



### Fourth Quarter 2015

All information, unless otherwise indicated, is as of 12/31/2015

Overall rating out of 389 Mid-Cap Blend funds as of 12/31/2015.

#### Objective

Capital appreciation

#### Strategy

The Parnassus Mid Cap Fund invests with low turnover and high conviction in approximately 40 holdings. The Fund seeks to invest in companies with:

- Wide moats or strong competitive advantages that protect market share and profitability
- Relevancy over the long term, which provides a compounding growth component
- Quality management teams that will act in the best interest of shareholders
- Favorable three-year investment horizon

The Fund strives to outperform the Russell Mid Cap Index over the long-run on a risk-adjusted basis with a high active share. The Fund attempts to shield investors from losses during bear markets, while offering significant upside participation during bull markets.

#### ESG Integration

At Parnassus Investments, the investment team follows a responsible investment approach to understand the full impact of a company. The investment team carefully considers a company's environmental, social and governance (ESG) factors. By incorporating ESG factors into the fundamental investment process, the investment team often identifies risks and opportunities that the market may have ignored and could impact the performance of investments.

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating<sup>TM</sup> based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees, unless otherwise indicated), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and is rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating<sup>TM</sup> for a fund is derived from a weighted average of the performance figures associated with its three-, five-, and ten-year (if applicable) Morningstar Rating metrics. The Fund was rated against the following numbers of U.S. - domiciled Mid-Cap Blend funds over the following time periods: 389 in the last 3 years, 323 in the last 5 years and 211 in the last 10 years. With respect to these Mid-Cap Blend funds, the Fund received

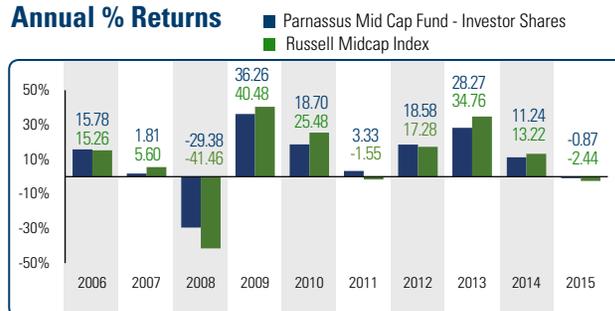
#### Total % Returns

As of 12/31/2015	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 4/29/05	Since Inception 4/30/15	Gross Expense Ratio <sup>(a)</sup>	Net Expense Ratio <sup>(a)</sup>
Parnassus Mid Cap Fund—Investor Shares	5.04	-0.87	-0.87	12.25	11.63	8.84	8.59	NA	1.09	0.99
Parnassus Mid Cap Fund—Institutional Shares	5.07	-0.65	-0.65	12.33	11.68	8.87	NA	-1.30	0.94	0.85
Russell Midcap Index	3.62	-2.44	-2.44	14.18	11.44	8.00	9.03	NA	NA	NA

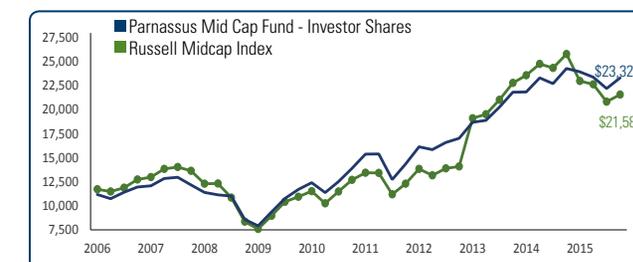
All returns greater than one year are annualized.

<sup>(a)</sup>As described in the Fund's current prospectus dated May 1, 2015, Parnassus Investments has contractually agreed to limit total operating expenses to 0.99% of net assets for the Parnassus Mid Cap Fund—Investor Shares and 0.85% for the Parnassus Mid Cap Fund—Institutional Shares. This agreement will not be terminated prior to May 1, 2017, and may be continued indefinitely by the Adviser on a year-to-year basis. Performance shown prior to April 30, 2015 (the inception of the Institutional Shares), reflects the performance of the Parnassus Mid Cap Fund—Investor Shares and includes expenses that are not applicable to and are higher than those of the Institutional Shares.

#### Annual % Returns



#### Annual Growth of \$10,000<sup>1</sup>



#### Ten Largest Holdings<sup>2</sup>

First Horizon National Corp. ....	3.8%
Cardinal Health Inc. ....	3.5%
Xylem Inc. ....	3.4%
Applied Materials Inc. ....	3.4%
SEI Investments Co. ....	3.4%
Patterson Companies Inc. ....	3.2%
DENTSPLY International Inc. ....	3.2%
Pentair plc ....	3.2%
Sysco Corp. ....	3.1%
Fiserv Inc. ....	3.1%
<b>Total</b> .....	<b>33.3%</b>

a Morningstar Rating of 3, 5 and 5 stars for the 3-, 5- and 10-year periods, respectively. Other classes may have different performance characteristics. Past performance is no guarantee of future results.

<sup>1</sup>The chart shows the growth of a hypothetical \$10,000 investment since inception date and does not reflect the deduction of taxes a shareholder would pay on fund distributions or the redemption of fund shares.

<sup>2</sup>Percent based on total net assets of date indicated.

<sup>3</sup>Excluding cash and cash equivalents.

Performance data quoted represents past performance and are no guarantee of future returns. Current performance may be lower or higher than the performance data quoted, and most recent month end performance is available on the Parnassus website ([www.parnassus.com](http://www.parnassus.com)). Investment return and principal will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original principal cost. The Russell Midcap Index is a widely recognized index of common stock

#### Sector Weightings<sup>3</sup>



prices. An individual cannot invest directly in an index. An index reflects no deductions for fees, expenses or taxes. Returns shown for the fund do not reflect the declaration of taxes a shareholder would pay on the fund distributions or the redemption of fund shares.

The Parnassus Funds are underwritten and distributed by Parnassus Funds Distributor, a subsidiary of Parnassus Investments and a FINRA member.

**Before investing, an investor should carefully consider the investment objectives, risks, charges and expenses of the fund and should carefully read the prospectus or summary prospectus, which contain this information. A prospectus or summary prospectus can be obtained on the website, [www.parnassus.com](http://www.parnassus.com), or by calling (800) 999-3505.**

# Parnassus Mid Cap Fund<sup>SM</sup>

## Fourth Quarter 2015

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### Portfolio Managers

#### Matthew D. Gershuny

- Director of Research, Portfolio Manager
- With firm since 2006
- Investment industry since 1997
- Portfolio Manager since 2008
- M.B.A., Michigan University 2006
- B.A., Philosophy, Cornell University 1995

#### Lori A. Keith

- Portfolio Manager, Senior Research Analyst
- With firm since 2005
- Investment industry since 1994
- Portfolio Manager since 2008
- M.B.A., Harvard Business School 2000
- B.A., Economics, University of California, Los Angeles 1989

### Firm Overview

Parnassus Investments® is an independent and employee-owned investment management company based in San Francisco, CA. Founded in 1984, the firm seeks to invest in businesses that have increasingly relevant products or services, sustainable competitive advantages, quality management teams and ethical business practices. We believe the most attractive opportunities for investments are when companies with good business fundamentals become temporarily undervalued due to market sentiment.

Total Assets Under Management: \$15.6 billion

### Fund Characteristics

	Fund	Russell Midcap Index
Ave Weighted Mkt Cap (\$Bn)	\$12.6	\$12.2
P/E Ratio	23.2x	19.9x
P/B Ratio	3.0x	2.3x
Number of Holdings	42	831
Portfolio Turnover (2015 Annual)	58.0%	-

**Average Weighted Market Cap** is the average capitalization of all stocks in the portfolio, weighted by each holding's size in the portfolio. **Price/Earnings (P/E) Ratio** is a ratio of a stock's current price to its per-share earnings over the past 12 months (or "trailing" 12 months). **Price/Book (P/B) Ratio** is the ratio of a stock's latest closing price divided by its book value per share.

### Fund Statistics (5 Year)

	Investor Shares	Russell Midcap Index
Alpha	1.71%	-
Beta	0.86	1.00
R-Squared	0.91	1.00
Sharpe Ratio	1.00	0.88
Standard Deviation	11.68%	13.05%
Downside Risk	6.80%	7.64%
Tracking Error	3.94%	-
Active Share	95.12%	-

variability (risk) of a portfolio's performance. **Sharpe Ratio** is a ratio used to measure risk-adjusted performance. It is calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. **Downside Risk** is a statistical measurement of a portfolio's dispersion below the mean return of a benchmark. **Tracking Error** is the standard deviation of the difference between the portfolio return and the desired investment benchmark return. **Active Share** measures the percentage amount your portfolio differs from a passive benchmark. **Risks:** The Fund's share price may change daily based on the value of its security holdings. Stock markets can be volatile, and stock values fluctuate in response to the asset levels of individual companies and in response to general U.S. and international market and

### Fund Facts

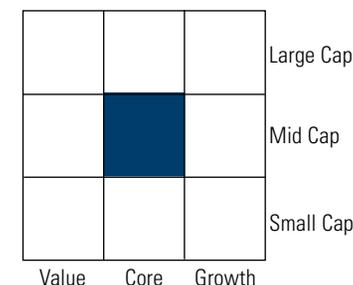
	Investor Shares	Institutional Shares
Ticker	PARMX	PFPMX
CUSIP	701765885	701765505
Minimum Investment	\$2,000	\$100,000
Gross Expense Ratio	1.09%	0.94%
Net Expense Ratio	0.99%	0.85%
Inception Date	4/29/2005	4/30/2015
Distribution Frequency	Annually	
Total Net Assets	\$554.6MM	

Expenses based on total net assets, net of reimbursement. As described in the Fund's current prospectus dated May 1, 2015, Parnassus Investments has contractually agreed to limit total operating expenses to 0.99% of net assets for the Parnassus Mid Cap Fund—Investor Shares and to 0.85% of net assets for the Parnassus Mid Cap Fund—Institutional Shares. This agreement will not be terminated prior to May 1, 2017, and may be continued indefinitely by the Adviser on a year-to-year basis.

### Style

Parnassus Funds' equity style box is based on the portfolio's overall targeted capitalization range and relative valuation.

Lipper Category:  
Mid-Cap Core



economic conditions. Security holdings in the fund can vary significantly from broad market indexes. The Fund invests in the stocks of small and mid-cap companies, which are generally riskier than larger companies, and the Fund's share price may be more volatile than funds that invest in larger companies.

**PARNASSUS INVESTMENTS®**

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