Performance Commentary - First Quarter 2017

Domini Impact Bond Fund℠

Investor Shares

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 submanager of the Fund since January 7, 2015.

Total Returns as of March 31, 2017	Jan 2017	Feb 2017	Mar 2017	First Quarter 2017	Year to Date	One Year	Three Year*	Five Year*	Ten Year*	Since Inception (6/1/00)*
DSBFX	0.17%	0.71%	-0.09%	0.80%	0.80%	1.10%	2.03%	1.50%	3.45%	4.23%
BBUSA**	0.20%	0.67%	-0.05%	0.82%	0.82%	0.44%	2.68%	2.34%	4.28%	5.20%

MARKET OVERVIEW

Global bond markets generated solid gains over the first quarter amid heightened political uncertainty. Robust economic data and continued demand for yield-producing assets supported credit markets, and spreads tightened further. In the US, Republicans' failure to repeal and replace the Affordable Care Act cast doubt on prospects for other policy agendas, reversing some of the post-election selloff in US Treasuries. The UK took the next step in the Brexit process as Prime Minister May triggered Article 50 – setting the stage for the nation's departure from the EU – and gilt yields declined. Most currencies strengthened versus the US dollar despite the looming risk of protectionist US trade policies and expectations for additional policy tightening from the Federal Reserve.

Monetary policy developments pointed to continued accommodation outside the US. The Fed hiked rates in March and projected two additional hikes this year. Market participants judged the Fed's statement after its March meeting as dovish, with one dissenting vote and no mention of tapering mortgage reinvestments. Minutes from the Bank of Japan's January meeting revealed a commitment to maintain a zero-yield policy on 10-year Japanese government bonds. Meanwhile, the European Central Bank announced its intention to continue the pace of bond purchases at 60 billion euros per month through at least December 2017 and pushed back against the notion of initiating rate hikes prior to the end of quantitative easing.

The US economy demonstrated continued strength with solid employment data and confidence surveys, along with a healthy housing market. European data showed broad-based strength across manufacturing and services sectors despite elevated political uncertainty; the Eurozone's composite PMI rose to its highest level in nearly six years. In Japan, a weak yen helped export growth, manufacturing expanded, and inflation picked up. China's economic cycle remains strong, led by construction. Surging imports and stable exports led to the nation's first trade deficit in three years.

PERFORMANCE COMMENTARY

The Fund's Investor shares modestly underperformed the Bloomberg Barclays U.S. Aggregate Bond Index for the first quarter, returning 0.80% vs. the benchmark's 0.82% performance.

In the first quarter, the Fund's subadvisor, Wellington Management, held modest opportunistic interest rate positions, which had a positive impact on the Fund's relative performance. The Fund was positioned for rising inflation expectations as the Fund's subadvisor continued to believe that the market was underpricing inflation expectations. This positioning was neutral for relative performance, as inflation-protected instruments modestly outperformed nominal Treasuries, as markets balanced continued economic strength with heightened political uncertainty, both domestically and globally.

The Fund had an overall underweight position in investment-grade credit during the quarter, as the submanager believed there were better opportunities in other sectors. Within investment grade corporate bonds, the Fund maintained overweight positions in US financials, particularly large money center banks, and in taxable municipals, both of which contributed positively to relative performance. The

(continued on next page)

**Average annual total returns.*
***Bloomberg Barclays U.S. Aggregate Index*

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. 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 1.19% / Net: 0.93% (Per current prospectus. Domini has contractually agreed to cap Investor share expenses to not exceed 0.95% until 11/30/17, subject to earlier modification by the Fund's Board of Trustees. See prospectus for details.)

investment grade credit sector outperformed on an excess return basis for the quarter, as corporate spreads tightened on expectations for the new administration's "business-friendly" policy agendas, including deregulation. Overall, credit positioning was a positive contributor to relative results for the quarter.

The Fund held an overweight to agency Mortgage Backed Securities (MBS)—which also contributed positively to relative performance for the quarter—as the subadvisor believed MBS to be more attractively valued than US Treasuries (Domini's Impact Investment Standards prohibit investment in U.S. Treasuries). However, the subadvisor also believes this view is balanced by higher interest rate volatility and risks of more imminent Fed balance sheet reductions. The Fund maintained an allocation to Collateralized Mortgage Obligation (CMO) and FNMA Delegated Underwriting and Servicing (DUS) bonds, which the subadvisor believes have attractive income and convexity profiles.

The Fund held an overweight to high quality Commercial Mortgage-Backed Securities (CMBS) based on attractive valuations. New issue CMBS spreads broadly tightened, but there were dramatic performance differences that were primarily based on retail exposure, given the steady stream of negative headlines emphasizing poor sales trends and store closures at some retailers. The Fund's positioning in high quality CMBS was neutral for performance this quarter.

The Fund's subadvisor continued to favor bank loans based on attractive valuations and low default expectations, and maintained an allocation to BB rated high yield issuances. Additionally, the Fund's subadvisor used high yield derivatives as a source of liquidity and to manage overall portfolio risk. High yield generated strong gains despite heightened political uncertainty, declining oil prices, and tighter monetary policy. Bank loans also generated a positive total return, benefitting from their floating rate structure amid expectations for additional Fed rate hikes and rising rates in the near term. High yield positioning was beneficial to relative performance overall.

COMMUNITY & ENVIRONMENTAL IMPACT

In the first quarter, securities Domini characterizes as "high impact" represented 28% of the Fund's total portfolio. This allocation consists of holdings addressing the following issue areas:

- Low-income multifamily housing
- Economic development, public education and healthcare
- Climate change adaptation and mitigation.

During the first quarter, the Fund initiated a number of new invesments in green bonds, including an investment of almost $400,000 in a green bond issued by the Queensland Treasury Corporation. Proceeds from the bond are expected to be invested in any one or more of the following projects in Queensland, Australia: light rail at the Gold Coast, Moreton Bay rail link, electric trains in South-East Queensland, cycleways, and the Sunshine coast solar farm.

The Fund is not insured and is subject to market risks, including interest rate and credit risks. During periods of rising interest rates, bond funds can lose value. 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. Some of the Fund's community development investments may be unrated and carry greater credit risks than its other investments.

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. You may lose money.

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, 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 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. See the Fund's prospectus for more information. You cannot invest directly in an index.

Visit *www.domini.com* or call us for the most current list of the Fund's holdings. The Fund's investment in the Queensland Treasury Corporation bond represented 0.2% of the Fund's Portfolio. The composition of the Funds' portfolios is subject to change. This information is provided for educational purposes only, and should not be considered investment advice with respect to any of the holdings listed.

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

DSIL Investment Services LLC, Distributor. 4/17