

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

## Investor 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 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 (6/3/91)*†
DSEFX	2.09%	3.37%	-0.40%	5.12%	5.12%	15.33%	6.31%	9.66%	5.91%	8.33%
S&P 500	1.90%	3.97%	0.12%	6.07%	6.07%	17.17%	10.37%	13.30%	7.51%	9.45%

### MARKET OVERVIEW

U.S. equities continued to rally, with the S&P 500 returning 6.07% to mark its sixth straight quarter of gains. As Donald Trump assumed office, investors continued to anticipate lower taxes, deregulation, and increased infrastructure spending. Stocks climbed throughout January and February, as strong economic data continued to encourage: the manufacturing index accelerated on stronger orders and production; nonfarm payrolls rose above expectations in February; the unemployment rate ticked down to 4.7%; consumer confidence rose to its highest level in 16 years; homebuilder confidence surged to its best level since 2005; and new home sales rose to a seven-month high. However, the U.S. trade deficit also grew to its largest since 2012, with the increase driven partly by the stronger dollar, which indicates that trade is likely to be a headwind to economic growth in early 2017.

While the market hit a series of highs throughout the quarter, investors began to voice concerns over stretched valuations. The rally slowed to a stop in March after Republicans failed in their effort to repeal and replace the Affordable Care Act, casting doubt over the Administration's ability to deliver on its agenda. The Federal Reserve Bank, as anticipated, increased rates by .25% for the second time in three months, but market participants noted that the tone of the policy statement was less hawkish than expected.

### FUND PERFORMANCE

The Fund's Investor shares returned 5.12% for the quarter, underperforming the S&P 500 Index return of 6.07%. Sector allocation made a positive contribution thanks to an underweight to Energy, which was the worst performing sector for both the Fund and the Index. This was offset, however, by weak security selection, which was the largest driver of underperformance. Strong selection in the Industrials sector was offset by weaker selection in the Consumer Discretionary, Consumer Staples, and Health Care sectors.

The largest contributor to the Fund's performance relative to the S&P 500 was **Applied Materials**, which provides manufacturing equipment, services, and software to the global semiconductor, display, and related industries. The stock rose almost 21% for the quarter, after reporting solid results for the fiscal first quarter, driven by record orders across all categories. **Lam Research**, which also provides equipment and services to semiconductor manufacturers, returned nearly 22% after fiscal-second-quarter results and third-quarter guidance exceeded expectations on both the top and bottom lines.

Global automotive supplier **Visteon Corporation**, a non-benchmark holding, was another top contributor, gaining more than 22% after reporting strong results fourth quarter, led by positive currency movements and strength in China, where growth in "infotainment" drove year-over-year growth of 26%.

Online shopping company **eBay** rose almost 13% after reporting fourth-quarter profit that beat estimates and providing a better-than-expected forecast for 2017, giving investors confidence that its rebranding campaign and data initiative are helping to lead a successful turnaround.

(continued on next page)

\*Average annual total returns.

†On 11/30/16, the Fund, formerly a passively managed index fund, transitioned to an active management strategy. Past performance before 11/30/16 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 / Net: 1.14% (Per current prospectus. Domini has contractually agreed to cap Investor share expenses to not exceed 1.25% until 11/30/17, subject to earlier modification by the Fund's Board of Trustees. See prospectus for details.)

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The Fund also benefitted from not owning benchmark holding **Exxon Mobil**, which is not approved for investment by the Domini Funds. The oil and gas company dropped more than 8% for the quarter.

Strong performance by these stocks was offset by weaker performers, including several conventional retailers. Department store chain **Kohl's** declined more than 18% after reporting weak fourth quarter results, with a deterioration in store traffic during the holiday season driving sales lower. Fashion retailer **Nordstrom** was another large detractor, declining 2.5% after reporting mixed fourth-quarter results, which saw sales miss expectations due to a lower mix of promotional items, while profits were higher due to efficient inventory management.

Other significant detractors included **Verizon Communications**, which declined almost 8%. Verizon's fourth-quarter profit estimates fell below analysts' expectations, as holiday promotions and discounts to combat competitors led to diminished margins. **Sysco**, which distributes food products to restaurants, hospitals, schools, hotels, and other foodservice businesses, declined almost 6%.

Relative performance was also hampered by the Fund not owning benchmark-holding **Facebook**, which rose more than 23%.

### TOP RELATIVE CONTRIBUTORS AND DETRACTORS

#### CONTRIBUTORS

<i>Company</i>	<i>Sector</i>	<i>Stock Return*</i>
<b>Applied Materials, Inc.</b>	Information Technology	20.90 %
<b>Exxon Mobil Corporation**</b>	Energy	- 8.30
<b>Visteon Corporation</b>	Consumer Discretionary	22.07
<b>Lam Research Corporation</b>	Information Technology	21.93
<b>eBay Inc.</b>	Information Technology	12.85

#### DETRACTORS

<i>Company</i>	<i>Sector</i>	<i>Stock Return*</i>
<b>Kohl's Corporation</b>	Consumer Discretionary	- 18.26 %
<b>Verizon Communications, Inc.</b>	Telecommunication Services	- 7.71
<b>Sysco Corporation</b>	Consumer Staples	- 5.67
<b>Nordstrom, Inc.</b>	Consumer Discretionary	- 2.51
<b>Facebook, Inc.**</b>	Information Technology	23.47

\*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 3/31/17, these companies represented the following percentages of the Fund's portfolio: Applied Materials, Inc. (2.4%); Kohl's Corporation (1.1%); Lam Research Corporation (1.5%); Nordstrom, Inc. (0.4%); Sysco Corporation (2.3%); Verizon Communications, Inc. (1.8%); and Visteon Corporation (1.1%). eBay Inc. and Facebook, Inc. were not held by the Fund. Exxon Mobil Corporation was 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](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. 4/17