

Parnassus Growth Equity Fund

The strategy pursues strong long-term returns by owning a concentrated portfolio of innovative, high-quality U.S. large cap companies that are well positioned to benefit from long-term secular trends.

KEY TAKEAWAYS

- Parnassus Growth Equity Fund (Investor Shares) returned -9.63% (net of fees) during the quarter, slightly outperforming the Russell 1000 Growth Index's -9.78%.
- Our holdings in the Information Technology, Industrials and Materials sectors boosted relative returns, while holdings in Health Care, Financials and Consumer Discretionary held back relative performance.
- Amid market volatility due to artificial intelligence (AI) disruption fears and the war in Iran, we moved quickly to re-evaluate potential holdings, take advantage of price dislocations and ensure our overall portfolio positioning remained balanced.
- Throughout any volatility, we will continue to execute our investment process and seek opportunities to invest in innovative, increasingly relevant and competitively advantaged businesses at attractive valuations in the pursuit of strong long-term returns.

Market Review

Growth stocks declined significantly in the first quarter, with the Russell 1000 Growth Index ending the quarter in negative territory. Market performance was impacted both by the beginning of a joint military offensive against Iran at the end of February as well as shifting narratives—and increasing concerns—about the potential for AI disruption, particularly in software. Performance varied across sectors, with Energy far outperforming other market segments as the conflict in Iran constrained global supply, pushing oil prices higher. The Financials, Information Technology and Consumer Discretionary sectors posted double-digit losses amid inflationary pressures and negative investor sentiment around the impact of AI. Strength related to AI infrastructure, particularly among manufacturers of semiconductors and related equipment, as well as companies benefiting from electrification, was outweighed by weakness in software, where concerns around AI-driven disruption led to widespread valuation compression.

Fund Facts	Investor Shares	Institutional Shares
Ticker	PFGEX	PFPGX
Net Expense Ratio ¹	0.84%	0.63%
Gross Expense Ratio	1.40%	1.18%
Inception Date	12/28/2022	12/28/2022
Benchmark	Russell 1000 Growth Index	
Asset Class	U.S. large cap growth	
Objective	Capital appreciation	

Performance

Annualized Returns (%)

As of 03/31/2026	3 Mos.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since 12/28/2022
PFGEX - Investor Shares	-9.63	18.20	19.80	N/A	N/A	23.32
PFPGX - Institutional Shares	-9.55	18.45	20.06	N/A	N/A	23.59
Russell 1000 Growth Index	-9.78	18.81	21.18	12.75	16.82	25.14

Performance data quoted represent past performance and are no guarantee of future returns. Current performance may be lower or higher than the performance data quoted, and current performance information to the most recent month end is available on the Parnassus website (www.parnassus.com). Investment return and principal value will fluctuate, so an investor's shares, when redeemed, may be worth more or less than their original principal cost.

Returns shown in the table do not reflect the deduction of taxes a shareholder may pay on fund distributions or redemption of shares. The Russell 1000 Growth Index is an unmanaged index of common stocks, and it is not possible to invest directly in an index. Index figures do not take any expenses, fees or taxes into account, but mutual fund returns do. The estimated impact of individual stocks on the Fund's performance is provided by FactSet.

Quarterly Performance Review

Positioning in Information Technology boosted relative results

The Fund (Investor Shares) returned -9.63% (net of fees) during the quarter, slightly outperforming the Russell 1000 Growth Index's -9.78%. Our holdings in the Information Technology, Industrials and Materials sectors aided relative returns, while holdings in Health Care, Financials and Consumer Discretionary curbed relative performance.

Top Quarterly Contributors

Applied Materials, which supplies semiconductor manufacturing equipment, benefited from sustained demand tied to AI infrastructure build-out, as hyperscalers increased capital spending to support accelerating compute needs.

ASML Holding, a supplier of equipment for producing advanced microchips, gained on the strength of demand for advanced lithography, reinforcing its essential role in next-generation AI chip production.

GE Vernova, a leading global energy equipment manufacturer, benefited from surging electricity needs tied to data center build-out amid the continuing growth in AI-related infrastructure.

Taiwan Semiconductor Manufacturing Co.'s (TSMC) central role in AI chip production continued to bolster investor confidence and drive stock gains, as company management announced higher-than-anticipated capital expenditure guidance.

Linde, a multinational provider of industrial gases, gained as investors favored companies with durable, hard-to-disrupt business models tied to both the global economy and semiconductor manufacturing.

Bottom Quarterly Contributors

Boston Scientific, a medical device company, declined on concerns about increased competition and slowing market growth for its atrial fibrillation product, Farapulse, and mixed reaction to overall positive clinical data, though we believe its long-term growth prospects remain intact.

AppFolio, a provider of cloud-based software for property management, declined amid a broad sell-off within software driven by fears that AI could disrupt traditional software-as-a-service business models.

Atlassian fell along with its software peers as investors believed its emphasis on developer-focused tools presents a risk of AI disruption. We exited the position during the quarter, due to AI disruption concerns and its high valuation.

Ares Management, an alternative asset manager with a large franchise in private credit, underperformed due to retail redemptions, worries about loans to software private equity buyouts and rising default risk in direct lending.

Salesforce stock fell sharply as investor sentiment on software companies broadly weakened amid AI disruption concerns, despite the company's favorable sales figures and margin growth. We view Salesforce as well positioned to capture AI upside given its specialized products and integrated products trading at an attractive valuation.

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
Applied Materials	3.04	33.16	0.94
ASML Holding	3.17	23.60	0.89
GE Vernova	3.20	33.74	0.87
TSMC	3.34	11.45	0.66
Linde	1.37	16.66	0.32

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
Boston Scientific	1.94	-34.19	-0.51
AppFolio	1.69	-32.16	-0.44
Atlassian	0.44	-48.43	-0.43
Ares Management	1.51	-31.64	-0.39
Salesforce	1.37	-29.53	-0.38

Return calculations are gross of fees, time weighted and geometrically linked. Returns would be lower as a result of the deduction of fees.

Portfolio Positioning

Maintaining balance while responding to volatility and shifting AI dynamics

We continue to maintain a portfolio positioning balanced between offense and defense. During the quarter, we looked for companies capable of resilient growth in multiple market opportunities, including those with substantial addressable markets or exceptionally strong secular drivers. In the current environment, with the conflict in Iran spiking oil prices and exacerbating market volatility, we believe companies with these characteristics can durably maintain growth.

Amid market volatility, we moved quickly to re-evaluate current and potential holdings and take advantage of dislocations. We continue to be disciplined in our evaluation of new investments, while remaining nimble and ready to move as opportunities arise. We made several position changes during the quarter, closing six positions and adding six new ones, while adjusting exposures to reflect the changing environment. The portfolio's largest overweights are in Health Care and Materials, while its largest underweights are in Communication Services and Consumer Discretionary.

Within Information Technology, we repositioned our software exposure, as AI disruption concerns drove a broad sell-off. We exited or trimmed lower-conviction software names to reduce our overall exposure and added new positions in Shopify and Oracle. In Communication Services, we initiated a position in Meta Platforms following share price weakness tied to increased investment spending. We shifted to a slightly more defensive positioning in Health Care, reducing cyclical exposure by selling Thermo Fisher Scientific and adding Medline, a healthcare distributor with a large market share gain opportunity, and Edwards Lifesciences, an innovative medical device company with a strong product path over the next three years.

We continue to seek opportunities to invest in innovative, increasingly relevant, competitively advantaged businesses at attractive valuations in the pursuit of strong long-term returns.

Outlook

Renewed optimism amid volatility and AI-driven change

While the first quarter saw a shift in the geopolitical backdrop, with escalating tensions and rising energy prices, our constructive view on growth equities remains unchanged as the macro and company backdrop continues to be relatively strong.

U.S. companies have proven they can navigate extraordinary challenges—from the pandemic to inflation to geopolitical conflicts—while continuing to innovate and grow earnings. The AI investment cycle and adoption continue to accelerate as well. Along with the increasing adoption of agentic AI, technology companies have been deploying enormous capital to build the infrastructure required for the next generation of computing. This investment wave remains one of the most important structural forces shaping the global economy. At the same time, the recent software sell-off reflects legitimate concerns around disruption, though we believe outcomes will vary across sectors and companies, reinforcing the value of active management.

The U.S. economy has also remained steady, even as gross domestic product growth and the labor market have been slowing recently. As the war in Iran drives energy prices higher, we are monitoring potential resurgence of inflation and its economic impacts should the conflict be prolonged. While higher energy prices can temporarily tighten liquidity, we expect global liquidity to ease and remain a tailwind for the stock market in the long run.

Geopolitical uncertainty is capping valuation multiples, creating greater dispersion across sectors and companies. With less room for multiple expansion, companies must deliver durable cash flow and real productivity gains. Given that growth equities can be volatile, with higher risk and higher reward, we continue to emphasize downside protection and disciplined investing. We view periods like the current environment, marked by volatility and geopolitical tension, as sources of opportunity and believe that many of our stocks can see multiples re-rate as they prove the durability of growth.

Against this backdrop, we remain focused on consistent execution of our investment process, using periods of volatility to selectively invest in innovative, increasingly relevant, and competitively advantaged businesses at attractive valuations. By maintaining discipline through uncertainty, we aim to position the portfolio for strong returns over time.

Quarterly Portfolio Activity

Activity	Security Name	Ticker	Sector	Rationale
Bought	Meta Platforms, Inc., Class A	META	Communication Services	Meta has a strong competitive position and long-term relevance in digital advertising. Its family of apps reaches billions of people and offers powerful targeting tools, making it a key partner for advertisers as ad spending and AI-driven marketing continue to move online. We also value Meta's track record of innovation. We are actively monitoring its social and data privacy risks and believe the company has made progress on strengthening its policies and enforcement.
Bought	Edwards Lifesciences Corp.	EW	Health Care	Edwards Lifesciences develops innovative cardiac devices that reduce patient recovery times and enhance patient outcomes. We believe the market is underestimating the durability of Edwards' transcatheter aortic valve replacement franchise and the opportunity for its transcatheter mitral and tricuspid therapies.
Bought	Shopify, Inc., Class A	SHOP	Information Technology	Shopify has evolved from a small to midsize business tool into a unified commerce platform, increasingly winning larger, more complex customers while continuing to gain share internationally. Its integrated ecosystem across storefronts, payments, point of sale and merchant services creates strong network effects and high switching costs. Shopify is also well positioned to benefit from the next phase of e-commerce, including AI-enabled and agent-driven shopping experiences, supported by disciplined execution and existing large language model partnerships.
Bought	Medline, Inc., Class A	MDLN	Health Care	As the leading U.S. distributor of medical-surgical products and supply chain solutions, Medline's scale drives lower costs, high service levels and strong customer retention. Medline's increasing penetration of its private label products also enhances its growth and margins. With a long track record of share gains through new contracts and proprietary products, Medline can deliver steady returns, in our view.
Bought	Oracle Corp.	ORCL	Information Technology	Oracle is at an inflection point in its evolution from a mature software provider to a faster-growing cloud and AI platform with durable competitive advantages. Adoption of Oracle's next-generation cloud infrastructure for AI training workloads is driving a reacceleration in revenue and earnings growth, while its mission-critical database and enterprise franchises provide downside mitigation. With valuation still reflecting lingering skepticism around this transformation, we believe Oracle offers an attractive risk/reward profile as earnings compound.
Bought	Viking Holdings Ltd.	VIK	Consumer Discretionary	Viking offers a resilient growth profile, with a leading share in luxury river cruising and a loyal, affluent customer base that tends to book early and repeat at high rates. Supported by favorable travel demand trends, exclusive port access and a standardized fleet that drives operating efficiency, Viking has a business model that is well positioned to deliver durable growth with less cyclicality than traditional cruise peers.
Sold	Workday, Inc., Class A	WDAY	Information Technology	We exited our position in Workday to bring the portfolio's software exposure closer to market weight. Despite rising uncertainty in software, we continue to see select opportunities, maintaining positions in companies with minimal AI risk and those already derated but showing signs of near-term improvement.
Sold	Datadog, Inc., Class A	DDOG	Information Technology	We exited our position in Datadog to bring the portfolio's software exposure closer to market weight. Despite rising uncertainty in software, we continue to see select opportunities, maintaining positions in companies with minimal AI risk and those already derated but showing signs of near-term improvement.
Sold	Insulet Corp.	PODD	Health Care	While we continue to appreciate Insulet's long-term opportunity in Type 2 diabetes, we grew concerned that elevated expectations, increasing competition and a premium valuation could lead to greater volatility. We reallocated capital to Edwards Lifesciences, as we believe its product catalysts and valuation offer a more attractive risk/reward.

Quarterly Portfolio Activity (Continued)

Activity	Security Name	Ticker	Sector	Rationale
Sold	Atlassian Corp., Class A	TEAM	Information Technology	Atlassian has become increasingly driven by AI-related debate rather than underlying fundamentals, leading to higher volatility and a wider range of outcomes. We felt the risk/reward opportunity had become less compelling and redeployed the capital into Shopify, where we see strong competitive advantages and a clearer path to long-term value creation.
Sold	Thermo Fisher Scientific, Inc.	TMO	Health Care	While Thermo Fisher remains a high-quality franchise, we saw better relative upside in names with less macro sensitivity and a greater share gain opportunity and reallocated the capital to Medline.
Sold	Chipotle Mexican Grill, Inc.	CMG	Consumer Discretionary	We exited our Chipotle position due to concerns around ongoing restaurant and consumer weakness, as well as demand headwinds from GLP-1 adoption, particularly following the oral launch. With these pressures weighing on near-term fundamentals, we chose to reallocate capital toward Viking, which we believe offers a more resilient growth profile.

Sector Weights

As of 03/31/26

Sector	% of TNA	Russell 1000 Growth
Communication Services	8.8	12.1
Consumer Discretionary	10.3	13.2
Consumer Staples	1.9	2.9
Energy	N/A	0.5
Financials	6.8	5.8
Health Care	14.0	8.0
Industrials	7.9	6.7
Information Technology	47.0	49.8
Materials	2.6	0.3
Real Estate	N/A	0.4
Utilities	N/A	0.3
Cash and Other	0.5	N/A

Ten Largest Holdings

As of 03/31/26

Security	% of TNA
NVIDIA Corp.	8.9
Microsoft Corp.	7.8
Amazon.com Inc.	6.1
Apple Inc.	4.7
Alphabet Inc., Class A	4.6
Eli Lilly & Co.	4.1
GE Vernova Inc.	4.0
Broadcom Inc.	3.5
Taiwan Semiconductor Mfg Co Ltd., ADR	3.3
Applied Materials Inc.	3.1

Holdings are subject to change.

Portfolio Managers



Andrew Choi

Portfolio Manager,
Director of Research
Experience: 13 years



Shivani Vohra

Portfolio Manager,
Senior Analyst
Experience: 12 years

Glossary

Earnings Growth is the change in a company's reported net income over a period of time and is not a measure of future performance.

Allocation Effect measures the impact of asset allocation decisions on the active return. It reflects the difference between the portfolio weights and benchmark weights, multiplied by the benchmark returns.

Important Information

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The Russell 1000® Growth Index measures the performance of the large cap growth segment of the U.S. equity universe. An individual cannot invest directly in an index. An index reflects no deductions for fees, expenses or taxes, but mutual fund returns do. The Standard & Poor's 500 Composite Stock Price Index (the S&P 500 Index) is a widely recognized index of common stock prices. It is an unmanaged index of 500 common stocks primarily traded on the New York Stock Exchange, weighted by market capitalization. Index performance includes the reinvestment of dividends and capital gains. An individual cannot invest directly in an index. An index reflects no deductions for fees, expenses or taxes. The S&P 500 Index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Parnassus Investments. Copyright © 2022 by S&P Dow Jones Indices LLC, a subsidiary of McGraw-Hill Financial, Inc., and/or its affiliates. All rights reserved. Redistribution, reproduction and/or photocopying in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P® is a registered trademark of Standard & Poor's Financial Services LLC and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC. Neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and neither S&P Dow Jones Indices LLC, Dow Jones Trademark Holdings LLC, their affiliates nor their third party licensors shall have any liability for any errors, omissions or interruptions of any index or the data included therein.

1. As described in the Fund's current prospectus dated April 28, 2025, as Amended and Restated September 22, 2025, Parnassus Investments has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 0.84% of net assets for the Parnassus Growth Equity Fund (Investor Shares) and to 0.63% of net assets for the Parnassus Growth Equity Fund (Institutional Shares). This agreement will not be terminated prior to May 1, 2026, and may be continued indefinitely by the investment adviser on a year-to-year basis. The net expense ratio is what investors pay.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GUIDELINES: The Fund evaluates ESG factors as part of the investment decision-making process, considering a range of impacts they may have on future revenues, expenses, assets, liabilities and overall risk. The Fund also utilizes active ownership to encourage more sustainable business policies and practices and greater ESG transparency. Active ownership strategies include proxy voting, dialogue with company management and sponsorship of shareholder resolutions, and public policy advocacy. There is no guarantee that the ESG strategy will be successful.

Mutual fund investing involves risk, and loss of principal is possible. 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 economic conditions. In addition to large cap companies, the Fund may invest in small and/or mid cap companies, which can be more volatile than large cap firms. Security holdings in the fund can vary significantly from broad market indexes.

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Before investing, an investor should carefully consider the investment objectives, risks, charges and expenses of a fund and should carefully read the prospectus or summary prospectus, which contain this and other information. The prospectus or summary prospectus can be found on the website, www.parnassus.com, or by calling (800) 999-3505.