

# Parnassus Fixed Income Fund

Third Quarter 2018

## Strategy

The Parnassus Fixed Income Fund invests in approximately 75 holdings, primarily allocated among corporate bonds, government obligations and agency mortgages. The Fund's duration is similar to the duration of the Bloomberg Barclays U.S. Aggregate Bond Index. The Fund focuses on:

- Investing primarily in investment-grade corporate bonds held in the Parnassus equity funds
- Securities with superior credit quality that are undervalued
- Bonds issued by companies with improving cash flows and credit metrics
- Security analysis incorporates environmental, social and governance factors

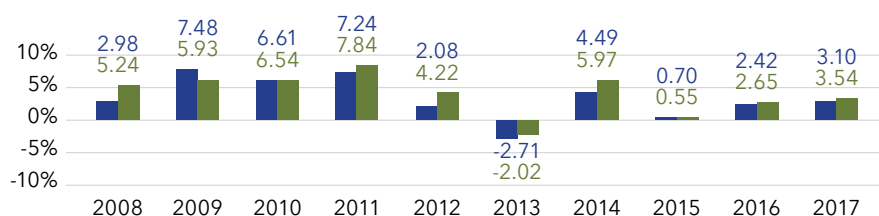
By investing primarily in investment-grade bonds, the Fund provides investors an opportunity for an attractive level of current income consistent with safety and preservation of capital. No derivatives are used in implementing the Fund's strategy.

## Total Returns (%)<sup>1</sup>

As of 09/30/2018	3M	YTD	1Y	3Y	5Y	10Y	Since Incept. 08/31/92
<b>PRFIX</b>	0.29	-1.77	-1.71	1.09	1.61	3.30	4.81
<b>Bloomberg Barclays U.S. Aggregate Bond Index</b>	0.02	-1.60	-1.22	1.31	2.16	3.77	5.24

## Annual Returns (%)<sup>1</sup>

● PRFIX ● Bloomberg Barclays U.S. Aggregate Bond Index



<sup>1</sup>All returns greater than one year are annualized.

<sup>2</sup>Quality Ratings for all securities except for those labeled "U.S. Gov't/Agency" are stated as Standard & Poor's ("S&P") ratings for consistency in reporting. S&P is a Nationally Recognized Statistical Rating Organization ("NRSRO"), as are Moody's and Fitch. For securities rated only by an NRSRO other than S&P, the Adviser converts that rating to the equivalent S&P rating. S&P ratings range from AAA (highest) to D (lowest). If NRSRO ratings differ, the security will be considered to have received the highest of those ratings. Securities not rated by an NRSRO appear in the "Not Rated/Unavailable" category. Ratings are subject to change.

<sup>3</sup>Percent of total net assets as of date indicated.

**Risks:** Bond fund values fluctuate in response to the financial conditions of individual issuers, general market and economic conditions, and changes in interest rates. In general, when interest rates rise, bond fund values fall and investors may lose principal value. Security holdings in the fund can vary significantly from broad market indexes.

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 most recent month end performance is available on the Parnassus website ([www.parnassus.com](http://www.parnassus.com)). Investment return and principal will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original principal cost. The Bloomberg Barclays U.S. Aggregate Bond Index is a widely recognized index of fixed-income security prices. 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 Parnassus Funds are underwritten and distributed by Parnassus Funds Distributor, a subsidiary of Parnassus Investments and a FINRA member.

## Investor Shares

**PRFIX**

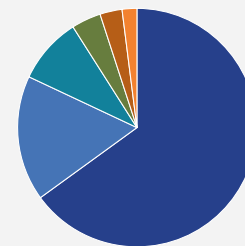
## Morningstar Ratings™



## Quality Ratings<sup>2,3</sup>

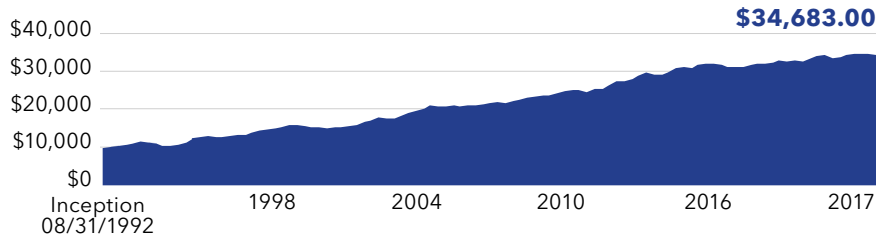
AAA & US Government	28.9%
AA	7.5%
A	21.9%
BBB	27.4%
BB	8.7%
B	1.7%
Below B	0%
Not Rated/Not Available	0%
Cash/Short Term Inv.	3.9%

## Portfolio Composition<sup>3</sup>



Corporate Bonds	65%
U.S. Treasury Bonds	17%
Securitized Bonds	9%
Short Term Investments	4%
Preferred Stocks	3%
Government Related Bonds	2%

## PRFIX – Annual Growth of \$10,000 as of Dec 31, 2017<sup>4</sup>



### Parnassus Overview

At Parnassus Investments, we invest responsibly to build wealth for our clients. We select businesses that we believe have increasingly relevant products or services, sustainable competitive advantages and quality management teams for our high conviction portfolios. Every investment we make must meet rigorous fundamental and environmental, social and governance (ESG) criteria.

### Meet the Portfolio Manager



**Samantha D. Palm**  
Portfolio Manager  
2013-Present

- 12 years in the industry
- With firm since 2013
- BS, Agricultural and Applied Economics, University of Wisconsin 2006

Fund Facts	Investor Shares	Institutional Shares
Ticker	PRFIX	PFPLX
Minimum Investment	\$2,000	\$100,000
Gross Expense Ratio	0.82%	0.49%
Net Expense Ratio <sup>5</sup>	0.68%	0.47%
Inception Date	08/31/1992	04/30/2015

Distribution Frequency	Monthly
Total Net Assets	\$219.1 M

Fund Characteristics	Fund	Bloomberg Barclays U.S. Aggregate Bond Index
Number of Holdings	76	10,133
Portfolio Turnover	38.5%	–
Avg. Maturity (Years)	9.36	12.96
Avg. Duration (Years)	5.79	6.03
SEC 30-Day Yield <sup>6</sup>	3.03%	–
Unsubsidized SEC 30-Day Yield <sup>7</sup>	2.75%	–

PRFIX Statistics (5Yr)	Investor Shares	Bloomberg Barclays U.S. Aggregate Bond Index
Alpha	-0.27%	–
Beta	0.86	1.00

Maturity Diversification	Investor Shares	Bloomberg Barclays U.S. Aggregate Bond Index
0-3 years	11.9%	21.0%
3-5 years	10.8%	15.3%
5-10 years	63.1%	20.8%
over 10 years	14.2%	42.9%

<sup>4</sup> The chart shows the growth of a hypothetical \$10,000 investment since inception and does not reflect the deduction of taxes a shareholder would pay on fund distributions or the redemption of fund shares.

<sup>5</sup> Expenses based on total net assets, net of reimbursement. As described in the Fund's current prospectus dated May 1, 2018, Parnassus Investments has contractually agreed to limit total operating expenses to 0.68% of net assets for the Parnassus Fixed Income Fund—Investor Shares and to 0.58% of net assets for the Parnassus Fixed Income Fund—Institutional Shares. This agreement will not be terminated prior to May 1, 2019, and may be continued indefinitely by the Adviser on a year-to-year basis. The net expense ratio is what investors pay.

<sup>6</sup> The 30-Day SEC Yield is computed under an SEC standardized formula based on net income earned over the past 30 days. It is a "subsidized" yield, which means it includes contractual expense reimbursements and it would be lower without those reimbursements.

<sup>7</sup> The Unsubsidized 30-Day SEC Yield is computed under an SEC standardized formula based in net income earned over the past 30 days. It excludes contractual expense reimbursements, resulting in a lower yield.

All data as of 09/30/2018 unless otherwise noted.

**Alpha** is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. **Beta** is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta over 1.00 suggests that the share price will typically be more volatile than the market.

**Morningstar Sustainability Rating** as of 08/31/2018. Sustainability provides company-level analysis used in the calculation of Morningstar's Sustainability Score. © 2018 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

**Before investing, an investor should carefully consider the investment objectives, risks, charges and expenses of the fund and should carefully read the prospectus or summary prospectus, which contain this information. A prospectus or summary prospectus can be obtained on the website, [www.parnassus.com](http://www.parnassus.com), or by calling (800) 999-3505.**