

Performance Commentary FOURTH QUARTER 2009

For the fourth quarter of 2009, the Fund returned 2.48%, underperforming the MSCI Europe Index return of 3.30%.

The Fund's relative performance was helped the most by the following companies in the portfolio:

- The British copper company **Antofagasta**, whose stock returned more than 31% for the quarter. The company benefited from solid third-quarter results, better-than-expected cost control, and a strong balance sheet with increased cash on hand.
- The German household products company **Henkel**, whose stock returned more than 22% for the quarter.
- The British information company **Experian**, which reported better-than-expected results for the first half of its 2010 fiscal year, helped by operations in Brazil and cost reductions in the U.S. and U.K.

The Fund's relative performance was hurt the most by the following companies in the portfolio:

- The British bank **Barclays**, whose stock declined more than -24% during the quarter. The bank was affected by expectations of loan losses and by weak third-quarter revenues driven by increased expansion costs in Europe and Asia.
- The Dutch financial company **SNS Reaal**, whose stock also lost more than -24%. Third-quarter results were below expectations due to increased loan losses and a decline in income from fixed-income trading.
- The Swiss pharmaceutical company **Roche Holdings**, whose stock underperformed the index for the period it was held by the Fund.

The Fund benefited the most from its stock selection in the industrials, information technology, and financial sectors, and by a combination of asset allocation and stock selection in the utilities sector. The Fund's relative performance was hurt the most by its stock selection in the materials sector, and by its underweighting in consumer staples.

As of December 31, 2009, Antofagasta, Barclays, Experian, Henkel, and SNS Reaal represented 1.0%, 1.4%, 1.5%, 1.4%, and 0.5%, respectively, of the Fund's portfolio. Roche Holdings was not held by the Fund. The composition of the Fund's portfolio is subject to change.

MONTHLY RETURNS

	DEUFX	MSCI EUROPE
October	-1.57%	-1.15%
November	3.57%	2.94%
December	0.53%	1.52%

TOTAL RETURNS THROUGH 12/31/09

	DEUFX	MSCI EUROPE
Latest Quarter	2.48%	3.30%
One Year	35.97%	36.81%
Three Year [†]	-11.38%	-5.50%
Since Inception (10/3/05) [†]	1.15%	3.59%

[†]Average annual total returns

Past performance is no guarantee of future results. The Domini European Social Equity Fund is not insured and is subject to market risks. The Fund's returns quoted above represent past performance after all expenses. Investment return, principal value, and yield will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. You may lose money. Current performance may be lower or higher than the performance data quoted. For performance information current to the most recent month-end, call 1-800-762-6814 or visit www.domini.com.

For the period reported in its current prospectus, the Fund's gross annual operating expenses totaled 2.00% of net assets. Until November 30, 2010, Domini has contractually agreed to waive fees and reimburse expenses to limit the Fund's expenses, on a per annum basis, to 1.60% of its average daily net assets representing Investor shares, absent an earlier modification by the Board of Trustees, which oversees the Fund. The Advisor waived certain fees payable by the Fund during the periods reported above and the Fund's average total returns would have been lower had these not been waived. Each Domini 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. See the Fund's current prospectus for further information.

Please note that the Domini European Social Equity Fund and the Domini PacAsia Social Equity Fund are scheduled to change their investment strategies and reorganize into the Domini International Social Equity Fund. This change is expected to go into effect on March 19, 2010, subject to shareholder approval. Please see the supplement dated November 27, 2009, to the funds' most recent prospectus for more complete information.

SHAREHOLDER ACTIVISM

During the quarter, Domini filed seven shareholder proposals addressing human rights, sustainable forestry, toxic chemicals in consumer products, and three proposals on corporate political accountability at AT&T, Goldman Sachs, and JPMorgan Chase.

Domini is a founding member of the **Global Network Initiative**, a coalition of human rights organizations, investors, and companies opposing censorship and surveillance on the Internet. The corporate members include **Google, Microsoft, and Yahoo**. The Initiative made significant progress during the quarter as it moved toward establishing formal legal status and hiring an executive director. For the fifth year in a row, Domini co-filed a proposal with **Cisco Systems**, seeking to address that company's impact on human rights. The proposal received 34% support at the company's annual meeting in November.

PUBLIC POLICY In October, Domini's Managing Director and General Counsel took part in the second public meeting of the Securities and Exchange Commission's **Investor Advisory Committee**, where he is serving as the Committee's "social investor" representative.

That month, the SEC issued an important bulletin permitting shareholders to file proposals asking companies to disclose the risks they face from significant issues such as climate change and predatory lending.

PROXY VOTING

Each year, companies hold annual meetings and seek the views of their shareholders on a wide variety of issues. We express these views through "proxy votes." Domini was the first U.S. mutual fund manager to publicly disclose its votes, and we petitioned the SEC for the rule that now requires all mutual funds to publish their voting policies and actual votes.

During the fourth quarter, the Fund voted on 35 proposals at a total of 11 meetings and opposed management on 11% of the proposals presented.

For more information on Domini's shareholder activism work and use of proxy voting, please visit the Shareholder Activism section of our website at www.domini.com.

As of December 31, 2009, AT&T, Cisco Systems, Goldman Sachs, Google, JPMorgan Chase, Microsoft, and Yahoo were not held in the Fund's portfolio.

Investing internationally involves special risks, such as currency fluctuations, social and economic instability, differing securities regulations and accounting standards, limited public information, possible changes in taxation, and periods of illiquidity. These risks are magnified in emerging markets. The Fund's share price is denominated in U.S. dollars and generally will be exposed to European currency movements. In addition to other risks, the Fund will benefit when European currencies strengthen against the dollar and will be hurt when European currencies weaken against the dollar.

The MSCI Europe is an unmanaged index of common stocks. You cannot invest directly in an index. Obtain a copy of the Fund's most recent Annual or Semi-Annual Report, containing a complete description of the Fund's portfolio, by calling 1-800-762-6814 or at www.domini.com.

This commentary 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 prospectus. Please read it carefully before investing.

DSIL Investment Services LLC, Distributor. 01/10

DOMINI EUROPEAN SOCIAL EQUITY FUND[®] INVESTOR SHARES

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