Performance Commentary - Fourth Quarter 2016

Domini Impact Equity Fund℠

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 December 31, 2016	Oct 2016	Nov 2016	Dec 2016	Fourth Quarter 2016	Year to Date	One Year	Three Year*	Five Year*	Ten Year*†‡	Since Inception (6/3/91)*†‡
DIEQX	-2.11%	4.89%	1.34%	4.05%	11.66%	11.66%	5.92%	12.14%	5.46%	8.20%
S&P 500	-1.82%	3.70%	1.98%	3.82%	11.96%	11.96%	8.87%	14.66%	6.95%	9.29%

MARKET OVERVIEW

The bull market endured during the final quarter of 2016, despite the uncertainty created by the unexpected results of the presidential election. The S&P 500 rose 3.8% to post its fifth straight quarter of gains and end the year up 12.0%. The general perception in the months and weeks leading up to the election was that markets preferred a Clinton victory. Nevertheless, post-election, U.S. equities continued to gain and the S&P 500 hit a series of highs during November and December. The market consensus is that the incoming administration can be expected to reduce regulatory restrictions and increase financial stimulus, including cutting corporate taxes and boosting infrastructure spending. Protectionary trade policies are expected to drive a stronger U.S. dollar and higher inflation. Overall, these assumptions helped to drive U.S. equities higher during the quarter, although there was a pronounced dispersion across sectors.

In December, the Fed helped to reaffirm investor confidence in the health of the economy with a more hawkish stance, implementing its first rate hike in a year and shifting its view from two additional rates hikes next year to three. Meanwhile, economic data continued to encourage. Third-quarter GDP growth revised upward to 3.5%, the strongest economic expansion in two years, driven by increases in household purchases, capital expenditures, and government spending. The housing market also continued to display healthy trends, with homebuilder confidence rising to an 11-year high and existing home sales reaching their highest level since 2007. The jobless rate, meanwhile, dropped to 4.6%, its lowest rate since 2007.

FUND PERFORMANCE

The Fund's Institutional shares returned 4.05% for the quarter, outperforming the S&P 500 Index return of 3.82%. Security selection was the largest driver of outperformance, with strong selection in the materials, industrials, information technology, and real estate sectors compensating for weaker selection in the health care and consumer discretionary sectors. A positive contribution from an overweight to financials, which was the Index's top performing sector for the quarter, was mostly offset by a detriment from security selection within the sector.

A number of financial stocks were among the Fund's top contributors to relative performance this quarter. Financials, particularly banks and insurers, realized large gains following the US election on expectations for rising interest rates, lower taxes, and less regulation. Global life insurer **Prudential Financial** was the largest contributor, returning 28.3% following strong operating results and a solid management outlook. Disability insurer **Unum Group** also rallied, gaining 25.1% following great third-quarter results driven by strong revenue growth at its U.S.-based segment. Management continues to steadily increase prices in order to compensate for low interest rates. Regional banking group **Fifth Third Bancorp**, Cincinnati's largest locally based bank, was also among the top contributors, rising 32.5%., after undertaking a profit improvement plan in September.

While financials slightly helped relative performance, several S&P 500 banks that the Fund did not hold were among the largest individual

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**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 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: 0.81 / Net: 0.80% (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.)

detractors. Neither **JPMorgan Chase** nor **Bank of America**, two of the nation's largest banking groups and core index holdings, are approved for investment by the Domini Funds. Those stocks returned 30.5% and 41.7%, respectively, this quarter.

Outside of financials, other top contributors included steel producer and metal recycler **Steel Dynamics**, a non-benchmark holding which returned 42.9%, and **Alaska Air Group**, owner of Alaska Airlines and Horizon Air, which returned 35.2%. Steel Dynamics expects steady automotive steel consumption and higher steel demand due to large infrastructure projects, while Alaska Air appears to be well positioned for growth after finalizing its acquisition of Virgin America in December.

At the other end of the spectrum, the largest detractor from relative performance was medical equipment company, **Edwards Lifesciences**, which fell 22.3%. The company, which is focused on technologies that treat structural heart disease and critically ill patients, dropped after reporting disappointing third-quarter sales, driven by weakness outside the U.S. Management expected fourth-quarter sales to be at the lower end of guidance due to unfavorable currency movements and weakness in its surgical valve business. Other significant detractors included biotechnology company **Gilead Sciences**, which declined almost 9% amid a steady decline in sales for its hepatitis C drugs, and online retailer **Amazon.com**, which declined more than 10% after reporting disappointing third-quarter profit—impacted by a sharp rise in shipping costs—and revising down its revenue forecast for the key end-of-year period.

TOP RELATIVE CONTRIBUTORS AND DETRACTORS

CONTRIBUTORS

Company	*Sector*	*Stock Return**
Prudential Financial	Financials	28.3 %
Steel Dynamics Inc.	Materials	42.9
Unum Group	Financials	25.1
Fifth Third Bancorp	Financials	32.5
Alaska Air Group Inc.	Industrials	35.2

DETRACTORS

Company	*Sector*	*Stock Return**
Edwards Lifesciences	Health Care	-22.3 %
JPMorgan Chase & Co**	Financials	30.5
Bank of America Corp**	Financials	41.7
Gilead Sciences	Health Care	-8.9
Amazon.com Inc.	Consumer Discretionary	-10.2

*Represents return for period in the Fund's Portfolio or return for the entire period if not held. Stocks that were not held in the Portfolio are noted with two asterisks (**).

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 12/31/16, these companies represented the following percentages of the Fund's portfolio: Alaska Air Group Inc. (1.71%); Amazon.com, Inc. (2.84%); Edwards Lifesciences (2.15%); Fifth Third Bancorp (1.93%); Gilead Sciences, Inc. (2.46%); Prudential Financial, Inc. (2.96%); Steel Dynamics, Inc. (1.59%); and Unum Group (2.27%). JPMorgan Chase & Co. and Bank of America Corporation were not approved for investment by 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. This com¬mentary should not be considered a recommendation of the financial attractiveness as an investment of any of the companies mentioned.

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

DSIL Investment Services LLC, Distributor. 1/17