INVESTMENT COMMENTARY
1Q26

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

- Parnassus International Equity Fund (Investor Shares) returned -4.94% (net of fees) during the quarter, underperforming the MSCI EAFE Index's -1.24% return (net of fees).
- The portfolio's lack of exposure to the benchmark-leading Energy sector and holdings in the Financials and Materials sectors held back relative performance, offset primarily by holdings in the Industrials sector.
- The portfolio's largest overweights versus the benchmark are in the Industrials, Information Technology and Health Care sectors, while its largest underweights are in the Energy, Consumer Discretionary and Financials sectors.
- We view international investing as an important source of diversification, offering exposure to a broader set of industries and themes beyond the more concentrated, technology-heavy U.S. market.

Market Review

The MSCI EAFE Index ended the first quarter with a modest loss as international equities experienced a sharp midperiod reversal. Strong early gains were more than offset by later declines as the conflict in Iran escalated in February, which spiked oil prices and intensified geopolitical tensions. Energy and defense stocks outperformed strongly during the quarter, while Consumer Discretionary stocks lagged by a wide margin as higher energy prices limited purchasing power and inflation fears reemerged. Companies in semiconductor manufacturing and its associated supply chain benefited from continued investment in artificial intelligence (AI) infrastructure, while software businesses and others in the crosshairs of AI disruption faced headwinds. The best-performing sectors in the index were the Energy sector, with standout performance for the quarter, along with the Utilities and Materials sectors. Conversely, the Financials, Consumer Discretionary and Health Care sectors were the worst-performing sectors over the same the period.

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 (Net)	
Asset Class	International large cap core	
Objective	Capital appreciation	

Performance

Annualized Returns (%)

As of 03/31/2026	3 Mos.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since 04/28/2025
PRBRX – Investor Shares	-4.94	N/A	N/A	N/A	N/A	3.80
PFPEX – Institutional Shares	-4.83	N/A	N/A	N/A	N/A	4.06
MSCI EAFE Index (net)	-1.24	21.27	13.60	7.91	8.37	16.97

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.

Quarterly Performance Review

Lack of Energy holdings weighed on relative results

The Fund (Investor Shares) returned -4.94% (net of fees) during the quarter, faring worse than the MSCI EAFE Index's -1.24% return (net of fees). The portfolio's lack of exposure to the benchmark-leading Energy sector and holdings in the Financials and Materials sectors held back relative performance, offset primarily by holdings in the Industrials sector. By country, our holdings in Japan and the United Kingdom hurt performance, while our holdings in Germany and Spain provided a relative boost.

Top Quarterly Contributors

Siemens Energy benefited from surging demand for its gas turbines and tools for grid modernization tied to the data center and energy-transition build-out.

Komatsu, which sells construction and mining equipment, outperformed after successfully passing through tariff costs via price increases. Improved mining activity further supported Komatsu's earnings growth.

Taiwan Semiconductor Manufacturing Company'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.

CNH Industrial, a maker of tractors and other equipment used for construction and farming, rebounded during the quarter on early signs of a cyclical bottom in demand for agricultural equipment following an extended downturn.

Bottom Quarterly Contributors

NEC, a Japan-based provider of outsourced IT services, has demonstrated solid growth potential and posted results in line with expectations, but investor concerns over potential AI encroachment on its business model weighed on the stock during the quarter.

Booking Holdings, a leading provider of online travel booking platforms, sold off due to a combination of AI disruption fears, weaker guidance and travel demand headwinds tied to geopolitical uncertainty. We sold our position during the quarter.

Willis Towers Watson, a global advisory and insurance brokerage firm, underperformed amid a softer insurance pricing cycle and concerns about how the company will fare as AI adoption transforms the insurance brokerage market.

Spotify Technology was pressured by investors' concerns over how music streaming services could affect the broader music industry with the proliferation of AI. We closed the position during the quarter.

CRH, a manufacturer of cement and concrete for construction projects, declined on valuation pressure and concerns around construction demand in an environment of geopolitical conflict–related uncertainty. We believe CRH's fundamentals to be sound and remain confident in its long-term outlook.

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
Siemens Energy	3.50	23.45	0.42
Komatsu	2.61	27.46	0.45
TSMC	3.53	11.45	0.40
Linde	2.19	16.66	0.36
CNH Industrial	1.69	19.31	0.29

Security	Avg. Weight (%)	Total Return (%)	Allocation Effect (%)
NEC	2.56	-26.15	-0.65
Booking Holdings	0.92	-22.34	-0.59
Willis Towers Watson	1.92	-11.24	-0.47
Spotify Technology	0.69	-23.23	-0.42
CRH	2.36	-15.46	-0.36

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

Balanced positioning with an eye toward innovation and durable business models

The portfolio is exposed to exciting growth trends in semiconductors, AI and banking, as well as compelling defensive areas such as Utilities, Health Care and Consumer Staples, where fundamentals should remain strong across a variety of market and economic environments. Our largest overweights relative to the benchmark are in the Industrials and Information Technology sectors, while the largest underweights are in the Energy (no exposure) and Consumer Discretionary sectors.

From a regional perspective, we remain overweight to the U.K. and Germany relative to the benchmark and underweight Japan and Switzerland. Many of the companies we own in these regions are global businesses with diversified revenue streams, and our positioning reflects the bottom-up opportunities that we see in these regions rather than a top-down macro view.

During the first quarter, we made a series of incremental, company-specific adjustments with a focus on managing downside risk while positioning the portfolio to take advantage of opportunities created by increased market volatility. We reduced exposure to companies that could be vulnerable to AI disruption, particularly within software, IT services and certain consumer and Communication Services businesses. At the same time, we increased exposure to semiconductor-related companies, where we continue to anticipate strong demand driven by AI infrastructure build-out.

We also bought six new companies in the portfolio and sold eight. The net result of the changes leaves the portfolio balanced between offensive and defensive positioning, which we believe helps us address the uncertainty and heightened risks in the current market environment. We continue to seek out competitively advantaged, attractively priced businesses that we believe are positioned to outperform over the long term.

Outlook

Volatility creates opportunity across international markets

International markets pulled back after a strong start to the year, as geopolitical uncertainty and shifting sentiment weighed on performance.

We believe this backdrop of increased volatility offers opportunities. A growing number of high-quality businesses have declined 20% to 30%, often driven more by market dynamics and changing narratives than by changes in fundamentals. Periods like this allow us to upgrade the portfolio, adding to high conviction holdings at more attractive valuations and initiating positions in businesses we have long followed but previously found less compelling in terms of price.

From a sector perspective, we are finding opportunities within semiconductors and companies tied to industrial electrification, where sentiment has weakened despite continued evidence of structural demand tied to AI and digital infrastructure. We continue to see value in utilities providers, supported by increasing electricity demand, grid investment and the energy transition across Europe and the U.K. We also have conviction in the banks we own, supported by strong capital levels and a still-healthy rate environment in Japan and Europe.

We view international investing as an important source of diversification, offering exposure to a broader set of industries and themes beyond the more concentrated, technology-heavy U.S. market. While near-term visibility remains limited, we remain focused on executing our investment process, maintaining balanced offensive and defensive exposures and investing in competitively advantaged businesses at attractive valuations to deliver strong long-term returns.

Quarterly Portfolio Activity

Activity	Security Name	Country	Sector	Rationale
Bought	Mitsubishi UFJ Financial Group, Inc.	Japan	Financials	Mitsubishi UFJ Financial Group is Japan's largest bank by assets and has been known as one of the most strategic and well-run large cap banks. Japan is in the middle of an interest rate hiking cycle, and we believe the bank should be a direct beneficiary of rising interest rates.

Quarterly Portfolio Activity (Continued)

Activity	Security Name	Country	Sector	Rationale
Bought	Sartorius Stedim Biotech SA	France	Health Care	French company Sartorius Stedim Biotech provides consumables and equipment used in the manufacturing of biologic drugs. The company's wide competitive moat is based on the high switching costs of changing providers in a highly regulated market. In addition, Sartorius Stedim Biotech has a strong track record of product quality and safety, as well as a great supply chain that proved resilient during the pandemic. The company stands to benefit from strong secular growth in biologics drug manufacturing.
Bought	Weir Group PLC	Scotland	Industrials	Scottish company Weir is the market leader across several niche categories in the downstream (mineral processing) part of the mining supply chain. The company benefits from a large installed base of its equipment and high switching costs. Weir has also made investments to improve the energy efficiency of its equipment. We believe that Weir stands to benefit from a recovery in mining capital expenditure, as producers seek to electrify their operations.
Bought	Chubb Ltd.	Switzerland	Financials	Headquartered in Switzerland, Chubb is one of the largest property and casualty insurers, heavily diversified across personal lines, various commercial lines and life and health insurance. We believe the company's combination of proven underwriting discipline, global diversification and strong capital strength could provide durable earnings growth and consistent shareholder returns across the cycle.
Bought	Novartis AG, Sponsored ADR	Switzerland	Health Care	Switzerland-based Novartis not only has a strong portfolio of existing products, but it has shown an ability to continuously innovate and launch new drugs to replace those going off patent. Indeed, we believe the company's research and development engine is proving to be among the strongest across large global pharmaceutical companies, bolstered by a long-tenured management team.
Bought	Rentokil Initial plc, Sponsored ADR	U.K.	Industrials	As the world's largest pest control company, British company Rentokil has a competitive moat driven by scale, dense service routes and a recurring revenue model. We believe the company offers a defensive revenue profile with idiosyncratic potential upside from portfolio optimization under a new, well-qualified CEO.
Sold	Arch Capital Group Ltd.	U.S.	Financials	We sold Arch Capital Group to reduce reinsurance exposure as the cycle continues to soften.
Sold	Fresenius Medical Care AG	Germany	Health Care	We sold Fresenius Medical Care to purchase Sartorius Stedim Biotech, which we believe has stronger prospects for growth and a more favorable midterm setup.
Sold	Topicus.com, Inc.	Canada	Information Technology	We sold Topicus.com as part of the process of narrowing our software exposure to companies that we believe have the strongest moats and the best ability to adapt to AI.
Sold	Full Truck Alliance Co. Ltd., Sponsored ADR	China	Industrials	We sold Full Truck Alliance on a combination of regulatory pressure, continued macro weakness negatively affecting freight rates and capital allocation concerns.
Sold	Booking Holdings, Inc.	U.S.	Consumer Discretionary	We no longer found the risk-reward trade-off compelling for Booking Holdings relative to other investment opportunities and sold the stock to fund new purchases.

Quarterly Portfolio Activity (Continued)

Activity	Security Name	Country	Sector	Rationale
Sold	Spotify Technology SA	Sweden	Communication Services	We no longer found the risk-reward trade-off compelling for Spotify, with the stock continuing to trade at a premium valuation for a widening range of outcomes given its competitive landscape, runway for growth in average revenue per user, penetration in developed markets and AI proliferation. We sold the stock to fund new purchases.
Sold	Novo Nordisk A/S, Sponsored ADR	Denmark	Health Care	We sold Novo Nordisk to fund our purchase of Rentokil.
Sold	AerCap Holdings NV	Nether-lands	Industrials	We exited AerCap when it was trading near an all-time high valuation, driven by a strong aircraft leasing and selling cycle. We think that momentum could slow as the conflict in Iran creates uncertainty about future travel demand and energy costs.

Sector Weights

As of 03/31/26

Sector	% of TNA	MSCI EAFE (Net)
Communication Services	3.5	4.3
Consumer Discretionary	4.5	8.5
Consumer Staples	8.6	7.3
Energy	N/A	4.4
Financials	22.4	24.5
Health Care	13.7	11.2
Industrials	23.4	19.4
Information Technology	12.3	8.5
Materials	4.7	6.0
Real Estate	N/A	1.8
Utilities	5.7	4.2
Cash and Other	1.5	N/A

Ten Largest Holdings

As of 03/31/26

Security	% of TNA
Siemens Energy AG	3.7
Taiwan Semiconductor Mfg Co Ltd., ADR	3.7
ASML Holding NV	3.4
Iberdrola S.A.	3.4
Caixa Bank S.A.	3.0
UCB S.A.	2.8
AstraZeneca PLC	2.8
Tesco PLC	2.8
DBS Group Holdings Ltd.	2.6
Komatsu Ltd.	2.6

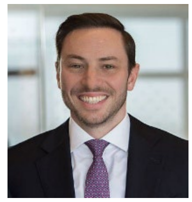
Portfolio holdings are subject to change.

Regional Weights

As of 03/31/26

	% of portfolio	MSCI EAFE (Net)
Developed Europe ex UK	44.9	50.3
United Kingdom	28.8	15.4
Other Developed	10.6	11.7
Japan	9.8	22.6
Emerging Markets	5.2	N/A
Cash and Other	0.8	N/A

Portfolio Managers



Ken Ryan, CFA

Portfolio Manager,

Associate Director of Research

Experience: 12 years

Michael Beck, CFA

Portfolio Manager,

Senior Research Analyst

Experience: 9 years

Glossary

The **MSCI EAFE Index** is an equity index which captures large and mid cap representation across Developed Markets countries around the world, excluding the US and Canada.
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

PIL-916505-2026-04-13.

[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.

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.