

Parnassus Fixed Income FundSM

Fourth Quarter 2015

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

Objective

Preservation of capital and current income

Strategy

The Parnassus Fixed Income Fund invests in approximately 95 holdings, primarily allocated among government, agency- and non-agency mortgages, and corporate bonds. A top-down view of the economy to assess future interest rates informs the Fund's duration target, which remains similar to that of the benchmark under normal circumstances. The Fund focuses on identifying:

- Securities with superior credit quality that are undervalued
- Bonds issued by companies with improving cash flows and credit metrics
- Security analysis incorporates environmental, social, and governance factors

By investing primarily in investment-grade bonds, the Fund provides investors an opportunity for an attractive level of current income consistent with safety and preservation of capital. No derivatives are used in implementing the Fund's strategy.

ESG Integration

At Parnassus Investments, the investment team follows a responsible investment approach to understand the full impact of a security. 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.

¹The 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.

²Quality Ratings for all securities except for those labeled "U.S. Gov't/Agency" are stated as Standard & Poor's ("S&P") ratings for consistency in reporting. S&P is a Nationally Recognized Statistical Rating Organization ("NRSRO"), as are Moody's and Fitch. For securities rated only by an NRSRO other than S&P, the Adviser converts that rating to the equivalent S&P rating. S&P ratings range from AAA (highest) to D (lowest). If NRSRO ratings differ, the security will be considered to have received the highest of those ratings. Securities not rated by an NRSRO appear in the "Not Rated/Unavailable"

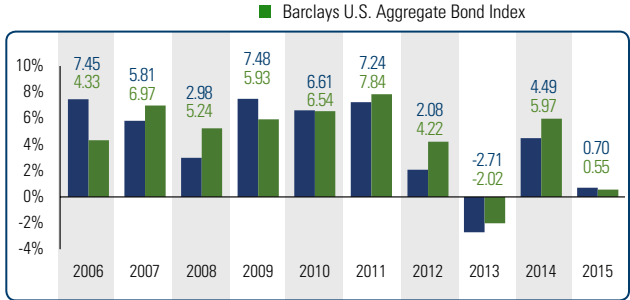
Total % Returns

As of 12/31/2015	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception 8/31/92	Since Inception 4/30/15	Gross Expense Ratio ^(a)	Net Expense Ratio ^(a)
Parnassus Fixed Income Fund--Investor Shares	-0.40	0.70	0.70	0.78	2.30	4.16	5.23	NA	0.78	0.68
Parnassus Fixed Income Fund--Institutional Shares	-0.29	0.82	0.82	0.82	2.33	4.17	NA	-0.35	0.65	0.58
Barclays U.S. Aggregate Bond Index	-0.57	0.55	0.55	1.44	3.25	4.51	5.67	NA	NA	NA

All returns greater than one year are annualized.

^(a)As described in the Fund's current prospectus dated May 1, 2015, Parnassus Investments has contractually agreed to limit total operating expenses to 0.68% of net assets for the Parnassus Fixed Income Fund--Investor Shares and 0.58 for the Parnassus Fixed Income--Institutional Shares. This agreement will not be terminated prior to May 1, 2016, 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 and includes expenses that are not applicable to and are higher than those of the Institutional Shares. The performance of the Institutional Shares differs from that shown for the Investor Shares to the extent that the classes do not have the same expenses.

Annual % Returns



Quality Rating²

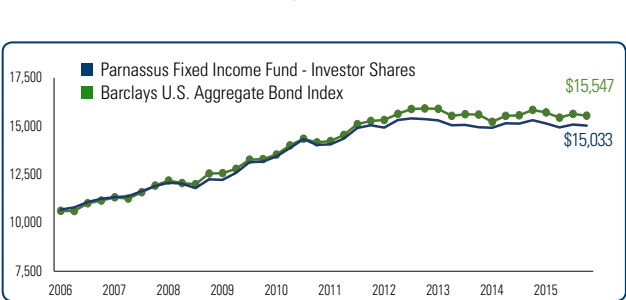
U.S. Gov't/Agency	46.5%
AAA	8.1%
AA	2.8%
A	19.4%
BBB	19.7%
BB	3.1%
B	0.4%
Below B	0.0%
Not Rated/Unavailable	0.0%

category. Ratings are subject to change.

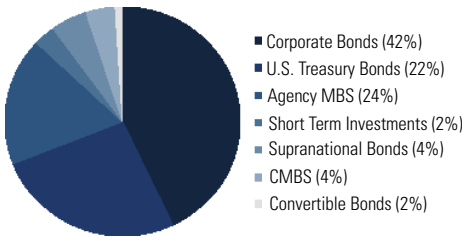
³Percent of total net assets as of date indicated.

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). 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 Barclays U.S. Aggregate Bond Index is a widely recognized index of fixed-income security prices. An individual cannot invest directly in an index. An index reflects no deductions for fees, expenses or taxes. Returns shown for the

Annual Growth of \$10,000¹



Portfolio Composition³



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, or by calling (800) 999-3505.

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Portfolio Manager

Samantha D. Palm

- Portfolio Manager
- With firm since 2013
- Investment industry since 2006
- Portfolio Manager since 2013
- B.S., Agricultural and Applied Economics, University of Wisconsin 2006

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	Barclays U.S. Aggregate Bond Index
Number of Holdings	104	9,720
Portfolio Turnover (2015 Annual)	35.8%	-
Average Maturity (Years)	5.64	7.97
Average Duration (Years)	4.59	5.68
SEC 30-Day Yield ¹	1.97%	-
Unsubsidized SEC 30-Day Yield ²	1.83%	-

¹The 30-Day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days. It is a "subsidized" yield, which means it includes contractual expense reimbursements and it would be lower without those reimbursements.

²The Unsubsidized 30-Day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days. It excludes contractual expense reimbursements, resulting in a lower yield.

Fund Statistics (5 year)

	Investor Shares	Barclays U.S. Aggregate Bond Index
Alpha	-0.72%	-
Beta ³	0.88	1.00
R-Squared	0.89	1.00
Sharpe Ratio	0.84	1.19
Standard Deviation	2.70%	2.71%
Downside Risk	1.48%	1.43%
Tracking Error	0.93%	-

be more volatile than the market, and conversely, a beta below 1.00 indicates that the share price will typically be less volatile than the market. **R-Squared** is a measurement of how closely the portfolio's performance correlates with the performance of a benchmark index such as the Lehman Aggregate Bond Index. **Standard Deviation** is a calculation used to measure 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

Fund Facts

	Investor Shares	Institutional Shares
Ticker	PRFIX	PFPLX
CUSIP	701769200	701765703
Minimum Investment	\$2,000	\$100,000
Gross Expense Ratio	0.78%	0.65%
Net Expense Ratio	0.68%	0.58%
Inception Date	8/31/1992	4/30/2015
Distribution Frequency	Monthly	
Total Net Assets	\$189.9MM	

Expenses based on total net assets, net of reimbursement.

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Maturity Diversification

	Fund	Barclays U.S. Aggregate Bond Index
0-3 years	19.5%	22.1%
3-5 years	2.1%	20.6%
5-10 years	45.4%	42.2%
over 10 years	33.0%	15.1%

difference between the portfolio return and the desired investment benchmark return.

Risks: Bond fund values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. In general, when interest rates rise, bond fund values fall and investors may lose principal value. Security holdings in the Fund can vary significantly from broad market indexes.

³The beta shown for the benchmark is a blended five-year calculation including the Fund's prior benchmark, Barclays Capital U.S. Government/Credit Bond Index, prior to May 1, 2013 and the current benchmark, Barclays U.S. Aggregate Bond Index thereafter.

Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Beta** is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta of 1.00 means that the share price moves exactly in line with the market. A beta over 1.00 suggests that the share price will typically

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