PARNASSUS INVESTMENTS®

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

- Parnassus Value Equity Fund (Investor Shares) returned 7.24% (net of fees) for the quarter, significantly outperforming the Russell 1000 Value Index's 3.79%.
- The Fund's outperformance was primarily driven by artificial intelligence–related (AI-related) portfolio holdings in the Information Technology sector, partially offset by holdings in Industrials and Health Care.
- The market sell-off within Health Care gave us the opportunity to reallocate our capital into quality businesses at attractive valuations, like Thermo Fisher Scientific and Danaher, which increased our exposure to Life Science Tools and Services.
- We believe the Value Equity portfolio today consists of a well-curated collection of such businesses that can offer resilience if economic conditions worsen while providing attractive upside potential over the long term.

Market Review

The Russell 1000 Value Index posted a modest gain in the second quarter, which began with a steep sell-off following President Donald Trump's announcement of harsher-than-expected tariffs on April 2. But stocks quickly reversed course and recovered from those losses as investors cheered progress in international trade negotiations. Value stocks sharply underperformed their growth peers as investors focused on the beneficiaries of the ongoing megatrend in AI. Against this backdrop, the best-performing sectors in the Russell 1000 Value Index were Information Technology and Industrials, while Health Care and Energy performed the worst.

Fund Facts	Investor Shares	Institutional Shares
Ticker	PARWX	PFPWX
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 06/30/2025	3 Mos.	1 Yr.	3 Yr.	5 Yr.	10 Yr.
PARWX – Investor Shares	7.24	11.10	12.06	15.87	12.30
PFPWX – Institutional Shares	7.31	11.36	12.32	16.13	12.55
Russell 1000 Value Index	3.79	13.70	12.76	13.93	9.19

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 incepted 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.

Performance Review

Information Technology holdings boosted relative performance

The Fund returned 7.24% (net of fees) for the quarter, significantly outperforming the Russell 1000 Value Index's 3.79%. The portfolio's Information Technology holdings primarily drove performance, offset partially by holdings in the Industrials and Health Care sectors.

For the year-to-date period, the Fund returned 5.11% (net of fees), underperforming the Russell 1000 Value's 6.00%. The portfolio's holdings in Information Technology helped its performance, while holdings in Health Care and Industrials detracted.

Top Contributors

Broadcom stock outperformed as investors rewarded companies positioned to benefit from the boom in AI investment. The semiconductor company's position in custom chips for AI continues to strengthen.

Oracle stock benefited from the firm's better-than-expected quarterly results. The software and cloud infrastructure provider continues to benefit from the AI megatrend, signaling that cloud growth will accelerate.

Microsoft rose after the firm reported strong quarterly results. Additionally, investors have shown optimism for the growth trajectory of the company's Azure cloud computing platform in the remainder of 2025 and beyond.

Micron Technology shares advanced due to the company's strong position in the AI-driven memory market. Management noted robust demand in its latest quarter.

Taiwan Semiconductor Manufacturing Company is benefiting from growing demand for AI chips and its position as the only viable leading-edge foundry.

Bottom Contributors

Global Payments fell as the company announced the acquisition of payment processing company Worldpay. Due to reduced conviction in the investment thesis, we sold our position during the quarter.

UnitedHealth Group declined as the company battled with the fallout of missing earnings forecasts and the abrupt resignation of Chief Executive Andrew Witty. We are optimistic that execution will significantly improve with the return of former CEO Stephen Hemsley.

Progressive underperformed as growth in policies slowed down. Investors also grew concerned about the impact of tariffs on costs. The company remains well positioned to outperform peers over the long term given its scale.

Pfizer moved lower amid growing regulatory headwinds and several trial setbacks, including an oral GLP-1 drug. We exited our position due to reduced conviction in the turnaround thesis.

AstraZeneca, an Anglo-Swedish drugmaker, missed first-quarter revenue estimates as sales of key oncology drugs missed forecasts. But the company maintained its 2025 profit outlook, calling the impact of U.S. tariffs manageable.

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
Broadcom	2.19	65.02	1.07
Oracle	1.99	56.96	0.93
Microsoft	2.96	32.75	0.74
Micron Technology	1.92	41.85	0.60
Taiwan Semi.	1.97	36.82	0.59

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
Global Payments	0.88	-19.43	-0.42
UnitedHealth Group	1.92	-40.01	-0.34
Progressive	2.58	-5.67	-0.25
Pfizer	1.18	-9.09	-0.20
AstraZeneca	2.03	-4.93	-0.18

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

Leveraged market sell-off to buy quality businesses

We maintain a balanced portfolio positioned between economically sensitive and defensive sectors as an outcome of our fundamental, bottom-up investment process. Our aim is to constantly evaluate both new and existing investment ideas and recycle capital into companies that offer better prospects for long-term risk-adjusted returns.

Information Technology, Financials and Health Care remain our top three sector overweights relative to the benchmark. The Fund's three largest sector underweights were Energy, Consumer Staples and Industrials. We had an active second quarter, buying six companies and exiting six.

Within Financials, we increased exposure to insurance with the addition of insurance broker Willis Towers Watson, which should benefit from growing demand for managing risks in this period of uncertainty. We reduced our overweight in payments processing with the sale of Global Payments, which should help if consumer spending slows down. Our Information Technology overweight remains anchored in semiconductor makers and cloud providers, key beneficiaries of AI investment and cloud adoption.

Within Health Care, we leveraged this period of regulatory uncertainty to increase exposure to the Life Sciences Tools and Services subsector with our purchase of Thermo Fisher Scientific and Danaher. We believe life science tools providers are well positioned to navigate current challenges and benefit from secular growth in research and development spending in the sector. We sold our positions in Agilent Technologies and Gilead Sciences to source capital for these purchases. We also exited Pfizer and Baxter International to rotate capital into opportunities with more compelling risk-reward potential, reducing our overweight in Health Care.

We reduced our underweight in Consumer Staples and closed our underweight in Materials with the purchase of Walmart and Linde. While there is significant uncertainty in the retail sector due to tariffs, Walmart's scale and growing e-commerce business position it well to continue market share gains.

Industrial gas provider Linde's end markets are currently in a prolonged downcycle but should eventually benefit from a growing push toward reshoring in the U.S., clean energy projects and decarbonization initiatives in Europe.

Outlook

Economic uncertainty presents opportunity for value investors

After the sharp market pullback triggered by the U.S. tariff announcements in early April, U.S. stocks posted their best quarter since 2023, on progress in international trade negotiations. The pace of this recovery, one of the fastest on record, partly reflects investors' confidence that the administration will acquiesce to market feedback in ongoing tariff negotiations. Investor optimism has been further bolstered by expectations for lower interest rates, deregulation and tax cuts.

Despite these tailwinds, risks to economic growth remain elevated. The impact of even a baseline level of tariffs on inflation, which will ultimately influence the Federal Reserve's actions, remains unclear. Sustained uncertainty on trade policy could impact business investment. Consumer spending remains resilient for now, but elevated rates and higher prices could deplete excess consumer savings and impact consumer confidence.

The macroeconomic uncertainty presents greater opportunity for value investors to purchase quality businesses at attractive valuations. The second quarter was one such opportunity. Inherent in the assessment of business quality is the ability to navigate a multitude of macroeconomic scenarios in search of companies with strong competitive positions, profitable business models, good management teams and sustainable business practices.

In navigating this market environment, we continue to remain committed to our disciplined investment process that emphasizes quality and valuation. We believe the portfolio consists of a well-curated collection of such businesses that can offer resilience if economic conditions worsen while providing attractive upside potential over the long term.

Quarterly Portfolio Activity

Activity	Security Name	Ticker	Sector	Rationale
Bought	Walmart Inc.	WMT	Consumer Staples	In addition to being a leading traditional brick-and-mortar retailer, Walmart is an omnichannel/e-commerce leader, driven by significant digital investments that unlocked alternative business streams such as advertising, membership, fulfillment, data and marketplace services that help to fortify and grow margins in the longer term. The company's market share has grown and is expected to continue rising as it maintains competitive pricing and increases e-commerce penetration. Despite exposure to tariff and macroeconomic risks, Walmart's unparalleled scale provides significant leverage in price negotiations with vendors and suppliers, thereby reinforcing its value proposition.

Quarterly Portfolio Activity (Cont'd)

Activity	Security Name	Ticker	Sector	Rationale
Bought	Thermo Fisher Scientific Inc.	TMO	Health Care	Thermo Fisher is a prominent player in the life sciences tools industry, with excellent capital allocation and an exceptional management team. Thermo Fisher's diversified product offering and strategic acquisitions have reinforced its market position, establishing it as a comprehensive provider for the industry. Despite facing challenges such as biopharma funding sensitivity, new discoveries and therapies in biologics and genetic medicine should continue to be a growth tailwind in the coming years.
Bought	Linde plc	LIN	Materials	Linde operates in a concentrated industrial gas market with high switching costs and capital intensity, which creates durable competitive advantages and earnings resilience. Linde's relevancy is further enhanced by its strategic positioning in clean energy, which is expected to grow due to ongoing projects worldwide. CEO Sanjiv Lamba's experienced leadership and disciplined capital allocation across growth capital expenditure, dividends and buybacks reinforce confidence in execution.
Bought	Regeneron Pharmaceuticals Inc.	REGN	Health Care	Regeneron Pharmaceuticals' risk/reward profile appeared attractive following a significant stock derating due to near-term headwinds. We believe the market is underappreciating Regeneron's long-term growth potential, which is supported by its intellectual property, robust internal research and development capability and a strong antibody platform. Additionally, Regeneron is expected to generate above-average sales growth driven by Dupixent's label expansions and upcoming oncology and respiratory launches.
Bought	Willis Towers Watson PLC	WTW	Financials	Willis Towers Watson has underperformed peers due to past merger disruptions, but the company is now showing signs of stabilization, with organic growth and margins improving. Global scale, high client retention and strong brand reputation have contributed to the company's competitive advantages, which were further enhanced by recent leadership changes and strategic hires. Additionally, the company is less sensitive to insurance pricing cycles due to its revenue mix that skews toward large clients and fee-based income, making the stock an attractive defensive investment.
Bought	Danaher Corp.	DHR	Health Care	Danaher's valuation is attractive, considering its scale advantages and deeply embedded products in biopharma workflows, which are difficult to replace without regulatory reapproval. Additionally, the company's market dominance positions it well to benefit from secular growth trends in biologics, genetic medicine and diagnostics. Although the industry faces near-term demand, policy and tariff challenges, we believe these factors have been largely reflected in the valuation.
Sold	Gilead Sciences Inc.	GILD	Health Care	Gilead Sciences stock has appreciated since the position was established in 2021. The sale enabled us to lock in profits and free up capital for other compelling opportunities.
Sold	Agilent Technologies Inc.	A	Health Care	We traded Agilent for Thermo Fisher due to Thermo Fisher's scale and more diversified portfolio that may provide better protection from external shocks.
Sold	Global Payments Inc.	GPN	Financials	We became concerned about Global Payments' longer-than-expected turnaround due to elevated competition and weak execution, as well as its announced acquisition of Worldpay that could delay shareholder returns. This exit reduced the portfolio's overweight in Payments, a subsector that is sensitive to a potential slowdown in consumer spending.
Sold	Baxter International Inc.	BAX	Health Care	Despite Baxter's defensive characteristics, we became concerned about its capital allocation decisions, recent management changes and sensitivity to hospital budgets. We traded Baxter for Linde, where we see higher long-term risk-reward potential.

Quarterly Portfolio Activity (Cont'd)

Activity	Security Name	Ticker	Sector	Rationale
Sold	Pfizer Inc.	PFE	Health Care	We exited our position in Pfizer due to reduced conviction in its turnaround thesis. This was driven by a weaker research and development pipeline following recent trial setbacks, including an oral GLP-1 drug, as well as increased likelihood of large merger and acquisition activities that could raise leverage amid growing regulatory and tariff headwinds.
Sold	Simon Property Group Inc.	SPG	Real Estate	Simon Property Group has reached the upper end of its valuation range. We believe the valuation does not reflect the uncertainty around consumer spending and the potential impact of tariffs on retail tenants.

Sector Weights

As of 06/30/25

Sector	% of TNA	Russell 1000 Value
Communication Services	6.9	7.6
Consumer Discretionary	7.1	7.8
Consumer Staples	3.6	8.1
Energy	N/A	5.9
Financials	29.5	22.7
Health Care	13.3	11.7
Industrials	10.6	12.8
Information Technology	19.3	10.6
Materials	4.1	4.1
Real Estate	3.3	4.2
Utilities	2.2	4.4
Cash and Other	0.3	N/A

Ten Largest Holdings

As of 06/30/25

Security	% of TNA
Deere & Co.	3.7
S&P Global Inc.	3.7
Bank of America Corp.	3.4
CBRE Group Inc. Class A	3.3
JPMorgan Chase & Co.	3.3
Microsoft Corp.	3.2
Mastercard Inc., Class A	3.1
The Bank of New York Mellon Corp.	2.9
Alphabet Inc., Class A	2.7
Verizon Communications Inc.	2.7

Holdings are subject to change.

Portfolio Manager

Krishna Chintalapalli

Portfolio Manager,
Senior Analyst

Experience: 13 years

Glossary

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

Important Information

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, 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.

The Parnassus Funds are distributed by Parnassus Funds Distributor, LLC.

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.