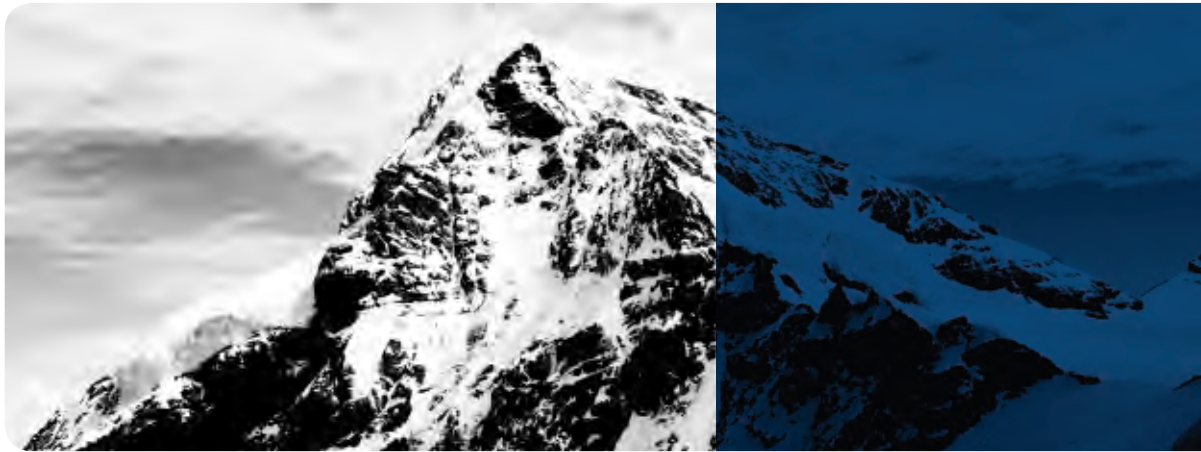


PARNASSUS FUNDS®



Parnassus Fund SM	PARNX
Parnassus Equity Income Fund SM – Investor Shares	PRBLX
Parnassus Equity Income Fund – Institutional Shares	PRILX
Parnassus Mid-Cap Fund SM	PARMX
Parnassus Small-Cap Fund SM	PARSX
Parnassus Workplace Fund [®]	PARWX
Parnassus Fixed-Income Fund SM	PRFIX

Like securities of all mutual funds, these securities have not been approved or disapproved by the Securities and Exchange Commission (SEC), and the SEC has not determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Table of Contents

Summary Section

Parnassus Fund	1
Parnassus Equity Income Fund	4
Parnassus Mid-Cap Fund	7
Parnassus Small-Cap Fund	10
Parnassus Workplace Fund	13
Parnassus Fixed-Income Fund	16
Additional Summary Information	19
Investment Objectives and Policies and Non-Principal Risks	20
Management of the Funds	23
Investing with Parnassus Funds	25
Distributions and Taxes	31
Financial Highlights	32
General Information	36
Householding Consent	36
Privacy Policies and Practices	37

SUMMARY SECTION

Parnassus Fund

Investment Objective

The Parnassus Fund has the overall investment objective of capital appreciation.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Parnassus Fund.

Parnassus Fund	
Annual Fund Operating Expenses (%)	
(expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.65
Distribution (12b-1) Fees	None
Other Expenses	0.32
Service Fees	0.08
All remaining other expenses	0.24
Total Annual Fund Operating Expenses	0.97
Expense Reimbursement	0.00 ¹
Total Annual Fund Operating Expenses After Expense Reimbursement	0.97

¹ The investment adviser has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 0.99% of net assets for the Parnassus Fund. This limitation continues until May 1, 2012, and may be continued indefinitely by the investment adviser on a year-to-year basis.

For additional information about the Parnassus Fund's expenses, please see "Financial Highlights" in the prospectus.

Example

This example is intended to help you compare the cost of investing in the Parnassus Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Fund's expenses are equal to the net annual fund operating expenses for the first year and the total annual fund operating expenses for the remaining years. Although your actual costs may be higher or lower, under these assumptions, your costs would be:

1 Year	3 Years	5 Years	10 Years
\$99	\$313	\$545	\$1,211

Portfolio Turnover

The Parnassus Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 51.8% of the average value of its portfolio.

Principal Investment Strategies

The Parnassus Fund invests in undervalued stocks. This Fund follows a "contrarian" strategy of seeking to invest in stocks that are currently out of favor with the financial community and are therefore deeply undervalued. The Fund's investment adviser (Adviser) expects that if these undervalued companies are financially strong and have good prospects for the future, they will come back into favor and increase in market value. The Parnassus Fund is a "multi-cap" fund in that it can invest in companies of any size, from larger, well-established companies to smaller companies with market capitalizations below \$1 billion. The Fund invests mainly in domestic stocks of companies that are financially sound and have good prospects for the future. To determine a company's prospects, the Adviser reviews the company's income statement, cash flow statement and balance sheet, and analyzes the company's competitive position and management team. Upon initial investment, stocks must be trading below their intrinsic value, which means that the Adviser seeks to purchase stocks trading at discounts to the Adviser's assessment of the companies' estimated value as calculated by the Adviser. The Adviser also takes environmental, social and governance factors into account in making investment decisions. The Fund will sell a security if the Adviser believes a company's fundamentals will deteriorate or if it believes a company's stock has little potential for appreciation.

Principal Risks

All investments involve risk, and investing in the Parnassus Fund is no exception. The Fund is intended for investors who can accept that there will be fluctuations in value. Investments in the Fund are not deposits, endorsements or guarantees of any bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s principal risks include the following:

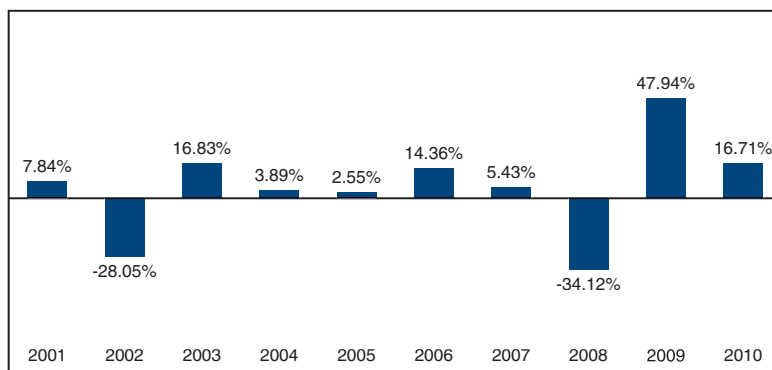
- You could lose money investing in the Fund. The likelihood of loss may be greater if you invest for a shorter period of time.
- The Fund invests in common stocks, whose prices fluctuate in response to the fortunes of individual companies and in response to general market and economic conditions both in the U.S. and abroad. The Fund’s holdings can vary significantly from broad stock market indices.
- This is a “multi-cap” fund. In addition to large-cap companies, the Fund may invest in small- and/or mid-cap 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-cap companies. Relative to the stocks of large-cap companies, the stocks of small- and mid-cap companies are often thinly traded, and purchases and sales may result in higher transaction costs. Also, small-cap companies tend to perform poorly during times of economic stress.
- The Fund may incur high portfolio turnover. High portfolio turnover necessarily results in correspondingly greater transaction costs (such as brokerage commissions or markups or markdowns), which the Fund must pay, and increased realized gains (or losses) to investors. Distributions to shareholders of short-term capital gains are taxed as ordinary income under Federal tax laws.
- The Adviser may be wrong in its assessment of a company’s value and/or the stocks the Fund holds may not reach what the Adviser believes are their full values. From time to time, “value” investing falls out of favor with investors, and during those periods the Fund’s relative performance may suffer.
- The Fund may invest up to 20% of its assets in foreign securities. Foreign markets can be more volatile 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.
- The Fund adheres to “responsible investing” guidelines, which may limit the investment opportunities available to the Fund.

Performance Information

The bar chart and table that follow contain information that allows you to evaluate the Parnassus Fund’s performance using several measures, such as yearly changes in performance, best and worst quarterly returns, and average annual total returns before and after taxes compared to a broad measure of market performance. How the Fund performed in the past (before and after taxes) is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Fund’s website, www.parnassus.com, or by calling toll-free at (800) 999-3505.

During the ten-year period shown in the bar chart, the highest return for a quarter was 19.9% (quarter ended September 30, 2009), and the lowest return for a quarter was a loss of 26.6% (quarter ended December 31, 2008).

Below is a table comparing the performance of the Parnassus Fund with that of the S&P 500 Index and the Lipper Multi-Cap Core Average. Figures are average annual returns for the one-, five- and ten-year periods ended December 31, 2010. The table is intended to demonstrate the risk of investing in the Parnassus Fund by showing how the Fund’s average annual total returns, before and after taxes, compare with a stock index and a group of similar mutual funds, and also how the Fund’s performance varies from year to year.



Parnassus Fund			
Average Annual Total Returns (%) (all periods ended December 31, 2010)	One Year	Five Years	Ten Years
Return before Taxes	16.71	6.52	2.85
Return after Taxes on Distributions	16.64	6.26	2.24
Return after Taxes on Distributions and Sale of Fund Shares	10.94	5.56	2.16
S&P 500 Index	15.08	2.29	1.42
Lipper Multi-Cap Core Average	15.91	2.42	2.91

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

The Adviser

Parnassus Investments is the investment adviser to the Parnassus Fund. For more information on the Adviser, please see "Management of the Funds" in the prospectus and "The Adviser" in the statement of additional information.

Portfolio Manager

Jerome L. Dodson has been the portfolio manager of the Parnassus Fund since its inception in 1984. Mr. Dodson is the President and Chairman of Parnassus Investments, and is also President and a Trustee of the Funds. Mr. Dodson has been with Parnassus Investments since founding the firm in 1984. For more information, please see "Management of the Funds" in the prospectus and "Portfolio Managers" in the statement of additional information.

For important information about the purchase and sale of Fund shares, tax information, and payments to financial intermediaries, please turn to "Additional Summary Information" on page 19 of the prospectus.

Parnassus Equity Income Fund

Investment Objective

The Parnassus Equity Income Fund’s objective is to achieve both capital appreciation and current income by investing primarily in a diversified portfolio of equity securities.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Parnassus Equity Income Fund.

Parnassus Equity Income Fund		
Annual Fund Operating Expenses (%) (expenses that you pay each year as a percentage of the value of your investment)	Investor Shares	Institutional Shares
Management Fees	0.65	0.65
Distribution (12b-1) Fees	None	None
Other Expenses	0.34	0.10
Service Fees	0.19	None
All remaining other expenses	0.15	0.10
Total Annual Fund Operating Expenses	0.99	0.75
Expense Reimbursement	0.00 ¹	0.00 ¹
Total Annual Fund Operating Expenses After Expense Reimbursement	0.99	0.75

¹ The investment adviser has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 0.99% of net assets for the Parnassus Equity Income Fund-Investor Shares and 0.77% of net assets for the Parnassus Equity Income Fund-Institutional Shares. These limitations continue until May 1, 2012, and may be continued indefinitely by the investment adviser on a year-to-year basis.

For additional information about the Parnassus Equity Income Fund’s expenses, please see “Financial Highlights” in the prospectus.

Example

This example is intended to help you compare the cost of investing in the Parnassus Equity Income Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Fund’s expenses are equal to the net annual fund operating expenses for the first year and the total annual fund operating expenses for the remaining years. Although your actual costs may be higher or lower, under these assumptions, your costs would be:

	1 Year	3 Years	5 Years	10 Years
Investor Shares	\$101	\$315	\$547	\$1,213
Institutional Shares	\$ 77	\$240	\$417	\$ 930

Portfolio Turnover

The Parnassus Equity Income Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 54.3% of the average value of its portfolio.

Principal Investment Strategies

The Parnassus Equity Income Fund’s objective is to achieve both current income and capital appreciation by investing primarily in a diversified portfolio of equity securities. Equity securities include common and preferred stock as well as convertible bonds. At least 75% of the Fund’s total assets will normally be invested in equity securities that pay interest or dividends. The remaining 25% may be invested in non-dividend-paying equity securities, short-term instruments and money-market instruments. Using a value-oriented investment process, the Fund seeks to invest in equity securities that pay dividends, have the potential for capital appreciation and which the Fund’s investment adviser (Adviser) believes have the capacity to raise dividends in the future. To determine a company’s prospects, the Adviser reviews the company’s income statement, cash flow statement and balance sheet, and analyzes the company’s competitive position and management team. Upon initial investment, stocks must be trading below their intrinsic value, which means that the Adviser seeks to purchase stocks trading at discounts to the Adviser’s assessment of the companies’ estimated value as calculated by the Adviser. The Adviser also takes environmental, social and governance factors into account in making investment decisions. The Fund will sell a security if the Adviser believes a company’s fundamentals will deteriorate or if it believes a company’s stock has little potential for appreciation.

Principal Risks

All investments involve risk, and investing in the Parnassus Equity Income Fund is no exception. The Fund is intended for investors who can accept that there will be fluctuations in value. Investments in the Fund are not deposits, endorsements or guarantees of any bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency. The Fund's principal risks include the following:

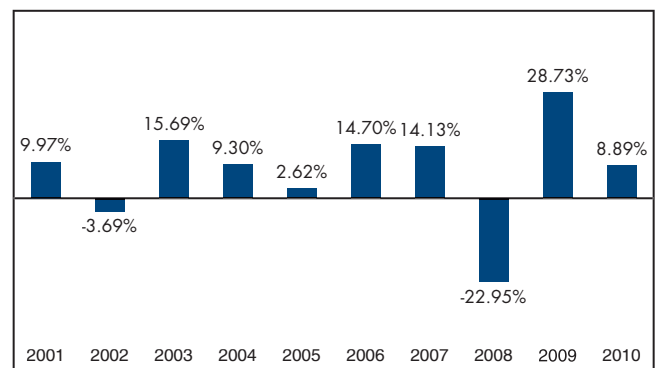
- You could lose money investing in the Fund. The likelihood of loss may be greater if you invest for a shorter period of time.
- The Fund invests in common stocks, whose prices fluctuate in response to the fortunes of individual companies and in response to general market and economic conditions both in the U.S. and abroad. The Fund's holdings can vary significantly from broad stock market indices.
- In addition to large-cap companies, the Fund may invest in small- and/or mid-cap 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-cap companies. Relative to the stocks of large-cap companies, the stocks of small- and mid-cap companies are often thinly traded, and purchases and sales may result in higher transaction costs. Also, small-cap companies tend to perform poorly during times of economic stress.
- The Fund may incur high portfolio turnover. High portfolio turnover necessarily results in correspondingly greater transaction costs (such as brokerage commissions or markups or markdowns), which the Fund must pay, and increased realized gains (or losses) to investors. Distributions to shareholders of short-term capital gains are taxed as ordinary income under Federal tax laws.
- The Adviser may be wrong in its assessment of a company's value and/or the stocks the Fund holds may not reach what the Adviser believes are their full values. From time to time, "value" investing falls out of favor with investors, and during those periods the Fund's relative performance may suffer.
- The Fund may invest up to 20% of its assets in foreign securities. Foreign markets can be more volatile 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.
- The Fund adheres to "responsible investing" guidelines, which may limit the investment opportunities available to the Fund.

Performance Information

The bar chart and table that follow contain information that allows you to evaluate the Parnassus Equity Income Fund's performance using several measures, such as yearly changes in performance, best and worst quarterly returns, and average annual total returns before and after taxes compared to a broad measure of market performance. The bar chart shows the performance of the Fund's Investor Shares, and performance of the Fund's Institutional Shares will differ from those shown to the extent that the classes of shares do not have the same expenses or inception date. How the Fund performed in the past (before and after taxes) is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Fund's website, www.parnassus.com, or by calling toll-free at (800) 999-3505.

During the ten-year period shown in the bar chart, the highest return for a quarter was 17.7% (quarter ending June 30, 2009), and the lowest return for a quarter was a loss of 19.2% (quarter ending December 31, 2008).

Below is a table comparing the performance of the Parnassus Equity Income Fund's two share classes with that of the S&P 500 Index and the Lipper Equity Income Fund Average. Figures are average annual returns for the one-, five- and ten-year periods ended December 31, 2010. The table is intended to demonstrate the risk of investing in the Fund by showing how the Fund's average annual total returns, before and after taxes, compare with a stock index and a group of similar mutual funds, and also how the Fund's performance varies from year to year.



Parnassus Equity Income Fund			
Average Annual Total Returns (%)	One Year	Five Years	Ten Years
(all periods ended December 31, 2010)			
Investor Shares			
Return before Taxes	8.89	7.17	6.87
Return after Taxes on Distributions	8.70	5.85	5.57
Return after Taxes on Distributions and Sale of Fund Shares	6.01	5.60	5.33
Institutional Shares			
Return before Taxes	9.07	7.38	6.97
S&P 500 Index	15.08	2.29	1.42
Lipper Equity Income Fund Average	15.03	3.08	3.48

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

Parnassus Equity Income Fund—Institutional Shares were inceptioned on April 28, 2006. Performance shown prior to the inception of the Institutional Shares reflects the performance of the Parnassus Equity Income Fund—Investor Shares and includes expenses that are not applicable to and are higher than those of the Institutional Shares.

The Adviser

Parnassus Investments is the investment adviser to the Parnassus Equity Income Fund. For more information on the Adviser, please see "Management of the Funds" in the prospectus and "The Adviser" in the statement of additional information.

Portfolio Manager

Todd C. Ahlsten is the Portfolio Manager of the Parnassus Equity Income Fund and has served in this capacity since 2001. He is also Chief Investment Officer at Parnassus Investments, where he has worked since 1995, and is a Vice President of Parnassus Investments and of the Funds. For more information, please see "Management of the Funds" in the prospectus and "Portfolio Managers" in the statement of additional information.

For important information about the purchase and sale of Fund shares, tax information, and payments to financial intermediaries, please turn to "Additional Summary Information" on page 19 of the prospectus.

Parnassus Mid-Cap Fund

Investment Objective

The Parnassus Mid-Cap Fund has the overall investment objective of capital appreciation.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Parnassus Mid-Cap Fund.

Parnassus Mid-Cap Fund			
Annual Fund Operating Expenses (%)			
(expenses that you pay each year as a percentage of the value of your investment)			
Management Fees	0.85		
Distribution (12b-1) Fees	None		
Other Expenses	0.61		
Service Fees	0.13		
All remaining other expenses	0.48		
Total Annual Fund Operating Expenses	1.46		
Expense Reimbursement	0.26 ¹		
Total Annual Fund Operating Expenses After Expense Reimbursement	1.20		
<p>¹ The investment adviser has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 1.20% of net assets for the Parnassus Mid-Cap Fund. This limitation continues until May 1, 2012, and may be continued indefinitely by the investment adviser on a year-to-year basis.</p> <p>For additional information about the Parnassus Mid-Cap Fund's expenses, please see "Financial Highlights" in the prospectus.</p>			
<p>Example</p> <p>This example is intended to help you compare the cost of investing in the Parnassus Mid-Cap Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Fund's expenses are equal to the net annual fund operating expenses for the first year and the total annual fund operating expenses for the remaining years. Although your actual costs may be higher or lower, under these assumptions, your costs would be:</p>			
1 Year	3 Years	5 Years	10 Years
\$122	\$436	\$773	\$1,724

Portfolio Turnover

The Parnassus Mid-Cap Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 53.2% of the average value of its portfolio.

Principal Investment Strategies

The Parnassus Mid-Cap Fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in the stock of companies with market capitalizations between \$3 billion and \$20 billion at the time of initial purchase. These companies must, in the opinion of the Fund's investment adviser (Adviser), be undervalued, but they must also have good prospects for long-term capital appreciation over the course of the expected holding period. These companies must have well-established businesses. To determine a company's prospects, the Adviser reviews the company's income statement, cash flow statement and balance sheet, and analyzes the company's competitive position and management team. Upon initial investment, stocks must be trading below their intrinsic value, which means that the Adviser seeks to purchase stocks trading at discounts to the Adviser's assessment of the companies' estimated value as calculated by the Adviser. The Adviser also takes environmental, social and governance factors into account in making investment decisions. The Fund will sell a security if the Adviser believes a company's fundamentals will deteriorate or if it believes a company's stock has little potential for appreciation.

Principal Risks

All investments involve risk, and investing in the Parnassus Mid-Cap Fund is no exception. The Fund is intended for investors who can accept that there will be fluctuations in value. Investments in the Fund are not deposits, endorsements or guarantees of any bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s principal risks include the following:

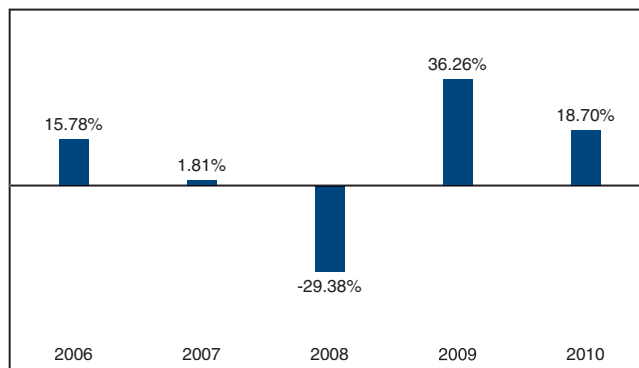
- You could lose money investing in the Fund. The likelihood of loss may be greater if you invest for a shorter period of time.
- The Fund invests in common stocks, whose prices fluctuate in response to the fortunes of individual companies and in response to general market and economic conditions both in the United States and abroad. The Fund’s holdings can vary significantly from broad stock market indices.
- The Fund invests primarily in mid-cap 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-cap companies. Relative to the stocks of large-cap companies, the stocks of mid-cap companies are often thinly traded, and purchases and sales may result in higher transaction costs.
- The Fund may incur high portfolio turnover. High portfolio turnover necessarily results in correspondingly greater transaction costs (such as brokerage commissions or markups or markdowns), which the Fund must pay, and increased realized gains (or losses) to investors. Distributions to shareholders of short-term capital gains are taxed as ordinary income under Federal tax laws.
- The Adviser may be wrong in its assessment of a company’s value and/or the stocks the Fund holds may not reach what the Adviser believes are their full values. From time to time, “value” investing falls out of favor with investors, and during those periods the Fund’s relative performance may suffer.
- The Fund may invest up to 20% of its assets in foreign securities. Foreign markets can be more volatile 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.
- The Fund adheres to “responsible investing” guidelines, which may limit the investment opportunities available to the Fund.

Performance Information

The bar chart and table that follow contain information that allows you to evaluate the Parnassus Mid-Cap Fund’s performance using several measures, such as yearly changes in performance, best and worst quarterly returns, and average annual total returns before and after taxes compared to a broad measure of market performance. How the Fund performed in the past (before and after taxes) is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Fund’s website, www.parnassus.com, or by calling toll-free at (800) 999-3505.

During the period shown in the bar chart, the highest return for a quarter was 18.3% (quarter ended June 30, 2009), and the lowest return for a quarter was a loss of 22.0% (quarter ending December 31, 2008).

Below is a table comparing the performance of the Parnassus Mid-Cap Fund with that of the Russell Midcap Index and the Lipper Multi-Cap Core Average. Figures are average annual returns for one- and five-year periods ended December 31, 2010 and since inception (April 29, 2005). The table is intended to demonstrate the risk of investing in the Fund by showing how the Fund’s average annual total returns, before and after taxes, compare with a stock index and a group of similar mutual funds, and also how the Fund’s performance varies from year to year.



Parnassus Mid-Cap Fund			
Average Annual Total Returns (%) (all periods ended December 31, 2010)	One Year	Five Years	Since Inception
Return before Taxes	18.70	6.13	5.98
Return after Taxes on Distributions	17.70	5.64	5.46
Return after Taxes on Distributions and Sale of Fund Shares	13.40	5.13	4.97
Russell Midcap Index	25.48	4.66	6.97
Lipper Multi-Cap Core Average	15.91	2.42	4.34

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

The Adviser

Parnassus Investments is the investment adviser to the Parnassus Mid-Cap Fund. For more information on the Adviser, please see "Management of the Funds" in the prospectus and "The Adviser" in the statement of additional information.

Portfolio Managers

Benjamin E. Allen, Matthew D. Gershuny (lead manager) and **Lori A. Keith** have been the portfolio managers of the Parnassus Mid-Cap Fund since 2008. Mr. Allen is also the Director of Research for Parnassus Investments, and Mr. Gershuny and Ms. Keith are also Senior Research Analysts. Mr. Allen and Ms. Keith have been with the Adviser since 2005, and Mr. Gershuny has been with the Adviser since 2006. For more information, please see "Management of the Funds" in the prospectus and "Portfolio Managers" in the statement of additional information.

For important information about the purchase and sale of Fund shares, tax information, and payments to financial intermediaries, please turn to "Additional Summary Information" on page 19 of the prospectus.

Parnassus Small-Cap Fund

Investment Objective

The Parnassus Small-Cap Fund has the overall investment objective of capital appreciation.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Parnassus Small-Cap Fund.

Parnassus Small-Cap Fund	
Annual Fund Operating Expenses (%)	
(expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.93
Distribution (12b-1) Fees	None
Other Expenses	0.37
Service Fees	0.17
All remaining other expenses	0.20
Total Annual Fund Operating Expenses	1.30
Expense Reimbursement	0.10 ¹
Total Annual Fund Operating Expenses After Expense Reimbursement	1.20

¹ The investment adviser has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 1.20% of net assets for the Parnassus Small-Cap Fund. This limitation continues until May 1, 2012, and may be continued indefinitely by the investment adviser on a year-to-year basis.

For additional information about the Parnassus Small-Cap Fund's expenses, please see "Financial Highlights" in the prospectus.

Example

This example is intended to help you compare the cost of investing in the Parnassus Small-Cap Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Fund's expenses are equal to the net annual fund operating expenses for the first year and the total annual fund operating expenses for the remaining years. Although your actual costs may be higher or lower, under these assumptions, your costs would be:

1 Year	3 Years	5 Years	10 Years
\$122	\$402	\$703	\$1,559

Portfolio Turnover

The Parnassus Small-Cap Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 35.3% of the average value of its portfolio.

Principal Investment Strategies

The Parnassus Small-Cap Fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in the stock of companies with market capitalizations under \$3 billion at the time of initial purchase. These companies must, in the opinion of the Fund's investment adviser (Adviser), be undervalued, but they must also have good prospects for long-term capital appreciation over the course of the expected holding period. Small-cap companies might be less stable and have less established businesses than mid-cap or large-cap companies. The Fund invests mainly in domestic stocks of companies that are financially sound and have good prospects for the future. To determine a company's prospects, the Adviser reviews the company's income statement, cash flow statement and balance sheet, and analyzes the company's competitive position and management team. Upon initial investment, stocks must be trading below their intrinsic value, which means that the Adviser seeks to purchase stocks trading at discounts to the Adviser's assessment of the companies' estimated value as calculated by the Adviser. The Adviser also takes environmental, social and governance factors into account in making investment decisions. The Fund will sell a security if the Adviser believes a company's fundamentals will deteriorate or if it believes a company's stock has little potential for appreciation.

Principal Risks

All investments involve risk, and investing in the Parnassus Small-Cap Fund is no exception. The Fund is intended for investors who can accept that there will be fluctuations in value. Investments in the Fund are not deposits, endorsements or guarantees of any bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency. The Fund's principal risks include the following:

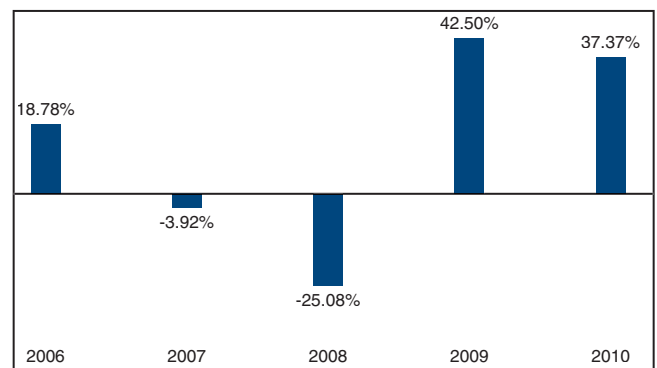
- You could lose money investing in the Fund. The likelihood of loss may be greater if you invest for a shorter period of time.
- The Fund invests in common stocks, whose prices fluctuate in response to the fortunes of individual companies and in response to general market and economic conditions both in the U.S. and abroad. The Fund's holdings can vary significantly from broad stock market indices.
- The Fund invests primarily in small-cap 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-cap companies. Relative to the stocks of large-cap companies, the stocks of small-cap companies are often thinly traded, and purchases and sales may result in higher transaction costs. Also, small-cap companies tend to perform poorly during times of economic stress.
- The Fund may incur high portfolio turnover. High portfolio turnover necessarily results in correspondingly greater transaction costs (such as brokerage commissions or markups or markdowns), which the Fund must pay, and increased realized gains (or losses) to investors. Distributions to shareholders of short-term capital gains are taxed as ordinary income under Federal tax laws.
- The Adviser may be wrong in its assessment of a company's value and/or the stocks the Fund holds may not reach what the Adviser believes are their full values. From time to time, "value" investing falls out of favor with investors, and during those periods the Fund's relative performance may suffer.
- The Fund may invest up to 20% of its assets in foreign securities. Foreign markets can be more volatile 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.
- The Fund adheres to "responsible investing" guidelines, which may limit the investment opportunities available to the Fund.

Performance Information

The bar chart and table that follow contain information that allows you to evaluate the Parnassus Small-Cap Fund's performance using several measures, such as yearly changes in performance, best and worst quarterly returns, and average annual total returns before and after taxes compared to a broad measure of market performance. How the Fund performed in the past (before and after taxes) is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Fund's website, www.parnassus.com, or by calling toll-free at (800) 999-3505.

During the period shown in the bar chart, the highest return for a quarter was 23.2% (quarter ending June 30, 2009), and the lowest return for a quarter was a loss of 27.7% (quarter ending December 31, 2008).

Below is a table comparing the performance of the Parnassus Small-Cap Fund with that of the Russell 2000 Index and the Lipper Small-Cap Core Average. Figures are average annual returns for one- and five-year periods ended December 31, 2010 and since inception (April 29, 2005). The table is intended to demonstrate the risk of investing in the Fund by showing how the Fund's average annual total returns, before and after taxes, compare with a stock index and a group of similar mutual funds, and also how the Fund's performance varies from year to year.



Parnassus Small-Cap Fund			
Average Annual Total Returns (%) (all periods ended December 31, 2010)	One Year	Five Years	Since Inception
Return before Taxes	37.37	10.85	10.94
Return after Taxes on Distributions	36.81	10.33	10.31
Return after Taxes on Distributions and Sale of Fund Shares	25.01	9.21	9.23
Russell 2000 Index	26.85	4.47	6.88
Lipper Small-Cap Core Average	25.23	4.08	6.50

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

The Adviser

Parnassus Investments is the investment adviser to the Parnassus Small-Cap Fund. For more information on the Adviser, please see "Management of the Funds" in the prospectus and "The Adviser" in the statement of additional information.

Portfolio Managers

Jerome L. Dodson has been a Portfolio Manager of the Parnassus Small-Cap Fund since its inception in 2005, and is equally responsible for the day-to-day management of the Parnassus Small-Cap Fund with the other Portfolio Manager of the Fund. He is President and Chairman of Parnassus Investments and is also President and a Trustee of the Funds. Mr. Dodson has been with Parnassus Investments since founding the firm in 1984.

Ryan S. Wilsey is a Portfolio Manager of the Parnassus Small-Cap Fund and has served in this capacity since 2011. He is also a Senior Research Analyst at Parnassus Investments, where he has worked since 2009. He is equally responsible for the day-to-day management of the Parnassus Small-Cap Fund with the other Portfolio Manager of the Fund.

For more information, please see "Management of the Funds" in the prospectus and "Portfolio Managers" in the statement of additional information.

For important information about the purchase and sale of Fund shares, tax information, and payments to financial intermediaries, please turn to "Additional Summary Information" on page 19 of the prospectus.

Parnassus Workplace Fund

Investment Objective

The Parnassus Workplace Fund has the overall investment objective of capital appreciation.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Parnassus Workplace Fund.

Parnassus Workplace Fund	
Annual Fund Operating Expenses (%)	
(expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.85
Distribution (12b-1) Fees	None
Other Expenses	0.40
Service Fees	0.18
All remaining other expenses	0.22
Total Annual Fund Operating Expenses	1.25
Expense Reimbursement	0.05 ¹
Total Annual Fund Operating Expenses After Expense Reimbursement	1.20

¹ The investment adviser has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 1.20% of net assets for the Parnassus Workplace Fund. This limitation continues until May 1, 2012, and may be continued indefinitely by the investment adviser on a year-to-year basis.

For additional information about the Parnassus Workplace Fund's expenses, please see Financial Highlights in the prospectus.

Example

This example is intended to help you compare the cost of investing in the Parnassus Workplace Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Fund's expenses are equal to the net annual fund operating expenses for the first year and the total annual fund operating expenses for the remaining years. Although your actual costs may be higher or lower, under these assumptions, your costs would be:

1 Year	3 Years	5 Years	10 Years
\$122	\$392	\$682	\$1,507

Portfolio Turnover

The Parnassus Workplace Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 53.9% of the average value of its whole portfolio.

Principal Investment Strategies

The Parnassus Workplace Fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in companies believed by the Fund's investment adviser (Adviser) to provide good workplaces for their employees. These companies must, in the Adviser's opinion, be undervalued, but they must also have good prospects for long-term capital appreciation over the course of the expected holding period. The Parnassus Workplace Fund is a "multi-cap" fund in that it can invest in companies of any size, from larger, well-established companies to smaller companies with market capitalizations below \$1 billion. The Fund invests mainly in domestic stocks of companies that are financially sound and have good prospects for the future. To determine a company's prospects, the Adviser reviews the company's income statement, cash flow statement and balance sheet, and analyzes the company's competitive position and management team. Upon initial investment, stocks must be trading below their intrinsic value, which means that the Adviser seeks to purchase stocks trading at discounts to the Adviser's assessment of the companies' estimated value as calculated by the Adviser. The Adviser also takes environmental, social and governance factors into account in making investment decisions. The Fund will sell a security if the Adviser believes a company's fundamentals will deteriorate or if it believes a company's stock has little potential for appreciation.

Principal Risks

All investments involve risk, and investing in the Parnassus Workplace Fund is no exception. The Fund is intended for investors who can accept that there will be fluctuations in value. Investments in the Fund are not deposits, endorsements or guarantees of any bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s principal risks include the following:

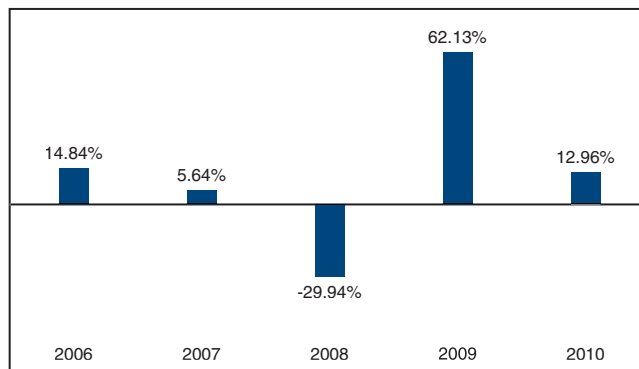
- You could lose money investing in the Fund. The likelihood of loss may be greater if you invest for a shorter period of time.
- The Fund invests in common stocks, whose prices fluctuate in response to the fortunes of individual companies and in response to general market and economic conditions both in the U.S. and abroad. The Fund’s holdings can vary significantly from broad stock market indices.
- This is a “multi-cap” fund. In addition to large-cap companies, the Fund may invest in small- and/or mid-cap 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-cap companies. Relative to the stocks of large-cap companies, the stocks of small- and mid-cap companies are often thinly traded, and purchases and sales may result in higher transaction costs. Also, small-cap companies tend to perform poorly during times of economic stress.
- The Fund may incur high portfolio turnover. High portfolio turnover necessarily results in correspondingly greater transaction costs (such as brokerage commissions or markups or markdowns), which the Fund must pay, and increased realized gains (or losses) to investors. Distributions to shareholders of short-term capital gains are taxed as ordinary income under Federal tax laws.
- The Adviser may be wrong in its assessment of a company’s value and/or the stocks the Fund holds may not reach what the Adviser believes are their full values. From time to time, “value” investing falls out of favor with investors, and during those periods the Fund’s relative performance may suffer.
- The Fund may invest up to 20% of its assets in foreign securities. Foreign markets can be more volatile 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.
- The Fund adheres to “responsible investing” guidelines, which may limit the investment opportunities available to the Fund.

Performance Information

The bar chart and table that follow contain information that allows you to evaluate the Parnassus Workplace Fund’s performance using several measures, such as yearly changes in performance, best and worst quarterly returns, and average annual total returns before and after taxes compared to a broad measure of market performance. How the Fund performed in the past (before and after taxes) is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Fund’s website, www.parnassus.com, or by calling toll-free at (800) 999-3505.

During the period shown in the bar chart, the highest return for a quarter was 26.7% (quarter ended June 30, 2009), and the lowest return for a quarter was a loss of 24.4% (quarter ended December 31, 2008).

Below is a table comparing the performance of the Parnassus Workplace Fund with that of the S&P 500 Index and the Lipper Large-Cap Core Average. Figures are average annual returns for the one- and five-year periods ended December 31, 2010 and since inception (April 29, 2005). The table is intended to demonstrate the risk of investing in the Fund by showing how the Fund’s average annual total returns, before and after taxes, compare with a stock index and a group of similar mutual funds, and also how the Fund’s performance varies from year to year.



Parnassus Workplace Fund			
Average Annual Total Returns (%) (all periods ended December 31, 2010)	One Year	Five Years	Since Inception
Return before Taxes	12.96	9.25	8.79
Return after Taxes on Distributions	12.05	8.58	8.17
Return after Taxes on Distributions and Sale of Fund Shares	9.60	7.79	7.42
S&P 500 Index	15.08	2.29	3.63
Lipper Large-Cap Core Average	12.94	1.93	3.49

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

The Adviser

Parnassus Investments is the investment adviser to the Parnassus Workplace Fund. For more information on the Adviser, please see "Management of the Funds" in the prospectus and "The Adviser" in the statement of additional information.

Portfolio Manager

Jerome L. Dodson has been the portfolio manager of the Parnassus Workplace Fund since its inception in 2005. Mr. Dodson is the President and Chairman of Parnassus Investments, and is also President and a Trustee of the Funds. Mr. Dodson has been with Parnassus Investments since founding the firm in 1984. For more information, please see "Management of the Funds" in the prospectus and "Portfolio Managers" in the statement of additional information.

For important information about the purchase and sale of Fund shares, tax information, and payments to financial intermediaries, please turn to "Additional Summary Information" on page 19 of the prospectus.

Parnassus Fixed-Income Fund

Investment Objective

The Parnassus Fixed-Income Fund’s objective is a high level of current income consistent with safety and preservation of capital.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Parnassus Fixed-Income Fund.

Parnassus Fixed-Income Fund	
Annual Fund Operating Expenses (%)	
(expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.50
Distribution (12b-1) Fees	None
Other Expenses	0.33
Service Fees	0.11
All remaining other expenses	0.22
Total Annual Fund Operating Expenses	0.83
Expense Reimbursement	0.08 ¹
Total Annual Fund Operating Expenses After Expense Reimbursement	0.75

¹ The investment adviser has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 0.75% of net assets for the Parnassus Fixed-Income Fund. This limitation continues until May 1, 2012, and may be continued indefinitely by the investment adviser on a year-to-year basis.

For additional information about the Parnassus Fixed-Income Fund’s expenses, please see Fund Expenses and Financial Highlights in the prospectus.

Example

This example is intended to help you compare the cost of investing in the Parnassus Fixed-Income Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Fund’s expenses are equal to the net annual fund operating expenses for the first year and the total annual fund operating expenses for the remaining years. Although your actual costs may be higher or lower, under these assumptions, your costs would be:

1 Year	3 Years	5 Years	10 Years
\$77	\$257	\$453	\$1,018

Portfolio Turnover

The Parnassus Fixed-Income Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 56.1% of the average value of its portfolio.

Principal Investment Strategies

The Parnassus Fixed-Income Fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in a diversified portfolio of bonds and other fixed-income instruments. The Fund invests primarily in investment-grade bonds, which means they are rated within the four highest categories as determined by a nationally recognized statistical rating organization. Ordinarily, at the time of purchase, at least 65% of the Fund’s total net assets will be invested in fixed-income securities rated “A” or better by Moody’s Investors Service, Inc. (“Moody’s”) or Standard & Poor’s Rating Group (“S&P”), and at least 80% in fixed-income securities with investment-grade ratings (i.e., rated at least BBB- or Baa3 or better). The Fund’s investment adviser (Adviser) also takes environmental, social and governance factors into account in making investment decisions. The Fund may sell a security if the Adviser believes it no longer meets the Fund’s investment objective.

Principal Risks

All investments involve risk, and investing in the Parnassus Fixed-Income Fund is no exception. The Fund is intended for investors who can accept that there will be fluctuations in value. Investments in the Fund are not deposits, endorsements or guarantees of any bank and are not insured by the Federal Deposit Insurance Corporation or any other government agency. The Fund's principal risks include the following:

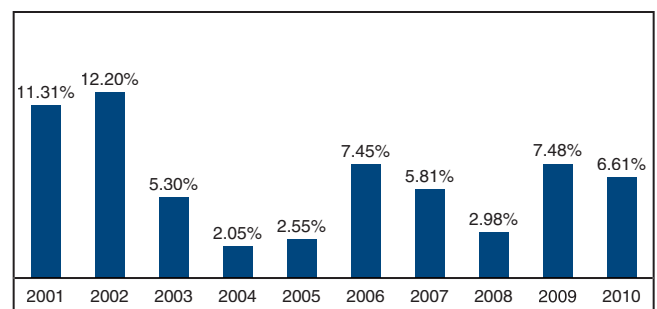
- You could lose money investing in the Fund. The likelihood of loss may be greater if you invest for a shorter period of time.
- In general, bond prices are inversely related to interest rates. As interest rates drop, bond prices will likely go up, and as interest rates go up, the value of bonds will likely go down (interest rate risk).
- There is a possibility that issuers of debt obligations will not pay the Fund interest or principal or that their credit rating may be downgraded by a ratings agency (credit risk).
- A security's value may also be affected by market activity or by supply and demand (market risk). If the Fund is unable to find buyers for a given security, this can have a negative effect on the NAV.
- Up to 20% of the Parnassus Fixed-Income Fund's assets may be invested in convertible securities, and these securities may not have an investment-grade rating, which would make them riskier than securities with an investment-grade rating.
- The Fund may incur high portfolio turnover. High portfolio turnover necessarily results in correspondingly greater transaction costs (such as brokerage commissions or markups or markdowns), which the Fund must pay, and increased realized gains (or losses) to investors. Distributions to shareholders of short-term capital gains are taxed as ordinary income under Federal tax laws.
- The Fund adheres to "responsible investing" guidelines, which may limit the investment opportunities available to the Fund.

Performance Information

The bar chart and table that follow contain information that allows you to evaluate the Parnassus Fixed-Income Fund's performance using several measures, such as yearly changes in performance, best and worst quarterly returns, and average annual total returns before and after taxes compared to a broad measure of market performance. How the Fund performed in the past (before and after taxes) is not necessarily an indication of how it will perform in the future. Updated performance information is available on the Fund's website, www.parnassus.com, or by calling toll-free at (800) 999-3505.

During the ten-year period shown in the bar chart, the highest return for a quarter was 6.1% (quarter ended March 31, 2001), and the lowest return for a quarter was a loss of 2.1% (quarter ended December 31, 2010).

Below is a table comparing the performance of the Parnassus Fixed-Income Fund with that of the Barclays Capital U.S. Government/Credit Bond Index and the Lipper A-Rated Bond Fund Average. Figures are average annual returns for the one-, five- and ten-year periods ended December 31, 2010. The table is intended to demonstrate the risk of investing in the Fund by showing how the Fund's average annual total returns compare with a stock index and a group of similar mutual funds, and also how the Fund's performance varies from year to year.



Parnassus Fixed-Income Fund			
Average Annual Total Returns (%) (all periods ended December 31, 2010)	One Year	Five Years	Ten Years
Return before Taxes	6.61	6.05	6.32
Return after Taxes on Distributions	5.75	4.71	4.85
Return after Taxes on Distributions and Sale of Fund Shares	5.45	4.53	4.64
Barclays Capital U.S. Government/Credit Bond Index	6.59	5.56	5.83
Lipper A-Rated Bond Fund Average	7.51	4.78	5.24

The after-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

The Adviser

Parnassus Investments is the investment adviser to the Parnassus Fixed-Income Fund. For more information on the Adviser, please see "Management of the Funds" in the prospectus and "The Adviser" in the statement of additional information.

Portfolio Manager

Minh T. Bui has been the Portfolio Manager of the Parnassus Fixed-Income Fund since 2008. Mr. Bui is also a Senior Research Analyst with Parnassus Investments, where he has worked since 2005. For more information, please see "Management of the Funds" in the prospectus and "Portfolio Managers" in the statement of additional information.

For important information about the purchase and sale of Fund shares, tax information, and payments to financial intermediaries, please turn to "Additional Summary Information" on page 19 of the prospectus.

Additional Summary Information

Purchase and Sale of Fund Shares

Other than with respect to the Parnassus Equity Income Fund — Institutional Shares, the minimum initial purchase is \$2,000 per Fund, with a minimum of \$500 per Fund for certain custodial accounts and IRAs. The minimum initial purchase for the Parnassus Equity Income Fund — Institutional Shares is \$100,000. After making an initial investment, the minimum investment in an automatic investment plan is \$50 per Fund. The minimum subsequent investment is \$50 per Fund.

You may redeem and purchase shares of a Fund each day the New York Stock Exchange is open. You may redeem or purchase Fund shares online through our website at www.parnassus.com, by mail (Parnassus Funds, 1 Market Street, Suite 1600, San Francisco, CA 94105), or by telephone at (800) 999-3505. Investors who wish to redeem or purchase shares through a broker-dealer or other financial intermediary should contact the intermediary regarding the hours during which orders may be placed.

For additional information, please see “How to Purchase, Exchange and Redeem Shares” in the prospectus.

Tax Information

The Funds’ distributions will be taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an individual retirement account, in which case such distributions may be taxable at a later date.

Financial Intermediary Compensation

If you purchase a Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

For additional information, please see “Distribution Agreement,” “Distribution Plan and Shareholder Servicing Plan” and “Additional Marketing and Support Payments” in the statement of additional Information.

Investment Objectives and Policies and Non-Principal Risks

Selection Process for Equity Securities

“Equity securities” consist of common stocks or securities that can be converted into common stocks, which include convertible bonds, convertible preferred stock, warrants and American Depositary Receipts. In general, the Adviser uses three basic criteria in identifying equity securities eligible for a Fund’s portfolio:

1. the security is selling at a price below its intrinsic value, which means that the Adviser seeks to purchase stocks trading at discounts to the Adviser’s assessment of the companies’ estimated value as calculated by the Adviser;
2. the issuer is financially sound with good prospects for the future; and
3. the company, in the Adviser’s judgment, meets the responsible investment criteria described below.

Once a security is purchased, the Adviser may continue to hold it even if it is no longer undervalued.

Under normal circumstances, each of the Parnassus Fund, the Parnassus Equity Income Fund, the Parnassus Mid-Cap Fund, the Parnassus Small-Cap Fund and the Parnassus Workplace Fund will have virtually all its assets invested in equity securities. If the Adviser cannot find enough securities that meet its investment criteria, the Funds may invest a substantial portion of their assets in money-market instruments (i.e., “cash” or cash equivalents).

Parnassus Fund

The Parnassus Fund seeks capital appreciation through investing mainly in domestic stocks of any size, from smaller firms to larger, well-established companies. The Adviser can change the composition of the portfolio between smaller, medium and larger companies depending on the Adviser’s view of the economic environment and the markets, with the goal of capital appreciation. The Parnassus Fund follows a “contrarian” strategy of seeking to invest in stocks that are currently out of favor with the financial community and are, therefore, deeply undervalued. The Adviser expects that if these undervalued companies are financially strong and have good prospects for the future, they will come back into favor and increase in market value.

Parnassus Equity Income Fund

The investment objective of the Parnassus Equity Income Fund is both capital appreciation and current income. The Fund tries to achieve these objectives by investing primarily in a diversified portfolio of equity securities. Equity securities include common and preferred stock as well as securities that are convertible into these instruments, such as convertible bonds. As an operating policy, at least 75% of the Fund’s total assets will normally be invested in equity securities that pay a dividend or interest. The remaining 25% of the Fund’s total assets may be invested in non-dividend-paying equity securities, short-term instruments and money-market instruments. Using a value-oriented investment process, the Fund seeks to invest in equity securities that pay dividends, have the potential for capital appreciation and which the Adviser believes have the capacity to raise dividends in the future.

Parnassus Mid-Cap Fund

The Parnassus Mid-Cap Fund seeks capital appreciation through investing primarily (normally at least 80% of its net assets) in the common stocks of companies with market capitalizations between \$3 billion and \$20 billion at the time of initial purchase. The Adviser looks for undervalued companies that have proven businesses and good prospects for long-term growth. While mid-capitalization companies can be riskier than larger companies, they can also possess more potential for future growth.

Parnassus Small-Cap Fund

The Parnassus Small-Cap Fund seeks capital appreciation through investing primarily (normally at least 80% of its net assets) in the common stocks of companies with market capitalizations under \$3 billion at the time of initial purchase. The Adviser looks for undervalued companies that have proven businesses and good prospects for long-term capital appreciation. Companies with market capitalizations under \$3 billion are often developing companies with good growth prospects. Such small-capitalization companies are not followed as closely by large investors as are companies with medium or large capitalizations. While smaller capitalization companies can be riskier than larger companies, they can also possess more potential for future growth.

Parnassus Workplace Fund

The Parnassus Workplace Fund seeks capital appreciation through investing primarily (normally at least 80% of its net assets) in the common stocks of companies believed by the Adviser to provide good workplaces for their employees. The

Adviser will make a judgment as to which companies have good workplaces based on factors such as respectful and fair treatment of employees, good two-way communication, equitable pay and benefits, family-friendly policies and support for volunteerism and charitable contributions to the community. The Adviser looks for undervalued companies that have proven businesses and good prospects for long-term capital appreciation. The Adviser will conduct its own research to select companies for inclusion in the Fund, but the Adviser will also rely on outside sources, as deemed appropriate from time to time, including, but not limited to, the annual *Fortune* magazine survey, "The 100 Best Companies to Work For," the annual *Working Mother* magazine survey, "The 100 Best Companies for Working Mothers," and the Great Place to Work Institute. Milton Moskowitz, coauthor of the annual *Fortune* magazine survey and co-originator of the annual *Working Mother* magazine survey, is a consultant to the Adviser and assists the portfolio manager in evaluating the workplaces of potential Fund investments. (*Fortune* magazine, *Working Mother* magazine and the Great Place to Work Institute are not affiliated with the Funds and have no role in the management of any of the Funds.)

Parnassus Fixed-Income Fund

The investment objective of the Parnassus Fixed-Income Fund is a high level of current income consistent with safety and preservation of capital. The Adviser seeks to achieve this objective by investing in a diversified portfolio of bonds and other fixed-income instruments that are rated investment grade, which means they are within the four highest categories as determined by a nationally recognized statistical rating organization. Securities in the lowest of four highest investment-grade categories (Baa or BBB, as rated by Moody's and S&P, respectively) are considered investment grade, but they may have speculative elements about them. The Parnassus Fixed-Income Fund ordinarily will have at least 65% of its net assets in fixed-income securities rated "A" or better (i.e., the three highest categories) by S&P or Moody's and at least 80% in fixed-income securities with investment-grade ratings. Obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities need not have a rating. See the Appendix in the statement of additional information for a description of bond ratings.

The Parnassus Fixed-Income Fund invests in investment-grade securities, with the exception of convertible securities, which may or may not be investment grade (non-investment grade securities are also known as "high-yield" or "junk" bonds). Because of this emphasis on quality and safety, the Fund's yield may not be as high as it otherwise might be. The Fund may, however, hold bonds that were investment grade when first purchased, but have subsequently fallen below investment grade. The Adviser, however, will not permit more than 15% of the Fund's total net assets to be invested in such bonds at any one time.

The Fund may, as an operating policy, invest up to 20% of its assets in convertible debentures (bonds that can be converted into stock or other equity in the issuing company) or convertible preferred stock. Although straight bonds must have an investment-grade rating, convertible securities may not have an investment-grade rating and only need a rating of B- or better. If these instruments are converted into stock, the Fund may hold the stock until sale.

The Parnassus Fixed-Income Fund may invest in long-term, intermediate-term or short-term fixed-income securities or any combination thereof, depending on market conditions, and these securities may also have floating or variable interest rates. Securities in this Fund may include preferred stock, convertible preferred stock and convertible bonds. However, for temporary defensive purposes or in response to adverse market, economic or political conditions, the Fund may invest a substantial portion of its assets in short-term, money-market instruments.

Responsible Investment Policy

The Adviser conducts fundamental research to determine a company's financial health and its business prospects, and also takes environmental, social and governance factors into account in making investment decisions. The Funds seek to invest in companies with positive performance on Environmental, Social and Governance ("ESG") criteria. The ESG factors the Adviser evaluates include:

- Corporate governance and business ethics
- Employee benefits and corporate culture
- Stakeholder relations
- Product
- Customers and supply chain
- Environmental impact

No company will be perfect in all of these areas, but the Adviser makes value judgments in deciding which companies best meet the criteria.

The Funds will not invest in companies that derive significant revenues from the manufacture of alcohol or tobacco products or from direct involvement with gambling. The Funds do not invest in companies with significant revenues derived from the manufacture of weapons or the generation of electricity from nuclear power.

The responsible investment criteria of the Funds limit the availability of investment opportunities. However, the Funds' Boards of Trustees and the Adviser believe that there are sufficient investments available that can meet the Funds' responsible investment criteria and still enable the Funds to provide a competitive rate of return.

Other Policies and Non-Principal Risks

In addition to the principal risks under the caption "Summary Section," there are risks related to the Funds' investment in money-market securities. For temporary purposes, a Fund may invest a portion of its assets in money-market instruments and credit rating agencies. A Fund may also invest up to 2% of its assets in community-development loan funds. This may limit the potential for capital appreciation and high current income since these securities do not appreciate in value and tend to produce less income than longer-term bonds.

Each of the Funds may invest up to 2% of its assets in community-development loan funds, such as those that provide financing for small businesses and for low- and moderate-income housing. None of the Funds will make loans to a project itself, but rather will invest money in an intermediary, such as in certificates of deposit issued by community banks and credit unions, or in debt obligations issued by micro-finance institutions. Each of the Funds may invest in obligations issued by the intermediary at below-market interest rates if the projects financed have a strong, positive social impact. Generally, there is no secondary market and thus, no liquidity for these investments. Also, community loan funds do not have the same kind of resources that large commercial enterprises do. In general, each of the Funds seeks to invest in community organizations that have had a successful record in making these kinds of loans and that are deemed creditworthy by the Adviser.

The Parnassus Fixed-Income Fund will consider the ratings of nationally recognized statistical rating organizations ("NRSRO") when making investment decisions. The ratings of an NRSRO, however, represent only that NRSRO's opinion as to the quality of the fixed-income securities it rates, and such ratings are not absolute standards or guarantees of the quality of those securities.

The statement of additional information for the Funds, which is incorporated by reference into this prospectus, contains a description of the Funds' policies and procedures with respect to the disclosure of their portfolio holdings. These policies and procedures are also available on the Funds' website, www.parnassus.com.

Management of the Funds

Parnassus Investments, 1 Market Street, Suite 1600, San Francisco, California 94105, acts as investment adviser to the Funds, subject to the control of the Funds' Boards of Trustees, and as such, supervises and arranges the purchase and sale of securities held in the Funds' portfolios. The Adviser has been the investment manager of the Parnassus Funds trust since 1984 and of the Parnassus Income Funds trust since 1992.

Jerome L. Dodson has been the Portfolio Manager of the Parnassus Fund since its inception in 1984 and the Portfolio Manager of the Parnassus Workplace Fund since its inception in 2005. Mr. Dodson has been a Portfolio Manager of the Parnassus Small-Cap Fund since its inception in 2005, and is equally responsible for the day-to-day management of the Parnassus Small-Cap Fund with the other Portfolio Manager of the Fund. He is President and Chairman of Parnassus Investments and is also President and a Trustee of the Funds. Mr. Dodson has been with Parnassus Investments since founding the firm in 1984.

Todd C. Ahlsten is the Portfolio Manager of the Parnassus Equity Income Fund and has served in this capacity since 2001. He is also Chief Investment Officer at Parnassus Investments, where he has worked since 1995, and is a Vice President of Parnassus Investments and of the Funds.

Benjamin E. Allen is a Portfolio Manager of the Parnassus Mid-Cap Fund and has served in this capacity since 2008. He is also Director of Research and a Vice President at Parnassus Investments, where he has worked since 2005.

Matthew D. Gershuny is the lead Portfolio Manager of the Parnassus Mid-Cap Fund and has served as a Portfolio Manager of the Fund since 2008. He is also a Senior Research Analyst at Parnassus Investments, where he has worked since 2006.

Lori A. Keith is a Portfolio Manager of the Parnassus Mid-Cap Fund and has served in this capacity since 2008. She is also a Senior Research Analyst at Parnassus Investments, where she has worked since 2005.

Ryan S. Wilsey is a Portfolio Manager of the Parnassus Small-Cap Fund and has served in this capacity since 2011. He is also a Senior Research Analyst at Parnassus Investments, where he has worked since 2009. Mr. Wilsey was previously an Equity Research Analyst with Scout Capital from 2007 to 2009, and prior to that was an Equity Research Analyst with Greylock Partners from 2006 to 2007. He is equally responsible for the day-to-day management of the Parnassus Small-Cap Fund with the other Portfolio Manager of the Fund.

Minh T. Bui is a Portfolio Manager of the Parnassus Fixed-Income Fund and has served in this capacity since 2008. He is also a Senior Research Analyst at Parnassus Investments, where he has worked since 2005.

The statement of additional information for the Funds, which is incorporated by reference into this prospectus, provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers and the portfolio managers' ownership of securities in the Funds.

Each of the Funds, under an Investment Advisory Agreement between the respective Fund and the Adviser, pays the Adviser a fee. The fee is computed and payable at the end of each month. The following annual percentages of each Fund's average daily net assets are used: (a) for the Parnassus Fund, 1.00% of the first \$10 million in assets; 0.75% of the next \$20 million; 0.70% of the next \$70 million; 0.65% of the next \$100 million; and 0.60% of the remaining balance; (b) for the Parnassus Equity Income Fund, 0.75% of the first \$30 million, 0.70% of the next \$70 million and 0.65% of the next \$400 million and 0.60% of the amount above \$500 million; (c) for the Parnassus Mid-Cap Fund and the Parnassus Workplace Fund, 0.85% of the first \$100 million in assets; 0.80% of the next \$100 million; 0.75% of the next \$300 million and 0.70% of the amount above \$500 million; (d) for the Parnassus Small-Cap Fund, 1.00% of the first \$100 million in assets; 0.90% of the next \$100 million; 0.85% of the next \$300 million, and 0.80% of the amount above \$500 million; and (e) for the Parnassus Fixed-Income Fund, 0.50% of the first \$200 million, 0.45% of the next \$200 million and 0.40% of the amount above \$400 million.

After taking into account the expense reimbursements (more fully described below), the following details what was actually charged in 2010:

- For the Parnassus Fund, the net investment advisory fee was 0.65% and the gross investment advisory fee was 0.65%.
- For the Parnassus Equity Income Fund, the net investment advisory fee was 0.65% and the gross investment advisory fee was 0.65%.

- For the Parnassus Mid-Cap Fund, the net investment advisory fee was 0.59% and the gross investment advisory fee was 0.85%.
- For the Parnassus Small-Cap Fund, the net investment advisory fee was 0.83% and the gross investment advisory fee was 0.93%.
- For the Parnassus Workplace Fund, the net investment advisory fee was 0.79% and the gross investment advisory fee was 0.84%.
- For the Parnassus Fixed-Income Fund, the net investment advisory fee was 0.42% and the gross investment advisory fee was 0.50%.

A discussion regarding the basis for the Boards of Trustees approving each of the investment advisory agreements with the Adviser is available in the Funds' most recent semi-annual report to shareholders for the most recent semi-annual period ended June 30.

Parnassus Investments has contractually agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 0.99% of net assets for the Parnassus Fund, 0.99% of the net assets for the Parnassus Equity Income Fund-Investor Shares, 0.77% of the net assets for the Parnassus Equity Income Fund-Institutional Shares, 1.20% of the net assets of the Parnassus Mid-Cap Fund, 1.20% of the net assets of the Parnassus Small-Cap Fund, 1.20% of the net assets of the Parnassus Workplace Fund, and 0.75% of net assets for the Parnassus Fixed-Income Fund. These limitations continue until May 1, 2012, and may be continued indefinitely by the Adviser on a year-to-year basis.

Investing with Parnassus Funds

How to Purchase Shares

You can open an account directly with the Funds, or you can purchase and sell shares of the Funds through an intermediary, such as a broker-dealer, a financial institution or other service provider. These service providers may charge fees for the services they provide or impose restrictions that may be in addition to, or different from, those applicable to investors purchasing shares directly from the Funds.

Choosing a Share Class for the Parnassus Equity Income Fund

The Parnassus Equity Income Fund offers two classes of shares: Investor Shares and Institutional Shares. The two types of shares have the same portfolio of investments and the same rights, and differ only in the expenses they are subject to and their required minimum investments. Investor Shares may be subject to fees resulting from account servicing charged to the Fund. Institutional Shares are available to investors who invest directly in the Fund and have a minimum investment of \$100,000. Institutional Shares are also available through certain financial intermediaries and service providers who do not charge the Fund a service fee other than payments for shareholder servicing performed in place of the Fund's transfer agent. The \$100,000 minimum for Institutional Shares may be met if the investor intends to invest at least \$100,000 in the Institutional Shares within a period of 12 months.

No minimum initial investment will apply for Institutional Shares purchased by any group retirement plan, including defined benefit and defined contribution plans such as 401(k), 403(b) and 457(b) plans that maintain an omnibus account, for which an intermediary or other entity provides services and is not compensated by the Funds for those services.

Accounts that fall below the \$100,000 minimum investment value, and that are not subject to an exception to the minimum, will be exchanged to the Investor share class via a tax-free share class exchange. The Funds will give shareholders whose shares are subject to this exchange 60 days' prior written notice in which to purchase sufficient shares to avoid this exchange.

Types of Accounts

The Funds offer the following types of accounts. The initial account minimums in this section refer to the Parnassus Fund, the Parnassus Equity Income Fund-Investor Shares, the Parnassus Mid-Cap Fund, the Parnassus Small-Cap Fund, the Parnassus Workplace Fund and the Parnassus Fixed-Income Fund. The initial account minimums for the Parnassus Equity Income Fund-Institutional Shares are described above.

Individual or Joint Ownership

You can open a regular account that is owned by an individual or by two owners. An initial minimum investment must be at least \$2,000 per fund.

Custodial Account

You can open a custodial account for a minor. The Funds offer both UGMA (Uniform Gift to Minor's Act) and UTMA (Uniform Transfer to Minor's Act) accounts. An initial minimum investment must be at least \$500 per fund.

Traditional IRA, Roth IRA or SEP IRA Accounts

Through the Funds, you can open tax-deferred retirement accounts for individuals. An initial investment must be at least \$500 per fund. For further information regarding plan administration, custodial fees and other details, investors should contact Parnassus Investments.

Trust Account

A legal trust can open an account. The Funds require the front page and signature page of the trust agreement, including title of the trust and names of the trustee(s), with the application. An initial minimum investment must be at least \$2,000 per fund.

Corporate Account

A partnership or corporation can open an account. The Funds require the Articles of Incorporation or Partnership Agreement with the appropriate signatures for the account. An initial minimum investment must be at least \$2,000 per fund.

Subsequent investments for all accounts must be at least \$50 per fund.

Direct Purchase of Shares

You can open an account or purchase additional shares in the following ways:

Internet

To open an account online, go to www.parnassus.com and follow the instructions on the website. By accessing your account online, you can purchase shares and have Parnassus debit your bank account. If an account has more than one owner or authorized person, the Funds will accept online instructions from any one owner or authorized person.

Mail

To open an account by mail, an investor should complete and mail the application form along with a check payable to "Parnassus Funds." With additional investments, shareholders should write the name and number of the account on the check. Checks do not need to be certified, but are accepted subject to collection and must be drawn in United States dollars on United States banks. A fee of \$20 will be assessed if a check is returned to the Funds unpaid due to insufficient funds, stop payment or for any other reason. The application should be sent to the following address:

Parnassus Investments
1 Market Street, Suite 1600
San Francisco, CA 94105

Telephone

If your account is eligible, you can call the Funds at (800) 999-3505 to make an exchange or purchase additional shares. The telephone purchase option may not be used for initial purchases of shares of the Funds, but may be used for subsequent purchases. If an account has more than one owner or authorized person, the Funds will accept telephone instructions from any one owner or authorized person.

Parnassus Automatic Investment Program

After making an initial investment to open an account, a shareholder may purchase additional shares of the Funds (\$50 minimum per fund) via the Parnassus Automatic Investment Program ("PAIP"). On a monthly or quarterly basis, your money will automatically be transferred from your bank account to your Fund account on the day of your choice (the 3rd or 18th day of the month). You can elect this option by filling out the PAIP section on the new account form. If you already have an account, you may fill out the Parnassus Automatic Investment Plan form, or sign up online at www.parnassus.com.

Parnassus Investments reserves the right to reject any purchase order. If an investment order is received in good order before 4:00 p.m. Eastern Time, which is 1:00 p.m. San Francisco time, it will be processed at the NAV calculated on the same business day. If an investment is received in good order after 4:00 p.m. Eastern Time, it will be processed at the NAV calculated on the next business day. See the caption "Net Asset Value" for a discussion on the calculation of NAV. A fee of \$20 will be assessed if the automatic purchase cannot be made due to insufficient funds, stop payment or for any other reason.

There is no sales charge for the purchase of shares from the Funds, but investors may be charged a transaction fee or other fee on their behalf by an investment adviser, a brokerage firm or other financial institution, in connection with purchases or redemptions of shares of the Funds.

Purchasing Shares from Broker-Dealers, Financial Institutions and Others

Some broker-dealers may sell shares of the Funds. These broker-dealers may charge investors a fee at either the time of purchase or redemption. The fee, if charged, is retained by the broker-dealer and not remitted to the Funds or to the Adviser. Some broker-dealers may purchase and redeem shares on a three-day settlement basis.

The Funds may enter into agreements with broker-dealers, financial institutions or other service providers ("Servicing Agents") that may include the Funds as an investment alternative in the programs they offer or administer. Investors purchasing or redeeming through a Servicing Agent need to check with the Servicing Agent to determine whether the Servicing Agent has entered into an agreement with the Funds. Servicing Agents may:

- Become shareholders of record of the Funds. This means all requests to purchase additional shares and all redemption requests must be sent through the Servicing Agent. This also means that purchases made through Servicing Agents are not subject to the Funds' minimum purchase requirement.
- Use procedures and impose restrictions that may be in addition to, or different from, those applicable to investors purchasing shares directly from the Funds.

- Charge fees to their customers for the services provided. Also, the Funds and/or the Adviser may pay fees to Servicing Agents to compensate them for the services they provide their customers.
- Be allowed to purchase shares by telephone with payment to follow the next day. If the telephone purchase is made prior to the close of regular trading on the New York Stock Exchange (normally 4:00 p.m. Eastern Time), it will receive same day pricing.
- Be authorized to accept purchase orders on the Funds' behalf (and designate other Servicing Agents to accept purchase orders on the Funds' behalf). If the Funds have entered into an agreement with a Servicing Agent pursuant to which the Servicing Agent (or its designee) has been authorized to accept purchase orders on the Funds' behalf, then all purchase orders received in good order by the Servicing Agent (or its designee) before 4:00 p.m. Eastern Time will receive that day's NAV. All purchase orders received in good order by the Servicing Agent (or its designee) after 4:00 p.m. Eastern Time will receive the next day's NAV. See the caption "Net Asset Value" for a discussion on the calculation of NAV.

Depending on your Servicing Agent's arrangement with the Parnassus Equity Income Fund, you may qualify to purchase shares of the Parnassus Equity Income Fund-Institutional Shares.

If you decide to purchase shares through Servicing Agents, please carefully review the program materials provided to you by the Servicing Agent, because particular Servicing Agents may adopt policies or procedures that are separate from those described in this prospectus. When you purchase shares of the Funds through a Servicing Agent, it is the responsibility of the Servicing Agent to place your order with the Funds on a timely basis. If the Servicing Agent does not place your order on a timely basis, or if it does not pay the purchase price to the Funds within the period specified in its agreement with the Funds, it may be held liable for any resulting fees or losses.

How to Redeem Shares

When you redeem your shares, your proceeds are normally made by check and sent via mail. You can pre-designate a bank account where you would like redemption proceeds electronically deposited within three business days. For a \$20 fee, you can have redemption proceeds wired to your account in one business day.

Redemption amounts of over \$50,000 may be requested only by mail. If a redemption order is received in good order before 4:00 p.m. Eastern Time, which is 1:00 p.m. San Francisco time, it will be processed at the NAV calculated on the same business day. If a redemption order is received in good order after 4:00 p.m. Eastern Time, it will be processed at the NAV calculated on the next business day. The redemption order must include your account number and indicate the number of shares or the dollar amount you wish to redeem. All owners of the account must sign the redemption request unless the account application states that only one signature is necessary for redemptions. The Funds must have a change-of-address on file for 30 days before the Funds will send redemption or distribution checks to the new address.

The Funds usually require additional documents when shares are registered in the name of a corporation, agent or fiduciary, or if you are a surviving joint owner. In the case of a corporation, the Funds usually require a corporate resolution signed by the secretary. In the case of an agent or fiduciary, the Funds usually require an authorizing document. In the case of a surviving joint owner, the Funds usually require an original certified copy of the death certificate. Contact the Funds by phone at (800) 999-3505 if you have any questions about the requirements for redeeming your shares.

You can redeem your shares by:

Internet

If your account is eligible, you can redeem your shares by accessing your account online at www.parnassus.com. If an account has more than one owner or authorized person, the Funds will accept online instructions from any one owner or authorized person.

Mail

You can mail your redemption request. Please be sure to include your account number, the amount of your redemption (dollars or shares) and the signatures of all account holders. Send the request to:

Parnassus Investments
1 Market Street, Suite 1600
San Francisco, CA 94105

Fax

The maximum amount that can be redeemed through request by fax is \$50,000 per account per week. You can fax your redemption request to (415) 778-0228. Please be sure to include your account number, the amount of your redemption (dollars or shares) and the signatures of all account holders.

Telephone

For eligible accounts, you can redeem your shares, up to a maximum dollar amount of \$50,000 per account per week, by calling (800) 999-3505. The telephone transaction privilege allows a shareholder to effect exchanges from a Fund into an identically registered account in another Fund managed by Parnassus Investments. Shareholders who elect to use telephone transaction privileges must indicate this on the account application form. Neither the Funds nor Parnassus Investments will be liable for following instructions communicated by telephone reasonably believed to be genuine; a loss to the shareholder may result due to an unauthorized transaction. The Funds and the transfer agent will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. If an account has more than one owner or authorized person, the Funds will accept telephone instructions from any one owner or authorized person.

Procedures may include one or more of the following: recording all telephone calls requesting telephone transactions, verifying authorization and requiring some form of personal identification prior to acting upon instructions and sending a statement each time a telephone transaction is made. The Funds and Parnassus Investments may be liable for any losses due to unauthorized or fraudulent instructions only if such reasonable procedures are not followed. Of course, shareholders are not obligated in any way to authorize telephone transactions and may choose to make all transactions in writing. The telephone transaction privilege may be modified or discontinued by the Funds at any time upon 60 days' written notice to shareholders.

Systematic Withdrawal Program

You can have the Funds automatically redeem, on a periodic basis, a set amount from your account and direct-deposit the proceeds into your bank account or mail you a check.

Redeeming Shares through Servicing Agent

If your shares are held by a Servicing Agent, you must redeem your shares through the Servicing Agent. Contact the Servicing Agent for instructions on how to do so. Servicing Agents may charge you a fee for this service.

If the Funds have entered into an agreement with a Servicing Agent pursuant to which the Servicing Agent (or its designee) has been authorized to accept redemption requests on behalf of the Funds, then all redemption requests received in good order by the Servicing Agent (or its designee) before 4:00 p.m. Eastern Time will receive that day's NAV. All redemption requests received in good order by the Servicing Agent (or its designee) after 4:00 p.m. Eastern Time will receive the next day's NAV. See the caption "Net Asset Value" for a discussion on the calculation of NAV.

Other Redemption Information

If the Funds have received payment for the shares you wish to redeem and you have provided the instructions and any other documents needed in correct form, the Funds will promptly send you a check for the proceeds from the sale. Ordinarily, the Funds must send you a check within seven days, but the Funds can suspend redemptions and/or postpone payments of redemption proceeds beyond seven days at times when the New York Stock Exchange ("NYSE") is closed or during emergency circumstances, as determined by the Securities and Exchange Commission. However, payment may be delayed for any shares purchased by check for a reasonable time (not to exceed 15 days from the date of such purchase). This delay is necessary for the Funds to determine that the purchase check will be honored. The Funds normally send out redemption checks by U.S. mail, but the Funds can send a redemption check by overnight delivery for a \$20 fee.

Wire

If you wish to have the redemption proceeds sent by wire transfer, there will be a charge of \$20 per transaction. Wiring funds will require a signature guarantee unless wiring instructions were previously filed with the Funds.

Signature Guarantee

Certain types of transactions require a signature guarantee:

- A redemption check sent to an address that is not the address of record or has not been on the Funds' records for at least 30 days

- Redemption proceeds sent to a bank account that is not the bank account of record
- A redemption check made payable or sent to someone other than the named account owner
- Changing the shareholder of record on an account

A signature guarantee is meant to ensure that a signature is genuine. It protects shareholders and the Funds against fraud. You can typically obtain a signature guarantee from a bank, a credit union, a savings and loan association or a broker-dealer. A notary public cannot provide a signature guarantee.

Redemption of Small Accounts

The Funds may, in order to reduce the expenses of the Funds, redeem all of the shares of any shareholder whose account balance falls below \$500 after a redemption. This will be done at the NAV determined as of the close of business on the business day preceding the sending of such notice of redemption. The Funds will give shareholders whose shares are being redeemed 60 days' prior written notice in which to purchase sufficient shares to avoid such redemption. The Funds may immediately, without prior written notice, redeem all of the shares of any shareholder whose account balance falls below \$100 after a redemption.

Holds on Redemptions

If you purchased shares by check, the Funds may delay a redemption request for shares that were purchased in the past 15 days, in order to allow the Funds time to determine if your purchase check cleared.

Online and Telephone Transactions

Depending on the type of account, you may make shareholder transactions online or over the telephone. The Funds take steps to confirm your identity to prevent fraud, including confirming some of your personal information that they have on file. However, the Funds cannot be held liable for executing instructions the Funds reasonably believe to be genuine. For transactions conducted over the Internet, we recommend the use of a secure Internet browser. In addition, you should verify the accuracy of your confirmation statements immediately upon receiving them. If you do not want the ability to conduct transactions online or over the telephone, please indicate that on your account application or call the Funds at (800) 999-3505.

Market Timing Policies and Procedures

Frequent purchases and redemptions of shares of the Funds may harm other shareholders by interfering with the efficient management of the Funds' portfolios, increasing brokerage and administrative costs, and potentially diluting the value of their shares. The Funds' Boards of Trustees have adopted a policy of discouraging frequent purchases and redemptions of Fund shares that could disrupt the efficient management of the portfolios. If management of the Funds determines that a shareholder is making frequent trades (defined as a purchase and redemption within five business days) in sufficient volume and with sufficient frequency to disrupt a Fund's operations, that shareholder will be barred from making future investments in the Funds. The Funds' Boards of Trustees and the Adviser do not encourage frequent trading and will not engage in an agreement with any party to permit frequent trading. The Adviser and the Funds' Boards of Trustees will continue to monitor trading activity and the regulatory environment and may alter the policies at any time without prior notice to shareholders.

If inappropriate trading is detected in an omnibus account registered in the name of a nominee, financial intermediary or plan sponsor (collectively, "financial intermediaries"), the Funds may apply these market timing policies and procedures to the account. The Funds generally are dependent on the financial intermediaries in monitoring trading frequency and therefore in applying the Funds' market timing policies and procedures. In this regard, the Funds have entered into written agreements with each of the Funds' financial intermediaries, under which the intermediaries must, upon request, provide the Funds with certain shareholder and identity trading information to assist the Funds in enforcing their market timing policies and procedures.

The Funds reserve the right to reject any purchase or exchange transactions at any time. In addition, the Adviser reserves the right to impose restrictions on purchases or exchanges at any time that are more restrictive on disruptive, excessive or short-term trading, than those that are otherwise stated in this prospectus.

Exchanging Shares

The proceeds from a redemption of shares of one Fund can be used to purchase shares of the other Funds. There is no limit on the number or dollar amount of exchanges. The Funds reserve the right to modify or eliminate this

exchange privilege in the future. The exchange privilege is only available in states where the exchange may be legally made. The exchange of shares is treated as a sale, and an exchanging shareholder may, therefore, realize a taxable gain or loss.

Converting Shares (Parnassus Equity Income Fund)

The Parnassus Equity Income Fund offers two classes of shares, Investor Shares and Institutional Shares, which differ only in their ongoing fees and minimum account sizes. Investor Shares of the Parnassus Equity Income Fund may be converted into Institutional Shares of the Parnassus Equity Income Fund if your account balance is at least \$100,000. The transaction will be based on the respective NAV of each class on the trade date for the conversion. Such a conversion is not a taxable event.

If an investor's account balance in the Parnassus Equity Income Fund—Institutional Shares falls below \$100,000, Parnassus may convert the shares into the Parnassus Equity Income—Investor Shares. Parnassus will notify the investor in writing before the mandatory conversion. The Funds will give shareholders whose shares are being converted 60 days' prior written notice in which to purchase sufficient shares to avoid such conversion.

Net Asset Value

The NAV for the Funds will usually be calculated on every day the NYSE is open for trading ("business day") and on any other day there is a sufficient degree of trading in investments held by the Funds to affect the NAV. The NYSE is closed on national holidays, Good Friday, and weekends. The NAV of the Funds will usually be calculated as of the close of trading on the NYSE at 4:00 p.m. Eastern Time. The NAV may not be determined on any day that there are no transactions in shares of the Funds.

The NAV per share is the value of a Fund's assets, less its liabilities, divided by the number of outstanding shares of that Fund. In general, the value of the Funds' portfolio securities is the market value of such securities. However, securities and other assets for which market quotations are not readily available are valued at their fair value as determined in good faith by the Adviser under procedures established by and under the general supervision and responsibility of the Funds' Boards of Trustees. Types of securities that the Funds may hold for which fair value pricing might be required include, but are not limited to: (a) illiquid securities, including "restricted" securities and private placements for which there is no public market; (b) securities of an issuer that has entered into a restructuring; and (c) securities whose trading has been halted or suspended. Valuing securities at fair value involves greater reliance on judgment than securities that have readily available market quotations. The fair value of a security may differ from the last quoted price, and a Fund may not be able to sell a security at the fair value. See the statement of additional information for more details.

Distributions and Taxes

All dividends from net investment income, together with distributions of short-term capital gains (collectively, “income dividends”), will be taxable as ordinary income to shareholders (although a portion may be taxed at the lower rate applicable to qualified dividend income), even though paid in additional shares. Any net, long-term capital gains (“capital-gain distributions”) distributed to shareholders are taxable as such. Tax-exempt and tax-deferred shareholders, of course, will not be required to pay taxes on any amount paid to them. Holders of IRAs and other tax-deferred retirement accounts are not required to pay taxes until distribution. (Tax-exempt retirement accounts do not have to pay taxes.)

Income dividends and capital-gain distributions will usually be paid once a year. The income dividend is usually paid in December of each year, except that the Parnassus Equity Income Fund normally declares and pays income dividends on a quarterly basis and the Parnassus Fixed-Income Fund normally declares and pays income dividends on a monthly basis; and the capital-gain distribution is usually made in November of each year. Income dividends and capital-gain distributions are taxable in the year received. For the convenience of investors, all payments are made in shares of the Funds. Shareholders who prefer to receive payment of income dividends and/or capital-gain distributions in cash should notify the Funds at least five days prior to the payment date. If you decide to receive your dividends and/or capital-gain distributions in cash, you may receive your payments by check or via the Automated Clearing House network (electronically credited to your bank account).

All dividends and distributions, whether reinvested or paid out in cash, may be subject to federal income tax. An exchange of one Fund’s shares for shares of another Fund will be treated as a sale of the respective Fund’s shares for tax purposes, and any gain on the transaction may be subject to state and federal income tax. If an investor purchases shares just before the dividend date, he or she will be taxed on the distribution even though it may be a return of capital. Tax issues can be complicated. Please consult your tax adviser with any tax questions you may have. Annually, you will receive on IRS Form 1099 the dollar amount and tax status of all distributions you received.

The Funds may be required to impose backup withholding at a rate of 28% from any income dividends and capital-gain distributions. Shareholders can eliminate any backup-withholding requirements by furnishing certification of U.S. taxpayer identification numbers for reporting dividends.

To the extent that income dividends are derived from qualifying dividends paid by domestic corporations whose shares are owned by the Funds, such dividends, in the hands of the Funds’ corporate shareholders, will be eligible for the 70% dividends received deduction. Individuals do not qualify for this deduction; it applies to corporations only.

Financial Highlights

The financial highlights table is intended to help you understand each Fund's financial performance for the period of its operations. Certain information reflects financial results for a single Fund share outstanding throughout the period indicated. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in a Fund (assuming reinvestment of all dividends and distributions). This information has been derived from the financial statements audited by Deloitte & Touche LLP, whose report, along with the Funds' financial statements, is included in the Annual Report of the Funds, which is available upon request.

Parnassus Fund					
	2010	2009	2008	2007	2006
Net asset value at beginning of year	\$34.82	\$23.59	\$36.66	\$36.23	\$31.68
Income (loss) from operations^(a):					
Net investment income (loss)	0.15	0.09	0.17	-	(0.04)
Net realized and unrealized gain (loss) on securities	5.67	11.22	(12.76)	2.03	4.59
Total from investment operations	5.82	11.31	(12.59)	2.03	4.55
Distributions:					
Dividends from net investment income	(0.15)	(0.08)	(0.17)	(0.01)	-
Distributions from net realized gains on securities	-	-	(0.31)	(1.59)	-
Total distributions	(0.15)	(0.08)	(0.48)	(1.60)	-
Net asset value at end of year	\$40.49	\$34.82	\$23.59	\$36.66	\$36.23
Total overall return	16.71%	47.94%	(34.12%)	5.43%	14.36%
Ratios/supplemental data:					
Ratio of gross expenses to average net assets	0.97%	1.00%	1.01%	1.00%	1.01%
Ratio of net expenses to average net assets (net of waiver and expense offset arrangements)	0.97% ^(b)	0.99% ^(b)	0.99% ^(b)	0.99% ^(b)	0.99% ^(b)
Ratio of net investment income (loss) to average net assets	0.42%	0.31%	0.51%	(0.01%)	(0.13%)
Portfolio turnover rate	51.77%	53.24%	98.38%	88.67%	141.98%
Net assets, end of year (000s)	\$444,457	\$351,176	\$173,911	\$280,008	\$337,646

Parnassus Equity Income Fund – Investor Shares

	2010	2009	2008	2007	2006
Net asset value at beginning of year	\$24.45	\$19.29	\$25.31	\$24.83	\$24.02
Income (loss) from operations^(a):					
Net investment income	0.30	0.33	0.27	0.20	0.30
Net realized and unrealized gain (loss) on securities	1.85	5.15	(6.05)	3.28	3.23
Total from investment operations	2.15	5.48	(5.78)	3.48	3.53
Distributions:					
Dividends from net investment income	(0.29)	(0.32)	(0.24)	(1.18)	(1.38)
Distributions from net realized gains on securities	-	-	-	(1.82)	(1.34)
Total distributions	(0.29)	(0.32)	(0.24)	(3.00)	(2.72)
Net asset value at end of year	\$26.31	\$24.45	\$19.29	\$25.31	\$24.83
Total overall return	8.89%	28.73%	(22.95%)	14.13%	14.70%
Ratios/supplemental data:					
Ratio of gross expenses to average net assets	0.99%	0.99%	0.99%	1.03%	1.06%
Ratio of net expenses to average net assets (net of waiver and expense offset arrangements)	0.99% ^(b)	0.99% ^(b)	0.99% ^(b)	0.99% ^(b)	0.99% ^(b)
Ratio of net investment income to average net assets	1.23%	1.63%	1.21%	0.73%	1.17%
Portfolio turnover rate	54.30%	60.16%	70.20%	91.42%	116.75%
Net assets, end of year (000s)	\$3,150,408	\$2,364,691	\$1,400,214	\$867,577	\$808,104

Parnassus Equity Income Fund – Institutional Shares

	2010	2009	2008	2007	2006 ^(c)
Net asset value at beginning of period	\$24.51	\$19.34	\$25.35	\$24.86	\$25.59
Income (loss) from operations^(a):					
Net investment income	0.38	0.31	0.32	0.25	0.19
Net realized and unrealized gain (loss) on securities	1.82	5.22	(6.05)	3.28	1.73
Total from investment operations	2.20	5.53	(5.73)	3.53	1.92
Distributions:					
Dividends from net investment income	(0.35)	(0.36)	(0.28)	(1.22)	(1.31)
Distributions from net realized gains on securities	-	-	-	(1.82)	(1.34)
Total distributions	(0.35)	(0.36)	(0.28)	(3.04)	(2.65)
Net asset value at end of year	\$26.36	\$24.51	\$19.34	\$25.35	\$24.86
Total overall return	9.07%	28.97%	(22.73%)	14.35%	7.46% ^(d)
Ratios/supplemental data:					
Ratio of gross expenses to average net assets	0.75%	0.77%	0.79%	0.82%	0.85% ^(e)
Ratio of net expenses to average net assets (net of waiver and expense offset arrangements)	0.75% ^(b)	0.77% ^(b)	0.78% ^(b)	0.78% ^(b)	0.78% ^(b)
Ratio of net investment income to average net assets	1.54%	1.51%	1.44%	0.95%	1.10% ^(e)
Portfolio turnover rate	54.30%	60.16%	70.20%	91.42%	116.75%
Net assets, end of year (000s)	\$407,423	\$192,987	\$137,501	\$45,197	\$46,471

Parnassus Mid-Cap Fund

	2010	2009	2008	2007	2006
Net asset value at beginning of year	\$16.28	\$12.00	\$17.39	\$17.36	\$15.30
Income (loss) from operations^(a):					
Net investment income (loss)	0.30	0.11	0.06	(0.08)	(0.06)
Net realized and unrealized gain (loss) on securities	2.70	4.24	(5.21)	0.40	2.47
Total from investment operations	3.00	4.35	(5.15)	0.32	2.41
Distributions:					
Dividends from net investment income	(0.24)	(0.07)	(0.03)	(0.12)	(0.29)
Distributions from net realized gains on securities	(0.79)	-	(0.21)	(0.17)	(0.07)
Total distributions	(1.03)	(0.07)	(0.24)	(0.29)	(0.36)
Net asset value at end of year	\$18.25	\$16.28	\$12.00	\$17.39	\$17.36
Total overall return	18.70%	36.26%	(29.38%)	1.81%	15.78%
Ratios/supplemental data:					
Ratio of gross expenses to average net assets	1.46%	1.73%	2.25%	2.04%	5.29%
Ratio of net expenses to average net assets (net of waiver and expense offset arrangements)	1.20% ^(b)	1.20% ^(b)	1.20% ^(b)	1.40% ^(b)	1.40% ^(b)
Ratio of net investment income (loss) to average net assets	1.73%	0.78%	0.40%	(0.42%)	(0.35%)
Portfolio turnover rate	53.22%	40.11%	132.74%	76.85%	122.04%
Net assets, end of year (000s)	\$36,811	\$22,804	\$6,672	\$6,524	\$2,409

Parnassus Small-Cap Fund

	2010	2009	2008	2007	2006
Net asset value at beginning of year	\$17.92	\$12.63	\$16.91	\$17.94	\$15.76
Income (loss) from operations^(a):					
Net investment income (loss)	0.15	0.13	0.08	(0.13)	(0.10)
Net realized and unrealized gain (loss) on securities	6.53	5.24	(4.32)	(0.56)	3.07
Total from investment operations	6.68	5.37	(4.24)	(0.69)	2.97
Distributions:					
Dividends from net investment income	(0.47)	(0.08)	(0.04)	(0.04)	(0.74)
Distributions from net realized gains on securities	(0.18)	-	-	(0.30)	(0.05)
Total distributions	(0.65)	(0.08)	(0.04)	(0.34)	(0.79)
Net asset value at end of year	\$23.95	\$17.92	\$12.63	\$16.91	\$17.94
Total overall return	37.37%	42.50%	(25.08%)	(3.92%)	18.78%
Ratios/supplemental data:					
Ratio of gross expenses to average net assets	1.30%	1.47%	1.86%	2.06%	3.03%
Ratio of net expenses to average net assets (net of waiver and expense offset arrangements)	1.20% ^(b)	1.20% ^(b)	1.20% ^(b)	1.40% ^(b)	1.40% ^(b)
Ratio of net investment income (loss) to average net assets	0.75%	0.81%	0.51%	(0.72%)	(0.56%)
Portfolio turnover rate	35.33%	46.00%	100.41%	100.30%	125.00%
Net assets, end of year (000s)	\$445,343	\$115,168	\$26,805	\$7,997	\$5,269

Parnassus Workplace Fund					
	2010	2009	2008	2007	2006
Net asset value at beginning of year	\$19.45	\$12.22	\$17.60	\$17.05	\$15.49
Income (loss) from operations^(a):					
Net investment income	0.02	0.03	0.05	0.03	0.02
Net realized and unrealized gain (loss) on securities	2.48	7.56	(5.33)	0.94	2.28
Total from investment operations	2.50	7.59	(5.28)	0.97	2.30
Distributions:					
Dividends from net investment income	(0.50)	(0.33)	-	(0.17)	(0.61)
Distributions from net realized gains on securities	(0.64)	(0.03)	(0.10)	(0.25)	(0.13)
Total distributions	(1.14)	(0.36)	(0.10)	(0.42)	(0.74)
Net asset value at end of year	\$20.81	\$19.45	\$12.22	\$17.60	\$17.05
Total overall return	12.96%	62.13%	(29.94%)	5.64%	14.84%
Ratios/supplemental data:					
Ratio of gross expenses to average net assets	1.25%	1.36%	2.32%	2.64%	4.04%
Ratio of net expenses to average net assets (net of waiver and expense offset arrangements)	1.20% ^(b)	1.20% ^(b)	1.20% ^(b)	1.20% ^(b)	1.20% ^(b)
Ratio of net investment income (loss) to average net assets	0.09%	0.16%	0.30%	0.16%	0.12%
Portfolio turnover rate	53.85%	32.73%	72.58%	56.18%	96.93%
Net assets, end of year (000s)	\$143,491	\$95,300	\$7,951	\$4,293	\$2,362

Parnassus Fixed-Income Fund					
	2010	2009	2008	2007	2006
Net asset value at beginning of year	\$16.74	\$16.19	\$16.29	\$16.11	\$15.79
Income (loss) from operations^(a):					
Net investment income	0.45	0.51	0.47	0.67	0.67
Net realized and unrealized gain on securities	0.65	0.69	0.01	0.25	0.49
Total from investment operations	1.10	1.20	0.48	0.92	1.16
Distributions:					
Dividends from net investment income	(0.59)	(0.64)	(0.57)	(0.69)	(0.74)
Distributions from net realized gains on securities	(0.35)	(0.01)	(0.01)	(0.05)	(0.10)
Total distributions	(0.94)	(0.65)	(0.58)	(0.74)	(0.84)
Net asset value at end of year	\$16.90	\$16.74	\$16.19	\$16.29	\$16.11
Total overall return	6.61%	7.48%	2.98%	5.81%	7.45%
Ratios/supplemental data:					
Ratio of gross expenses to average net assets	0.83%	0.87%	0.88%	0.87%	0.92%
Ratio of net expenses to average net assets (net of waiver and expense offset arrangements)	0.75% ^(b)	0.75% ^(b)	0.75% ^(b)	0.75% ^(b)	0.75% ^(b)
Ratio of net investment income to average net assets	2.60%	3.07%	2.90%	4.13%	4.13%
Portfolio turnover rate	56.06%	46.24%	44.87%	32.48%	41.27%
Net assets, end of year (000s)	\$180,186	\$137,924	\$100,070	\$80,862	\$62,520

(a) Income (loss) from operations per share is based on average daily shares outstanding.

(b) Parnassus Investments has contractually limited expenses to an annualized rate of 0.99% for the Parnassus Fund, 0.99% for the Parnassus Equity Income Fund—Investor Shares, 0.77% for the Parnassus Equity Income Fund—Institutional Shares, 1.20% for the Parnassus Mid-Cap Fund, the Parnassus Small-Cap Fund and the Parnassus Workplace Fund and 0.75% for the

Parnassus Fixed-Income Fund.

(c) The Parnassus Equity Income Fund—Institutional Shares commenced operations on April 28, 2006, and the period shown is from April 28, 2006 through December 31, 2006.

(d) Not annualized for periods less than one year.

(e) Annualized.

General Information

Deloitte & Touche LLP, 50 Fremont Street, San Francisco, California 94105, is the Funds' independent registered public accounting firm.

Brown Brothers Harriman & Co., 40 Water Street, Boston, Massachusetts 02109, is the custodian of the Funds' assets.

Parnassus Investments, 1 Market Street, Suite 1600, San Francisco, California 94105, is the Funds' transfer agent and accounting agent. Jerome L. Dodson, the Funds' President, is the majority stockholder of Parnassus Investments.

Householding Consent

To minimize expenses, we may mail only one copy of the Funds' prospectus and each annual, semi-annual and quarterly report to those addresses shared by two or more accounts. If you wish to receive individual copies of these documents and are currently receiving these reports directly from Parnassus, please call us at (800) 999-3505 (or contact the financial institution that currently sends these reports to you). We will begin sending you individual copies 30 days after receiving your request.

Privacy Policy and Practices

(not part of the prospectus)

Parnassus is committed to maintaining the confidentiality, integrity and security of personal information entrusted to us by current and potential shareholders. We have always treated personal information as confidential and want you to be aware of our privacy policies.

What Information We Collect

We may collect and maintain the following nonpublic personal information about you:

- information we receive from you on applications or other forms, such as your name, address, e-mail address, phone number, social security number, assets, income and date of birth; and
- information about your transactions with us, our affiliates or others, such as your account number, balance, positions, activity, history, cost basis information and other financial information.

What Information We Disclose

We do not disclose any nonpublic personal information about our shareholders or former shareholders to any third parties, except as permitted or required by law. We are permitted by law to share any of the information we collect, as described above, with our affiliates. Parnassus will share information with affiliates if the information is required to provide a product or service you have requested. In addition, we may share such information with non-affiliated third parties to the extent necessary to effect, process, administer or enforce a transaction that you request or authorize, in connection with maintaining or servicing your account, as requested by regulatory authorities or as otherwise permitted or required by law. For example, we may provide such information to third parties in the course of servicing your account, such as identity-verification service providers. We may also disclose information to non-affiliated parties if compelled by law, such as responding to a subpoena, preventing fraud or complying with an inquiry by a government agency or regulator.

How We Protect Your Information

We restrict access to nonpublic personal information about you to those persons who need to know that information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to protect the confidentiality, integrity and security of your nonpublic personal information.

We will continue to adhere to the privacy policies and practices in this notice even if your account is closed or becomes inactive.

Additional Rights

You may have other privacy protections under applicable state laws. To the extent those state laws apply, we will comply with them with respect to your nonpublic personal information.

How to Contact Us

Please call us at (800) 999-3505 if you have any questions regarding our privacy policy.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Investment Adviser
Parnassus Investments
1 Market Street, Suite 1600
San Francisco, CA 94105

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
50 Fremont Street
San Francisco, CA 94105

Legal Counsel
Foley & Lardner LLP
777 E. Wisconsin Ave.
Milwaukee, WI 53202

Distributor
Parnassus Funds Distributor
1 Market Street, Suite 1600
San Francisco, CA 94105



PARNASSUS FUNDS

1 Market Street, Suite 1600
San Francisco, CA 94105
(800) 999-3505
www.parnassus.com

Go Paperless with E-Delivery

Sign up for electronic delivery of prospectuses, shareholder reports and account statements at www.parnassus.com/gopaperless. If you do not hold your account directly with Parnassus, please contact the firm that holds your account about electronic delivery.

You can obtain additional information about each of the Funds. A statement of additional information (SAI) dated May 1, 2011, has been filed with the Securities and Exchange Commission (SEC) and is incorporated in this prospectus by reference (namely, it legally forms a part of the prospectus). The Funds also publish an annual and a semiannual report and two quarterly reports each year that discuss the Funds' holdings and how recent market conditions as well as the Funds' investment strategies affected performance. For a free copy of any of these documents or to ask questions about the Funds, call the Parnassus Funds at (800) 999-3505.

The Funds make available the SAI and the annual and semiannual reports, free of charge, on their Internet website (<http://www.parnassus.com>). This information may also be reviewed at the Public Reference Room of the SEC in Washington, D.C. or by visiting the SEC's Internet website at <http://www.sec.gov>. In addition, this information may be obtained for a fee by emailing the Public Reference Room of the SEC at publicinfo@sec.gov or by writing to: Public Reference Room, Securities and Exchange Commission, Washington, D.C. 20549-1520. You may also call the SEC at (202) 551-8090 for information on the operation of the Public Reference Room.

The Investment Company Act File Number for Parnassus Income Funds is 811-6673. The Investment Company Act File Number for Parnassus Funds is 811-4044.

 Printed on recycled paper with soy-based ink.