

Parnassus Value Equity Fund

The strategy pursues strong risk-adjusted returns by owning a concentrated portfolio of U.S. large cap stocks that are poised to rise but are temporarily out of favor relative to their history or peers.

KEY TAKEAWAYS

- The Fund (Investor Shares) returned -1.56% (net of fees) for the quarter, underperforming the Russell 1000 Value Index's 2.10%.
- The Fund's performance was adversely affected by our lack of exposure to the Energy sector, along with our holdings in the Health Care and Real Estate sectors. Performance was supported by our holdings in the Industrials, Communication Services and Information Technology sectors.
- Despite the increased volatility in the first quarter, we continue to maintain a quality-oriented portfolio with balanced exposure across defensive value and secular themes.
- Markets have repeatedly rewarded investors who maintained a disciplined approach and long-term orientation through periods of uncertainty. We believe our quality-anchored portfolio will prove resilient through this current period of volatility.

Market Review

The Russell 1000 Value Index added to 2025's strong return with a modest gain in the first quarter, outperforming its growth peer, as geopolitical uncertainty put downward pressure on multiple expansion. Equity markets reversed course in the first quarter of 2026, as early optimism surrounding the ongoing megatrend in artificial intelligence (AI) and easier monetary policy yielded to geopolitical shocks and tighter financial conditions. While the AI megatrend remained intact, fears of AI disruption caused sharp sell-offs in stocks of asset-light businesses such as software. The Federal Reserve held interest rates steady due to persistent inflation and economic uncertainty. The escalation of the U.S.-Iran war drove oil prices sharply higher and resulted in a shift to a risk-off market sentiment, which pressured economically sensitive stocks while buoying the Energy sector. During the quarter, the best-performing sectors in the Russell 1000 Value Index were Energy, Industrials and Consumer Staples, while the Financials sector ended the quarter with sharp a loss. The Communication Services, Consumer Discretionary and Health Care sectors finished modestly lower.

Fund Facts	Investor Shares	Institutional Shares
Ticker	PARWX	PPFWX
Net Expense Ratio ¹	0.88%	0.65%
Gross Expense Ratio	0.91%	0.71%
Inception Date	04/29/2005	04/30/2015
Benchmark	Russell 1000 Value Index	
Asset Class	U.S. large cap value	
Objective	Capital appreciation	

Performance

Annualized Returns (%)

As of 03/31/2026	3 Mos.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
PARWX - Investor Shares	-1.56	19.55	13.73	7.61	13.60
PPFWX - Institutional Shares	-1.51	19.82	13.99	7.85	13.84
Russell 1000 Value Index	2.10	15.87	14.31	9.43	10.58

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 Value 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. The Parnassus Value Equity Fund - Institutional Shares were inception on April 30, 2015. Performance shown prior to the inception of the Institutional Shares reflects the performance of the Parnassus Value Equity Fund - Investor Shares and includes expenses that are not applicable to and are higher than those of the Institutional Shares.

Quarterly Performance Review

Energy lack of exposure impacted relative performance

The Fund (Investor Shares) returned -1.56% (net of fees) for the quarter, underperforming the Russell 1000 Value Index's 2.10%. The portfolio's underperformance was largely attributed to a lack of exposure to the Energy sector, which delivered strong returns for the quarter due to rising energy prices and heightened geopolitical uncertainty rather than a structural change in fundamentals. Our Health Care and Real Estate holdings also detracted. Conversely, our holdings in Industrials, Communication Services and Information Technology boosted relative returns, as investors moderated expectations for growth stocks and rotated into companies with resilient and more predictable earnings.

Top Quarterly Contributors

Deere advanced on expectations for an agricultural cycle recovery and continued adoption of precision agriculture technologies, with investors viewing the agricultural equipment business as both durable and future proofed.

Verizon Communications shares climbed as the company benefited from a change in strategy under a new CEO to prioritize subscriber retention, while investors shifted into more defensive stocks over the period due to market volatility.

Western Digital, a leading data storage products maker, advanced after the company's strong quarterly results, which highlighted robust demand from data center spending.

Applied Materials, which supplies semiconductor manufacturing equipment, benefited from higher demand from foundry customers tied to AI infrastructure buildout, as hyperscalers increased spending to support accelerating compute needs.

FedEx shares advanced as the company executed meaningful cost reductions under its DRIVE program ahead of the planned spin-off of FedEx Freight, which is targeted for completion in June 2026.

Bottom Quarterly Contributors

CBRE Group shares declined on higher financing costs for the commercial real estate sector and fears that AI could disrupt the company's traditional commercial real estate brokerage business model. We believe AI will be net additive to CBRE's moat given its vast data advantage.

Microsoft shares ended lower amid continued investor fears around the potential return on its elevated AI-related capital expenditures, despite the company reporting healthy financial results.

S&P Global underperformed as uncertainty around the theoretical ease of replacing financial data providers with AI tools weighed on sentiment. We expect the company to remain an important player in its debt rating, data and risk management market segments.

Mastercard shares declined despite management's strong 2026 earnings outlook, as investors weighed regulatory concerns, potential disruption from AI-enabled payments and rising macro uncertainty.

Visa shares fell alongside Mastercard despite management's strong 2026 earnings outlook, as litigation-related overhangs, regulatory concerns and a more cautious macro backdrop weighed on investor sentiment. Still, we believe both Visa and Mastercard are net beneficiaries of AI, with their exposure to agentic commerce.

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
Deere & Company	2.97	21.34	0.56
Verizon Comm.	3.00	25.39	0.50
Western Digital	1.35	57.09	0.45
Applied Materials	2.03	33.16	0.35
FedEx Corp.	2.09	23.80	0.34

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
CBRE Group	3.30	-15.75	-0.61
Microsoft	1.96	-23.28	-0.59
S&P Global	2.98	-18.42	-0.58
Mastercard	2.67	-12.34	-0.42
Visa	1.96	-13.64	-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 a quality-oriented portfolio amid heightened uncertainty

We continue to maintain a quality-oriented portfolio with balanced exposure across traditional value and secular themes. While geopolitical risks have risen in recent months, valuations are also more attractive for companies with high earnings quality. The current environment offers opportunity for value investors with a quality focus and long-term investment horizon.

The Fund's largest sector overweights are in Financials, Information Technology and Health Care. Our three largest underweights remain in Energy, Consumer Staples and Consumer Discretionary.

Within Financials, our portfolio exposure decreased modestly given the sell-off in diversified financials such as S&P Global, Mastercard and Visa. We are maintaining our positions in these companies as we believe their longer-term prospects remain intact, with deep moats rooted in data scale, trust, regulation and customer inertia.

Our overweight in the Health Care sector also decreased modestly as we sold our positions in Novo Nordisk and Danaher. We redeployed some of the proceeds into a new position in Boston Scientific, a medical devices company now trading at historically attractive valuations following concerns about slowing growth in its electrophysiology division. We believe investors are underappreciating its long-term growth potential and incumbent positioning in its core end markets.

Our underweight positioning in Consumer Discretionary and Consumer Staples sectors remained largely unchanged over the quarter. We continue to maintain diversified, risk-adjusted exposure to consumer spending through payment networks and bank card issuers.

We view the relatively resilient economic data and company fundamentals as an attractive risk/reward opportunity for investors today. We continue to maintain our highest convictions in undervalued quality companies with the financial strength to withstand economic headwinds and positioned to benefit from long-term thematic tailwinds.

Outlook

Disciplined value investing through volatility and uncertainty

Value stocks continued their outperformance during the first quarter. The Russell 1000 Value Index has now significantly outperformed its growth peer over the last six months. This renewed period of market uncertainty—driven by the conflict in the Middle East, concerns about disruption from AI and volatility in interest rates—continues to favor stocks with more reasonable valuations over those embedding high market expectations. We believe our quality-anchored portfolio should prove resilient if geopolitical risks broaden into bigger headwinds for the global economy. Moreover, fundamental tailwinds underpinning long-term upside in the companies we hold in the portfolio remain intact despite near-term market volatility.

Every crisis is different in some ways and carries with it a different set of risks. However, looking back on the COVID-19 pandemic in 2020, the Ukraine war in 2022, the regional banking crisis in 2023 and the tariff-driven sell-off of 2025, a consistent lesson emerges: Markets have repeatedly rewarded investors who maintained a disciplined approach and long-term orientation through periods of uncertainty. This lesson also applies to how we evaluate company management teams. We invest behind leaders with demonstrated experience in navigating uncertainty and the ability to stay steadfast in driving long-term shareholder value.

As stewards of your capital, we remain vigilant about macro risks, but our fundamental, bottom-up investment process avoids undue reliance on investing around macro outcomes. In our experience, fundamental factors can far outweigh near-term macro factors in generating attractive returns. We invest with a long-term time horizon that helps us weather short-term volatility and stay focused on what matters most—owning quality businesses at attractive valuations in the pursuit of strong long-term returns.

Quarterly Portfolio Activity

Activity	Security Name	Ticker	Sector	Rationale
Bought	Boston Scientific Corp.	BSX	Health Care	Boston Scientific has a durable core business supported by recurring procedure volumes, while newer growth drivers like Watchman and Farapulse provide upside as adoption expands. In our view, the market has underappreciated the sustainability of Boston Scientific's growth and innovation pipeline, allowing us to invest in a resilient, well-managed business at a valuation that offers both downside support and long-term return potential.
Sold	Novo Nordisk A/S, Sponsored ADR, Class B	NVO	Health Care	A series of unfavorable clinical developments, alongside a more competitive and pricing-constrained landscape, reduced our confidence in Novo Nordisk's ability to sustain its prior growth and market leadership. While the stock price had already reflected some of these challenges, we believed the risk/reward opportunity is less attractive and chose to reallocate capital toward existing positions where our conviction is higher.
Sold	Danaher Corp.	DHR	Health Care	We exited our Danaher position, as we chose to redeploy capital into other opportunities where we see more compelling return potential, while maintaining the portfolio's overall quality and resilience.

Sector Weights

As of 03/31/26

Sector	% of TNA	Russell 1000 Value
Communication Services	7.6	7.9
Consumer Discretionary	4.7	7.3
Consumer Staples	4.4	7.5
Energy	N/A	7.7
Financials	29.0	19.9
Health Care	15.5	11.7
Industrials	12.3	13.2
Information Technology	16.2	11.9
Materials	2.2	4.4
Real Estate	3.1	3.9
Utilities	4.2	4.7
Cash and Other	0.8	N/A

Ten Largest Holdings

As of 03/31/26

Security	% of TNA
Alphabet Inc., Class A	4.2
JPMorgan Chase & Co.	3.7
The Bank of New York Mellon Corp.	3.6
Verizon Communications Inc.	3.4
Cummins Inc.	3.3
CBRE Group Inc. Class A	3.1
S&P Global Inc.	2.9
Taiwan Semiconductor Mfg Co Ltd., ADR	2.7
Astrazeneca plc	2.7
Mastercard Inc., Class A	2.7

Holdings are subject to change.

Portfolio Managers



Krishna Chintalapalli

Portfolio Manager,
Senior Analyst

Experience: 13 years



Mark Zagata

Portfolio Manager,
Senior Analyst

Experience: 18 years

Glossary

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

Cash Flow: The net amount of cash and cash equivalents being transferred in and out of a company.

Allocation Effect: the allocation effect in performance attribution measures how much of a portfolio's outperformance or underperformance against a benchmark comes from the manager's decision to overweight or underweight specific sectors or asset classes, rather than from picking individual stocks within them.

Important Information

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The Russell 1000® Value Index and the Standard & Poor's 500 Composite Stock Price Index (the S&P 500 Index) are widely recognized indices of common stock prices. The Russell 1000 Value Index is a market capitalization weighted index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth rates. The index is based on the performance of the largest publicly traded funds in the strategy group. The S&P 500 Index 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. 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 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 © 2023 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 0.88% of net assets for the Parnassus Value Equity Fund (Investor Shares) and 0.65% of net assets for the Parnassus Value 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.