

Parnassus International Equity Fund

The strategy pursues long-term outperformance by owning a select portfolio of high-quality large cap businesses with sustainable business practices in developed markets outside the U.S.

KEY TAKEAWAYS

- The Fund (Investor Shares) returned 1.04% (net of fees) during the quarter, underperforming the MSCI EAFE Index's return of 4.77%.
- Our holdings in the Industrials and Financials sectors held back relative performance, while our holdings in the Health Care and Consumer Staples sectors contributed. By geographic region, our U.K. holdings hurt performance, somewhat offset by our holdings in Ireland and Belgium.
- By sector, the portfolio's largest overweights are in Information Technology (IT) and Industrials, while its largest underweights are in Utilities and Energy (no exposure in either sector). From a regional perspective, the portfolio's largest absolute weight is in Eurozone countries, while the largest overweight is in U.K. holdings. The portfolio is underweight Japan, although we are on the hunt for good companies trading at reasonable valuations.
- We remain focused on executing our investment process and maintaining exposure to increasingly relevant, competitively advantaged businesses at attractive valuations, in the pursuit of strong long-term returns.

Market Review

The MSCI EAFE Index advanced in the third quarter of 2025 as uncertainty around tariffs eased, currencies remained broadly stable and steady global growth supported sentiment. Banks were key drivers of return, benefiting from stable interest rates across Europe, the U.K. and Japan, with healthy loan demand and resilient margins lifting the Financials sector overall. Japan's equity market gained against a backdrop of moderate inflation and supportive central bank policy. Artificial intelligence-related (AI-related) capital expenditure fueled gains across sectors and regions, with special benefit to companies in Japan's semiconductor industry. Corporate earnings across many non-U.S. markets remained solid, bolstered by resilient domestic demand, export strength and technology sector exposure. The top-performing sectors within the MSCI EAFE Index were Financials, Consumer Discretionary and Materials, while the weakest performers were Consumer Staples, Health Care and Communication Services.

Fund Facts	Investor Shares	Institutional Shares
Ticker	PRBRX	PFPEX
Net Expense Ratio ¹	0.95%	0.70%
Gross Expense Ratio	1.20%	0.99%
Inception Date	04/28/2025	04/28/2025
Benchmark	MSCI EAFE Index	
Asset Class	International large cap core	
Objective	Capital appreciation	

Performance

Annualized Returns (%)

As of 09/30/2025	3 Mos.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since 04/28/2025
PRBRX - Investor Shares	1.04	N/A	N/A	N/A	N/A	9.80
PFPEX - Institutional Shares	1.17	N/A	N/A	N/A	N/A	9.93
MSCI EAFE Index (net)	4.77	14.99	21.68	11.15	8.16	12.95

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 MSCI EAFE (net) 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.

Performance Review

Risk-on sentiment pressured defensive stocks

The Fund returned 1.04% (net of fees) during the quarter, underperforming the MSCI EAFE Index's 4.77% return. Our holdings in the Industrials, Financials and Communications Services sectors held back relative performance, while our holdings in the Health Care, Consumer Staples and Materials sectors boosted relative returns. By country, our U.K. holdings hurt performance, somewhat offset by our holdings in Ireland and Belgium.

Top Contributors

UCB's third-quarter strength was driven by continued strong performance by the Belgian biopharmaceutical company's flagship product and weak trial results for a potential competitor to the drug.

CRH, a global Ireland-based building materials supplier, rebounded after a weaker prior quarter, supported by improved U.S. construction demand and positive messaging from top executives.

Taiwan Semiconductor Manufacturing Company shares rose as demand for AI-related chips remained robust, with the company continuing to earn investor confidence from its critical role as the world's leading advanced semiconductor manufacturer.

CaixaBank benefited from a steady rate environment in Europe and robust economic performance in Spain, making it one of the strongest performers among banks.

Willis Towers Watson, a British professional services company specializing in risk management, experienced margin improvement and organic growth that helped lift sentiment relative to peers.

Bottom Contributors

Constellation Software faced a sharp decline driven by AI-related concerns and the sudden departure of its legendary founder for health reasons, despite no fundamental deterioration in results.

CNH Industrial, the agricultural machinery and construction equipment company, was pressured by ongoing cyclical weakness that disappointed investors who were expecting a near-term bottom.

Deutsche Börse, the German capital market transaction services provider, faced headwinds from both AI-related concerns about its database business and a decline in market volatility, leading to a less favorable environment this quarter.

DSV, the Danish transport and logistics company, saw its shares decline as freight markets remained challenged and the company withheld from updating synergy targets for its recent acquisition of DB Schenker.

London Stock Exchange Group was also caught up in the broad-based fears around AI disruption while also missing consensus expectations for growth amid unexpected execution issues.

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
UCB	1.57	41.87	0.49
CRH	2.07	31.04	0.48
TSMC	2.57	23.62	0.38
CaixaBank	2.29	21.89	0.32
Willis Towers Watson	2.92	13.01	0.23

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
Constellation Software	1.69	-25.94	-0.57
CNH Industrial	1.88	-16.28	-0.42
Deutsche Börse	1.74	-18.03	-0.36
DSV	1.84	-16.71	-0.37
London Stock Exchange	1.35	-19.62	-0.33

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 our balanced positioning in an elevated market

We made several trades in the portfolio during the quarter, while maintaining a balanced positioning between offensive and defensive sectors.

The portfolio's largest overweights are in IT and Industrials, while its largest underweights are in Utilities and Energy (no exposure in either sector). The portfolio is exposed to exciting growth trends in semiconductors, AI and e-commerce, as well as several compelling defensive areas such as Health Care, database-focused businesses and both consumer and business staples, areas in which fundamentals should remain strong in a variety of market and economic environments.

From a regional perspective, the portfolio's largest absolute weight is in Eurozone countries, while the largest overweight relative to the MSCI EAFE Index is in U.K. holdings. The portfolio is underweight Japan, although we are on the hunt for good companies trading at reasonable valuations.

We purchased five new companies in the quarter, sold seven and adjusted the portfolio to maintain its quality tilt. The net result of these changes leaves the portfolio slightly more defensively positioned, which we believe makes sense in the current risk-on market environment where geopolitical and economic risks remain in the background. Within Industrials, we purchased Aena, the sole airport operator in Spain, and sold Saint-Gobain because our thesis in the stock had played out. Within Health Care, we purchased Fresenius, a leading diversified health care company, and Novo Nordisk, a global leader in GLP-1 weight loss drugs. We sold lower-conviction Health Care positions in ICON, Sanofi, Roche and Philips. In Financials, we purchased NatWest, a major bank in the U.K., and sold Adyen, a leading payments provider.

We continue to seek out competitively advantaged, attractively priced businesses that we believe are positioned to outperform over the long term.

Outlook

Searching the world for attractive opportunities

International markets have continued to perform well in 2025. Global trade tensions have continued to ease as companies and governments are finding their paths forward. Europe and the U.K. benefited from a relatively stable economic environment as Japan continued to see healthy inflation against steady interest rates. Meanwhile, the global market has mostly shrugged off bad news in recent months and grinded higher on exuberance about AI and AI-related companies.

As international investors, we believe in the importance of on-the-ground research—spending time in the regions to understand their economies, cultures and business practices while meeting management teams of current and prospective portfolio holdings on their home turf. We spent time in the U.K. and Europe this quarter, tacking on additional frequent flyer miles on top of a trip to Japan earlier this year. We were encouraged by our recent trip. The energy transition story is strong in the U.K. and Europe, with many companies benefiting from midterm plans to upgrade the energy grid and support the move to green energy sources. We connected with numerous management teams, building further conviction in existing holdings while pursuing deeper diligence on potential new investment opportunities. Economic conditions in the region seem relatively balanced—rates are stable, inflation is steady and there continues to be some excitement around future infrastructure spending across Europe.

AI continues to be a theme many companies are benefiting from, and not always the types of companies that immediately come to mind. Beneficiaries of the wave of AI infrastructure spend spans companies in IT, Industrials and Utilities. While we continue to have exposure to this theme through high-quality companies that we are comfortable owning for the long term, we are also mindful of tech-driven spending booms of the past and tread cautiously as a result. AI is a good example of an offensive theme within the portfolio, but one that is balanced with defensive holdings, as several market risks have the potential to trigger a pullback.

We remain focused on executing our investment process and maintaining exposure to increasingly relevant, competitively advantaged businesses at attractive valuations, in the pursuit of strong long-term returns.

Quarterly Portfolio Activity

Activity	Security Name	Country	Sector	Rationale
Bought	Aena S.M.E. SA	Spain	Industrials	Airport operator Aena earns both capped returns from charging fees to airlines and uncapped returns from commercial activities. Headquartered in Spain, the company stands to benefit from long-term travel growth, both globally and in Spain.
Bought	Fresenius SE & CO KGAA	Germany	Health Care	German company Fresenius was once a conglomerate, but current management has successfully focused the company on its two core businesses, its hospital network in Germany and Spain and its injectable therapies business. Steadily rising health care spending as a result of an aging population provides Fresenius with healthy long-term demand.
Bought	NatWest Group Plc	United Kingdom	Financials	NatWest Group is one of the U.K.'s leading retail and commercial banks, serving more than 19 million customers. The company is benefiting from a resilient U.K. consumer, attractive income and cost discipline under a relatively new CEO. We believe the bank offers an attractive combination of income and upside potential.
Bought	Novo Nordisk (ADR)	Denmark	Health Care	Danish pharmaceutical company Novo Nordisk is a global leader in treatments for diabetes, obesity and other disorders. We see an opportunity to enter the stock now as expectations have notably come down against an attractive long-term outlook and a new CEO who we expect to bring positive change. The market for GLP-1 weight loss drugs is large and underpenetrated, and Novo is well positioned.
Bought	Coca-Cola Europacific Partners plc	United Kingdom	Consumer Staples	U.K.-based Coca-Cola Europacific Partners (CCEP) is Coca-Cola's largest bottler by revenue. The company's competitive moat is driven by its exclusive partnership with Coca-Cola across many markets, large distribution scale and entrenched customer relationships. CCEP operates in faster-growing, less commoditized beverage segments, and we believe beverages could show more long-term resilience relative to other consumer staples segments.
Sold	Koninklijke Philips N.V.	Netherlands	Health Care	We sold Dutch medical technology company Philips in favor of Fresenius, which we believe offers a more attractive defensive position for the portfolio. We were concerned about the added uncertainty tariffs bring to Philips' ability to turn around.
Sold	Adyen NA	Netherlands	Financials	We sold Dutch company Adyen because it was trading for a rich valuation with high growth expectations against a shaky macroeconomic backdrop. We found the risk/reward profile to be less compelling at this time. We used the proceeds to fund a position in NatWest.
Sold	Roche Holding Ltd. (Dividend Right Cert)	Switzerland	Health Care	We exited our position in Swiss multinational Roche in order to initiate a position in Novo Nordisk, a higher-conviction name.
Sold	Sanofi (Sponsored ADR)	France	Health Care	We exited our position in French biopharma company Sanofi in order to initiate a position in Novo Nordisk, a higher-conviction name.
Sold	ICON Plc	Ireland	Health Care	Dublin-based ICON is the second largest player in the clinical research organization market. We exited the stock because of concerns about the long-term impact AI could have on the industry, along with concerns about the timing of a cyclical recovery.
Sold	Compagnie de Saint-Gobain SA	France	Industrials	We exited French industrial company Saint-Gobain because we believe our investment thesis had played out. The company has repositioned its portfolio via acquisition and divestments and has also improved its operating margin. While we believe future portfolio and margin improvements are likely to continue, the present valuation makes the stock less compelling.
Sold	London Stock Exchange Group plc	United Kingdom	Financials	We decided to exit stock market operator and data provider London Stock Exchange Group. We had concerns about the company's ability to execute in a difficult environment, exacerbated by personnel changes that may cause future issues. We reallocated the funds to British information-based analytics and decision tools company RELX.

Sector Weights

As of 09/30/25

Sector	% of TNA	MSCI EAFE
Communication Services	5.6	4.9
Consumer Discretionary	11.3	10.2
Consumer Staples	9.4	7.5
Energy	N/A	3.2
Financials	22.0	24.7
Health Care	11.0	10.8
Industrials	21.1	19.3
Information Technology	12.0	8.3
Materials	4.5	5.6
Real Estate	N/A	1.9
Utilities	N/A	3.4
Cash and Other	3.1	N/A

Ten Largest Holdings

As of 09/30/25

Security	% of TNA
Sea Limited Sponsored ADR Class A	3.9
NEC Corporation	3.4
Willis Towers Watson PLC	3.1
RELX PLC Sponsored ADR	3.1
Danone SA	3.0
Munchener Ruckversicherungs-Gesellschaft AG	2.6
Tesco PLC	2.5
UCB S.A.	2.5
CaixaBank SA	2.5
SAP AG (ADR)	2.5

Portfolio holdings are subject to change.

Regional Weights

As of 09/30/25

	% of TNA	MSCI EAFE
Developed Europe ex UK	40.1	50.9
United Kingdom	23.8	14.8
Japan	9.6	22.3
Other Developed	16.5	11.9
Emerging Markets	7.0	N/A

Excludes cash.

Portfolio Manager

**Ken Ryan, CFA**

Portfolio Manager,
Senior Research Analyst
Experience: 12 years

Glossary

Earnings Growth is the change in a company's reported net income over a period of time.

Free Cash Flow (FCF) represents the cash a company can generate after accounting for capital expenditures needed to maintain or maximize its asset base.

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

PIL-816802-2025-10-09

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 0.95% of net assets for the Parnassus International Equity Fund (Investor Shares) and to 0.70% of net assets for the Parnassus International 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 invests primarily in foreign securities. Foreign markets can be more volatile and less liquid than the U.S. market due to increased risks of adverse issuer, political, regulatory, market or economic developments and can perform differently from the U.S. market. Investing in emerging market securities imposes risks different from, or greater than, risks of investing in U.S. securities or in developed countries outside the U.S. ADRs are receipts, issued by depository banks in the United States, for shares of a foreign-based company that entitle the holder to dividends and capital gains on the underlying security. In addition to large-capitalization companies, the Fund may invest in small-and/or mid-capitalization companies, which can be particularly sensitive to changing economic conditions since they do not have the financial resources or the well-established businesses of large-capitalization companies. Sustainable business risk refers to the risk stemming from investing in companies with sustainable business practices. The Fund seeks to invest in quality companies with sustainable business practices and to avoid investments in companies that do not meet its quality expectations.

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