China and Europe. Cummins highlighted an initiative for automated transmissions that will be fully integrated into its engine production and is expected to deliver up to a 7% improvement in fuel economy.

Relative performance was also helped by the Fund not holding **General Electric**, which is not approved for investment by the Domini Funds due to its involvement with the weapons industry and nuclear power plants, and by having an underweight position in **AT&T**. Both companies declined more than 8% for the quarter. AT&T reported lower-than-expected first quarter results, driven by weaker consumer net additions for wireless services, but partially offset by stronger broadband results. The stock fell on news of AT&T's planned acquisition with Time Warner, which would be its second large acquisition in three years. The acquisition would further increase net debt and weaken its credit metrics.

These positive contributions to the Fund's relative performance were more than offset by a number of significant detractors. The two largest individual detractors this quarter were retailers **Foot Locker** and **Ross Stores**, which declined more than 33% and 12%, respectively. Shoe and apparel retailer Foot Locker, after having already lowered its previously issued guidance, reported first-quarter results that came in below diminished expectations. Despite the company's long history of tight inventory control and spending discipline, it is facing a significant structural challenge due to having a large number of brick-and-mortar stores in a declining mall environment. Discount home and apparel retailer Ross Stores declined along with other retailers this quarter, due to retail softness and concerns over the company's lack of e-commerce presence.

The next largest detractors were in the Information Technology sector. Application services software company **F5 Networks** declined almost 11% for the quarter after reporting quarterly results that missed consensus estimates, driven by weakness in European sales and flat growth in services. F5 is facing short-term headwinds from delayed purchase decisions attributed to a transition from physical to virtual application-delivery controllers, customer hesitance in moving to the cloud, and political uncertainty in Europe. **IBM** also declined almost 11% after quarterly sales fell short of estimates. This marked its 20th consecutive quarter of revenue declines. IBM is similarly experiencing delays in service contracts and weakness in European markets, while its investments in high-growth areas have yet to generate sufficient sales to offset declines in legacy businesses.

**Walgreens Boots Alliance**, the holding company for Walgreens pharmacy, was another significant detractor, declining more than 5% for the quarter. Pharmacy stocks fell following a report that Amazon is considering entering the business of selling prescription drugs.

### TOP RELATIVE CONTRIBUTORS AND DETRACTORS

#### CONTRIBUTORS

Company	Sector	Stock Return*
<b>Quest Diagnostics Inc.</b>	Health Care	13.77 %
<b>General Electric Co.**</b>	Industrials	- 8.61
<b>Cummins, Inc.</b>	Industrials	8.01
<b>AT&amp;T Inc.</b>	Telecommunication Services	- 8.10
<b>Edwards Lifesciences Corp.</b>	Health Care	25.63

#### DETRACTORS

Company	Sector	Stock Return*
<b>Foot Locker, Inc.</b>	Consumer Discretionary	-33.39 %
<b>Ross Stores, Inc.</b>	Consumer Discretionary	- 12.14
<b>F5 Networks, Inc.</b>	Information Technology	- 10.87
<b>IBM Corp.</b>	Information Technology	- 10.72
<b>Walgreens Boots Alliance, Inc.</b>	Consumer Staples	-5.29

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

\*\*Not held in the Portfolio.

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. An investment in the Fund is subject to market risks such as sector concentration and style risk. You may lose money.

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 6/30/17, these companies represented the following percentages of the Fund's portfolio: Amazon.com, Inc. (3.36%); AT&T Inc. (0.27%); Cummins, Inc. (2.56%); Edwards Lifesciences Corp. (0.72%); F5 Networks, Inc. (1.84%); Foot Locker, Inc. (0.48%); International Business Machines Corp. (2.70%); Quest Diagnostics Inc. (2.34%); Ross Stores, Inc. (1.89%); Walgreens Boots Alliance, Inc. (2.29%); and Whole Foods Market Inc. (<0.01%). Time Warner Cable Inc. was not held by the Fund. General Electric Company is not currently approved

for investment or held by any of the Domini Funds. The composition of the Fund's portfolio is subject to change. 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](http://www.domini.com). This commentary should not be considered a recommendation of the financial attractiveness as an investment of any of the companies mentioned.

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

DSIL Investment Services LLC, Distributor. 7/17