

## Fund Information

Domicile:	United States	Management Company:	Parnassus Investments
Fund Currency:	USD	Fund Manager:	Todd C. Ahlsten
Fund Volume (Mil):	3'557.80 (per 31.12.2010)	SRI Manager:	Maria Kamin
Inception Date:	31.08.1992	Management Fee:	0.65%
ISIN:	US7017691012	Total Expense Ratio:	0.78%
Reference Index:	S&P 500 Index	Minimum Investment:	100'00
Investment Style:	Large Cap Blend	Investment Universe:	3'000
Fund average P/E:	16.29	Portfolio:	41
Distribution:	Distribution	Web Page:	www.parnassus.com

## Fund Strategy Sustainability

Parnassus Equity Income Fund is an open-end fund incorporated in the USA. 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. The fund also takes environmental, social and governance (ESG) factors into account in making investment decisions.

## Fund Allocation

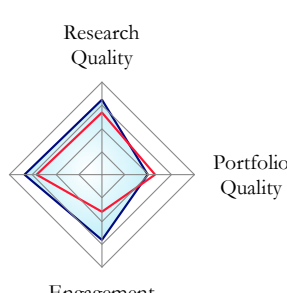
portfolio as of date: 31.12.2010

Asset Classes (%)	Currencies (%)	Sectors (%)	Index <sup>1</sup>	Top Positions (%)	P/E <sup>2</sup>	Target <sup>3</sup>
Equity	96.0 USD	97.0 Energy	2.7	12 Waste Management	5.0	18.5
Bonds	0.0 CAD	3.0 Materials	1.4	4 Microsoft	4.8	12.3
<i>Government</i>	0.0 GBP	0.0 Industrials	12.0	11 Energen	4.7	13.3
<i>Corporate</i>	0.0 EUR	0.0 Consumer Disc.	2.0	11 Medtronic	4.6	11.7
Cash & Others	4.0 Nord.	0.0 Consumer Stap.	9.7	11 JPMorgan Chase	4.5	8.7
	CHF	0.0 Health Care	14.6	11 Cisco Systems	4.2	15.1
	AUD	0.0 Financials	15.1	16 Qualcomm	3.8	23.6
	JPY	0.0 Information Tec.	29.8	18 Bank of New York Mellon	3.8	13.8
		0.0 Telecom Serv.	0.0	3 Teleflex	3.8	14.5
		0.0 Utilities	12.5	3 Mastercard	3.1	17.7

<sup>1</sup>Sector values of S&P 500 Index per 31.12.2010    <sup>2</sup>Current P/E values    <sup>3</sup>Target Performance = (Price Target/Close -1) \* 100

## Fund Rating

Criteria	Score	Weight
Research Quality	4.3	30%
Portfolio Quality	3.0	40%
Engagement	3.8	20%
Transparency	4.3	10%



Legend:  
■ Parnassus Equity Income Fund  
■ Median Fund

From a sustainability point of view, the fund performs strongly. With the exception of the portfolio quality, all sustainability sub-ratings are clearly above average. Especially the engagement activities are - compared to most of its European competitors - exemplary. In an overview of 41 SRI funds with a focus on North America, the fund finished on the 8th rank.

Sustainability rating

4.1

\*The final fund rating does not necessarily coincide with the aggregated criteria scores. For more details please refer to rating methodology.

**Sustainability Analysis** **4.1**

**Research Quality (30%)** **4.3**

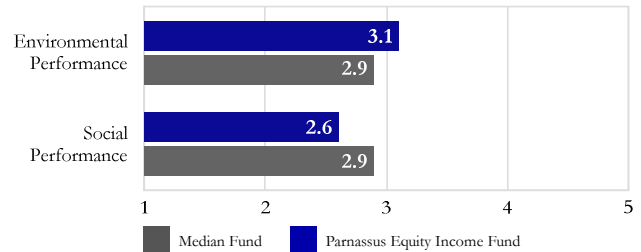
The Parnassus Equity Income Fund invests primarily in larger companies whose securities pay interest or dividends. The investment universe consists of the Russell 1000 and S&P 500 Index. Before the actual 5-step bottom-up portfolio construction process, companies that derive significant revenue from the manufacture of alcohol, tobacco, weapons, and companies that derive significant revenue from nuclear power generation and gambling are excluded. After that, the first step includes an environmental, social and governance (ESG) screening to evaluate ESG factors. The ESG factors include corporate governance and business ethics, employee benefits and corporate culture, stakeholder relations, product, customers and supply chain, and environmental impact. Products, strategies and product cycles are also analyzed at this stage. Internal committees review the research results as well as the research process.

Company research data at Parnassus Investments is proprietary and benchmarked against several sources, including MSCI ESG Research, Bloomberg, The Corporate Library, and Trucost. While all analysts on the team consider ESG analysis, two dedicated ESG analysts are responsible for exclusively covering ESG factors. All portfolio holdings are reviewed for ESG factors once a year, or more often depending on significant events.

**Portfolio Quality (40%)** portfolio as of date: 31.12.2010 **3.0**

**Environmental & Social Performance**

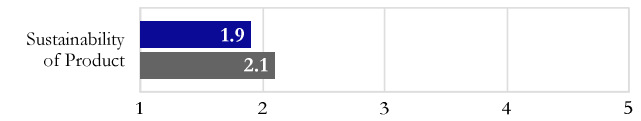
The environmental performance is above average, while the social performance is below average. In an overview of 41 SRI funds with a focus on North America, the Parnassus Equity Income Fund finished on the 14th rank.



Company ratings (environmental & social) are provided by Inrate.  
Coverage (Equities & Corp. Bonds) in %: 80.6  
Coverage (Gov. Bonds) in %: 0.0

**Sustainability of Product**

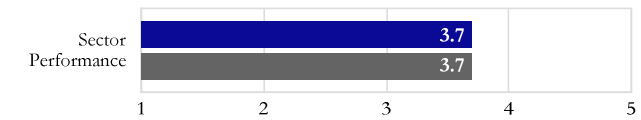
The product sustainability is slightly below average. Due to the low share of companies with a product sustainability rating, this has only a minor impact on the final portfolio quality.



Company ratings (evaluation of products for non Inrate covered comp.) are provided by Care Group.  
Coverage in %: 15.4

**Sector Analysis: Environmental Performance**

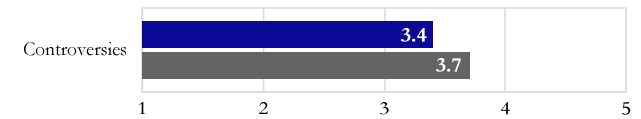
The sector allocation is inline with the average. Underweights in the high-impact sectors energy and materials are counterbalanced by an underweight in the low-impact sector financials.



Environmental industry sector data is provided by CEDA 3.0 (Comprehensive Environmental Data Archive).  
Full coverage.

**Company Analysis: Controversies**

Company	Controv.	Portfolio (%)
JPMorgan Chase	3.24	4.53
Hewlett-Packard	3.31	2.96
Wells Fargo	3.63	1.11
Microsoft	3.70	4.81
Procter & Gamble	3.97	3.03
Google	3.99	2.51
NIKE	4.05	1.93
Bank of New York Mellon	4.10	3.82
Waste Management	4.16	5.03
Medtronic	4.17	4.65



Controversies are a measure for the occurrence and frequency of controversial business activities, such as lawsuits or severe environmental damage.  
The controversy score ranges from 1 (maximum controversial activities) to 5.  
Median of all companies rated: 4.92. Data provided by Inrate.

**Engagement (20%)** **3.8**

The engagement activities carried out by Parnassus Investments are considered as strong. Parnassus Investments is in an ongoing dialogue with all portfolio companies. All ESG topics and corporate practices are on the table for discussion. However, the focus is on issues where leverage is high. Parnassus Investments typically engages in targeted dialogue (with a specific request) with about 10% of portfolio companies. The fund management is voting in favor of ESG issues at annual meetings. Transparency on the voting outcome is provided on the web page.

**Forms of Engagement**

- Engagement Policy
- Company Dialogue
- Proxy Voting
- Shareholder Resolutions

**Transparency (10%)** **4.3**

The fund's transparency is exemplary. There are only very few issues which did not receive the maximum rating. A better description of the exclusion criteria including the turnover limits as well as exemplary company rating would bring Parnassus Investments transparency to perfection.