FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1996-08-26** | Period of Report: **1996-06-30**
SEC Accession No. 0000866256-96-000009

(HTML Version on secdatabase.com)

FILER

PARNASSUS INCOME FUND
CIK:**866256**| State of Incorp.:**MA** | Fiscal Year End: **1231**
Type: **N-30D** | Act: **40** | File No.: **811-06673** | Film No.: **96620474**

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The Parnassus Income Fund

July 25, 1996

Dear Shareholder:

Here is your semiannual report covering the first half of 1996. Below you'll find an analysis of each portfolio. As the portfolio manager for the Balanced and Fixed-Income Portfolios, I wrote those sections. As portfolio manager for the California Tax-Exempt Portfolio, David Pogran wrote that report.

Balanced Portfolio

As of June 30, 1996, the net asset value per share (NAV) of the Balanced Portfolio was $19.71. Taking into account dividends paid, the total return for the six months was 2.94%. This compares to a total return of 5.05% for the average balanced fund according to Lipper Analytical Services. The reason we underperformed the index is because the Balanced Portfolio is more income-oriented than the average balanced fund; all of our stocks pay a healthy dividend. Dividend-paying stocks have some of the characteristics of bonds so that when interest rates go up, their principal value tends to go down.

During the first half of the year, interest rates climbed quite a bit. For example, the 30-year Treasury bond went from 5.95% at the beginning of the year to 6.89% as of June 30. This increase put pressure on bonds and dividend-paying stocks. For example, while stocks in general as measured by the S&P 500 went up 10.10% during the last six months, the Dow Jones Utility Index went up only 0.45% (including dividends). This shows the effect that rising interest rates have on dividend-paying stocks such as utilities.

For the 12-month period ending June 30, the Balanced Portfolio continued to outperform the average balanced fund, gaining 16.41% compared to 15.52%. Below is a table summarizing average annual total returns for the one and three-year periods and for the life of the Portfolio.

<TABLE>

<CAPTION>

Balanced Portfolio	Average Annual Total Return
<S>	<C>
One Year	16.41%
Three Years	9.28%
Since Inception 9/1/92	13.21%

</TABLE>

Company Analyses

Although most of the bonds in the Portfolio dropped in value because of rising interest rates, most of the stocks posted a gain. Four of them, however, dropped somewhat. Jostens dropped 12.5% early in the year before we sold it. Our average cost was $18.55 while our average selling price was $21.22 so we made a modest profit over the holding period even though the stock price declined this year.

Connecticut Energy dropped 14.6% during the first half, going from $22.25 to $19.00. Besides being hurt by the rising interest rates that hit all utility stocks, deregulation in the natural gas distribution industry clouded the company's prospects. Commercial and industrial customers in Connecticut Energy's territory are now free to buy their gas from competitors.

Brooklyn Union Gas dropped 6.8% during the first half as its stock went from $29.25 to $27.25. New York became the first State to allow residential customers to purchase natural gas from a supplier other than the local utility. So people in Brooklyn can buy gas from another supplier and have Brooklyn Union deliver it through its gas lines. This has meant uncertainty for Brooklyn Union Gas Company.

Great Western Financial lost 5.9% since the first of the year as its stock went from $25.38 to $23.88. Rising interest rates hurt housing lenders because it reduces loan volume and drives up the cost of funds.

Liz Claiborne was our biggest gainer during the first half of the year as its stock climbed 25.9%, going from $27.50 to $34.63. The company has increased earnings through better cost control and its clothes are selling much better because of improved designs. The general climate for retailing of women's clothes has also improved. Unfortunately, we only owned 7,000 shares of Liz Claiborne stock.

Philadelphia Suburban Water Company increased 19.3% as its stock climbed from $20.75 to $24.75. The company raised its dividend and achieved record revenue and earnings by growing its customer base through acquisition of other water companies.

The stock of the Deluxe Company rose from $30.18 to $35.50 from the time we purchased it early this year to the end of the first half. The gain of 17.6% came because streamlining operations sparked new investor interest in this check-printing company.

The Sun Company saw its stock go up 11.0% as it rose from $27.38 to $30.38. Rising oil prices and increased refining margins helped the company.

J.C. Penney's stock increased 10.2% as it went from $47.63 to $52.50. A pick-up in consumer spending helped revive most retail stocks this year.

We will not have a separate discussion of the fixed-income portion of the Balanced Portfolio. It comprises only 34% of total assets and the composition is very similar to the Fixed-Income Portfolio. To get an idea of what happened, see the discussion in the Fixed-Income Portfolio section.

Company Notes

On May 21, Washington Water Power received the "Best Large Business Waste Reduction and Recycling Program Award" from the Washington State Department of Ecology (DOE). "What we found so impressive about Washington Water Power's program is its depth and breadth," said Pete Christiansen, DOE planner. "The company is not only doing all types of recycling at the office desk, but also has a very aggressive program in place out in the field and yards." The company was also cited for its advanced tracking mechanisms, its education program and community cooperation. In 1995, WWP recycled more than 60% of its total waste output.

Merck & Co. won marketing approval on March 13 from the FDA for its AIDS drug, Crixivan--just 42 days after the application was filed. Crixivan was approved on an accelerated basis which requires Merck to conduct more studies to confirm its expected benefits. Clinical trials showed that Crixivan, when combined with two other approved AIDS drugs, can reduce the HIV virus to below detectable levels in up to 85 percent of patients tested. While the drug is killing the virus, the patient's immune system has time to strengthen and generate more immune cells to fight the disease once it regenerates. Additional studies underway will show if Crixivan can slow the disease and prolong life.

The Los Angeles County Board of Supervisors recently honored Great Western Financial Corporation as a "Family Friendly Employer, 1996." Great Western provides a range of family-oriented services from child care to educational workshops. At its headquarters, the company has a 16,000 square foot professionally-staffed child care center, a fitness center, a mothers' lactation room and free seminars on parenting, health, pre-natal care and workplace issues.

J.C. Penney has a new policy of suspending business with suppliers who violate state or federal labor laws or those of a foreign country. The company recently suspended business with two apparel suppliers cited by the Department of Labor for minimum wage and work-hour rules violations. J.C. Penney will not resume business with a violator until an adequate monitoring system has been instituted.

Fixed-Income Portfolio

As of June 30, 1996, the net asset value per share (NAV) of the Fixed-Income Portfolio was $15.14. Taking into account dividends paid, total return for the six months ending June 30 was a loss of 0.85%. This compares to a loss of 1.88% for the Lehman Government/Corporate Bond Index and a loss of 2.32% for the average A-rated bond fund according to Lipper Analytical Services. So we beat the index by 1.03% and the average A-rated bond fund by 1.47%. For the six months, we placed 11th out of 119 A-rated bond funds followed by Lipper.

For the 12 months ending June 30, the Fixed-Income Portfolio had a total return of 4.92% compared to 4.06% for the average A-rated bond fund and 4.66% for the Lehman Government/Corporate Bond Index. For the 12-month period, the Fixed-Income Portfolio placed 18th out of the 116 A-rated bond funds followed by Lipper. Below is a table summarizing average annual total returns for the one and three-year periods and for the life of the Portfolio.

<TABLE>

<CAPTION>

Fixed-Income Portfolio	Average Annual Total Return
<S>	<C>
One Year	4.92%
Three Years	5.00%
Since Inception 9/1/92	6.64%

</TABLE>

Analysis

Although we didn't make any money for the first half of the year, we certainly did keep our loss to a minimum and we beat the Lehman Government/Corporate Bond Index as well as the average A-rated bond fund. The reason the bond market produced a negative return for the year's first half was because of a large gain in interest rates. The 30-year Treasury bond went from 5.95% at the beginning of the year to 6.89% by June 30 for an increase of almost 1%. That's a very substantial rise in rates.

There are several reasons why we were able to beat the bond market, but the most important one was because of the way we managed our maturities. Veteran shareholders will remember how the Portfolio got hurt in 1994 when interest rates spiked upward during the year. At that time, most of our securities had maturities substantially greater than ten years. When rates turn up, the bonds with the longest maturities go down the most. For that reason, we were very vulnerable in 1994.

Interest rates came down in 1995 and the value of the Portfolio climbed quite a bit. In late 1995, I decided to give our portfolio some protection by shortening our maturities. We filled most of the Portfolio with 10-year maturity bonds. By reducing our average maturity, we not only protected ourselves from upward interest rate spikes, but we also gave up very little in yield since the ten-year Treasury was yielding only around 0.25% less than the 30-year Treasury. Since this "spread" was so minimal, there was no reason to go out any longer. (Sometimes, the "spread" is much wider and it may make sense to lengthen maturities to get a higher yield.)

Something else that helped us was the absence of CMO's in the portfolio. CMO stands for collateralized mortgage obligations and they are pools of mortgages turned into securities. We liked them from a social standpoint because they are used to finance housing, but they did not work for us from an investment standpoint. Because CMO's have no fixed maturity, but rather are dependent on the speed with which homeowners pay off their mortgages, the estimated life of these securities tends to lengthen during periods of rising interest rates and decline during periods of falling interest rates. Because of this, the value of CMO's fall more than regular bonds during periods of rising interest rates. This hurt the portfolio quite a bit in 1994. We sold off virtually all the CMO's during 1995 so their absence helped our return in 1996.

Another thing that helped our return was a high cash position at the beginning of the year. Since interest rates were fairly low then, I decided not to put all our cash into longer-term bonds. As interest rates increased during the year, we bought more ten-year bonds and this helped boost our return.

Finally, having good credit quality also helped our return. Since the Portfolio invests only in investment grade securities and we avoid "junk bonds", there is very little danger of our securities going into foreclosure. This helps our return and protects the value of our bonds -- especially during times of rising interest rates like the first half of 1996.

At the present time, we think interest rates are fairly high so the Fixed-Income Portfolio is almost fully invested. We have less than 2% of our assets in cash. Since inflation appears to be under control, we don't think interest rates will go too much higher. This strategy should provide us with a good total return.

We won't, however, increase our maturity. New investments will have a maximum maturity of about ten years so the Portfolio should have an average life of less than ten years. There is not enough extra yield to justify going out much longer than ten years. This maturity policy should give us some protection should interest rates surprise us and go up even higher.

If interest rates go down substantially, we might think about increasing the amount of cash in the Portfolio. We would also consider decreasing the maturities of our bonds even below current levels.

I am happy that we were able to protect the assets of our shareholders during a difficult period.

Yours truly,
Jerome L. Dodson
President

California Tax-Exempt Portfolio

July 25, 1996
Dear Shareholder:

As of June 30, 1996, the net asset value (NAV) of the California Tax-Exempt Portfolio was $15.58. For the first half of 1996, the total return for the Portfolio was a loss of 0.55%. In comparison, the Lehman Municipal Bond Index lost 0.45% and the average California municipal bond fund lost 1.39% during the same period.

For the last twelve months, the Portfolio's return of 7.16% compares favorably to the Lehman Index's 6.64% return and to the average California bond fund's 6.25% return. The Portfolio's three-year annualized return, 5.11%, placed it sixth among 62 California bond funds tracked by Lipper Analytical Services. We substantially outperformed the three-year annualized return of 4.24% for the average California bond fund. Below is a table that summarizes the average annual returns for the one and three-year periods and for the life of the Portfolio.

<TABLE>

<CAPTION>

California Tax-Exempt Portfolio	Average Annual Total Return
<S>	<C>
One Year	7.16%
Three Years	5.11%
Since Inception 9/1/92	6.44%

</TABLE>

Analysis

Rising interest rates reduced the value of fixed-income securities during the first half of 1996. At the very beginning of the year, concern that the economy was slowing prompted the Federal Reserve to lower their benchmark Federal Funds rate 0.25% to 5.25%. Soon afterwards, concerns over economic slowing changed into fears that the economy would overheat. Economic reports indicated stronger growth. Interest rates jumped since stronger growth leads to inflation fears.

The Portfolio strategy of targeting average maturity at 15 years or less helped us limit our losses in this rising interest rate environment. A 15-year bond has 96% of the yield of a 30-year bond, but it is not as sensitive to interest rate changes. Although some funds go for the maximum yield with less regard for interest rate risk, I always seek a balance between the search for attractive yields and sensitivity to interest rate fluctuations.

In 1996, California municipal bonds continued to outperform municipals nationwide. California state general obligation (G.O.) bonds are currently rated A by the credit rating agencies. However, California's on-going economic recovery is boosting the market's perception of the state's creditworthiness. During the first half of 1996, yields on California G.O.'s improved to the point that they have almost the same yield as higher rated AA G.O. bonds. The market typically anticipates changes in credit ratings, so it looks like the state's credit ratings could be upgraded soon.

Municipal bonds did not lose as much value as taxable bonds in the first half. The yield on a 30-year Treasury bond jumped almost a full percent during the first six months of 1996 going from 5.95% to 6.89%. In contrast, the yield on a 30-year AAA muni bond only went up about a half of one percent, from 5.28% to 5.77%. At the end of 1995, many bond buyers were worried that enactment of flat tax proposals might lower the value of tax-exempt bonds. Of course, those concerns immediately lowered municipal bond values and increased yields. In our 1995 annual report, I explained that flat tax plans are not likely to be enacted any time soon, if ever. During 1996, as anxiety over flat tax enactment faded, municipals made up some lost ground and the relationship of tax-exempt yields to taxable yields approached more normal levels.

Even though this relationship between municipal yields and taxable yields is closer to normal than it was at the end of 1995, the Portfolio still offers an attractive tax-exempt yield for California residents. The 30-day yield for June was 5.27%. A single individual with taxable income between $25,083 and $31,700 would have to earn 7.96% on a taxable investment to equal the Portfolio's yield after taxes.

Social Aspects of Redevelopment Bonds

Discussion of yields and returns is mandatory for a semiannual report. All the same, I suspect many of our investors would like to read about how one type of California municipal bonds, "redevelopment" bonds, help meet some of the positive social investment goals of the Portfolio.

Careful readers of our financials will notice several of these redevelopment bonds in the Portfolio. Generally, these bonds finance fixing up depressed or rundown urban areas. Redevelopment bonds are typically structured as "tax allocation" bonds. The pre-redevelopment property assessment of the entire redevelopment area is used as the base assessment. Any increases to this base assessment that take place after the redevelopment begins become the incremental assessment. Taxes that are paid on the base assessment go to the county tax collector as usual. However, taxes that are paid on the incremental property assessment are allocated to the redevelopment agency. These funds pay back bondholders.

These bonds have been issued in California for decades, but in 1977 a major change in redevelopment law was enacted: 20% of the tax increment must be used to improve, increase or preserve the community's supply of low and moderate income housing. From 1987 to 1994, more than 50,000 units of housing were built or rehabbed by redevelopment agencies using the 20% housing set-aside funds. These bonds can serve two positive social purposes -- preventing and correcting urban blight as well as providing low and moderate income housing.

We own bonds issued by the Los Angeles Community Redevelopment Agency used to fund the Hollywood Redevelopment Project. Concern about decline and physical deterioration in the historic central Hollywood area prompted the city council to start the project.

Besides various commercial developments designed to make the area more vital and attractive to businesses and tourism, this project has focused on housing, social needs and historic preservation of this unique community. One twenty-five unit, very low to moderate income housing project incorporated the rehabilitation of a historic house with the addition of architecturally compatible family housing. Redevelopment is adding 543 units of affordable senior housing to the area through four different housing projects.

To help meet important social needs in the neighborhood, the Agency has provided loans to eligible non-profits, including the Los Angeles Gay and Lesbian Community Services Center, the Los Angeles Free Clinic and the Los Angeles Youth Network. Additionally, the Agency is helping to preserve buildings designated as historical by offering matching commercial rehabilitation loans.

Admittedly, not all redevelopment projects are managed as progressively as the Hollywood project. There have been problems with some agencies not using their housing set-aside funds. We research a redevelopment agency's projects and housing fund status before investing in them, so that your money is invested in redevelopment projects that are addressing housing as well as urban renewal.

Outlook and Strategy

Although growth has picked up in the second quarter, there is very little evidence that inflation will follow. Current high interest rates should slow growth in the second half of the year. As growth moderates, and inflation continues low, I would expect interest rates to drop somewhat by the end of the year. Longer term, most experts expect moderate growth and low inflation to continue for several years.

Investment strategy for the Portfolio will remain unchanged. Buying municipal bonds with fifteen-year maturities still provides the best value. The historical returns of the Portfolio show that discipline and attention to value can produce good investment results.

Thank you for investing with us. I hope that our continued attention to value will maintain and improve our good record.

Yours truly,
David Pogran
Portfolio Manager

<TABLE>

Balanced Portfolio

<CAPTION>

Portfolio of Investments by Industry Classification, June 30, 1996 (unaudited)

Shares	Common Stocks	Percent of Net Assets	Market Value
<S>	<C>	<C>	<C>
	APPLIANCES		
15,000	Maytag Corporation	1.0%	$ 313,125
	APPAREL		
7,000	Liz Claiborne	0.8%	242,375
	BANKING		
10,000	Great Western Financial Corporation		238,750
35,000	H.F. Ahmanson & Company		945,000
	Total	3.9%	1,183,750
	ELECTRIC UTILITIES		
34,000	CILCORP		1,453,500
35,000	Idaho Power		1,089,375
66,000	LG & E Energy Corporation		1,509,750
80,000	Washington Water Power		1,490,000
	Total	18.5%	5,542,625
	NATURAL GAS		
15,000	Brooklyn Union Gas		408,750
36,200	Connecticut Energy		687,800
55,000	ONEOK		1,375,000
45,000	People's Energy		1,507,500
70,000	Washington Gas Light Company		1,540,000

	Total	18.4%	5,519,050
	PETROLEUM REFINING & MARKETING		
45,000	Sun Company	4.6%	1,366,875
	PHARMACEUTICALS		
7,000	Merck & Company	1.5%	452,375
	PRINTING		
45,000	Deluxe Corporation	5.3%	1,597,500
	RETAIL		
30,000	J.C. Penney Company	5.2%	1,575,000
	WATER UTILITY		
45,000	Philadelphia Suburban	3.7%	1,113,750
	Total Common Stocks	62.9%	18,906,425

</TABLE>
<TABLE>
<CAPTION>

Principal Amount	Corporate Bonds	Percent of Net Assets	Market Value
<S>	<C>		<C>
	AIR TRANSPORT		
$330,000	Delta Airlines 9.750%, due 05/15/21		$ 377,952
28,935	Delta Airlines 8.540%, due 01/02/07		29,838
22,592	Delta Airlines 8.540%, due 01/02/07		23,449
100,000	Delta Airlines 10.375%, due 02/01/11		119,071
40,000	Delta Airlines 9.250%, due 03/15/22		44,085
150,000	Federal Express 9.650%, due 06/15/12		173,529
20,000	Southwest Airlines 7.875%, due 09/01/07		20,408
	Total	2.5%	788,332
	COMPUTERS		
350,000	Digital Equipment Corporation 7.750%, due 04/01/23	1.1%	320,604
	FOOD-PROCESSING		
650,000	Quaker Oats Company 9.280%, due 12/08/09	2.5%	742,469
	HOME APPLIANCES		
122,000	Whirlpool 9.100%, due 02/01/08	0.5%	137,744
	INSURANCE		
950,000	Aetna Life and Casualty 6.750%, due 09/15/13	2.9%	860,254
	PUBLISHING		
220,000	Knight-Ridder 9.875%, due 04/15/09	0.9%	266,145
	RETAIL		
605,000	Dayton Hudson 9.625%, due 02/01/08		692,192
25,000	Dayton Hudson 8.500%, due 12/01/22		25,470
114,000	Dayton Hudson 7.875%, due 06/15/23		108,548
550,000	J.C. Penney Company 7.125%, due 11/15/23		511,071
350,000	Reebok International 6.750%, due 09/15/05		330,978
	Total	5.6%	1,668,259
	TELECOMMUNICATIONS		
350,000	U.S. West Capital Funding 6.350%, due 02/06/08	1.1%	318,714
	Total Corporate Bonds	17.1%	5,102,521

</TABLE>

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<CAPTION>
U.S. Government Agency Bonds

<S> <C> <C>

200,000	Federal Farm Credit Bank 5.810%, due 11/10/03		187,870
300,000	Federal Home Loan Bank 5.850%, due 12/15/03		282,591
1,000,000	Federal Home Loan Bank 6.840%, due 05/01/06		988,750
150,000	Federal Home Loan Bank 8.170%, due 12/16/04		161,675
1,000,000	Federal Home Loan Mortgage Corporation 5.825%, due 02/06/06		918,850
1,150,000	Federal National Mortgage Association 6.770%, due 09/01/05		1,128,586
1,000,000	Federal National Mortgage Association 5.800%, due 02/22/06		916,890
	Total U.S. Government Agency Bonds	15.2%	4,585,212

</TABLE>
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Principal Amount	Community Development Loans	Percent of Net Assets	Market Value
$100,000	Boston Community Loan Fund		$100,000
100,000	Institute for Community Economics Loan Fund		100,000
100,000	Low Income Housing Fund		100,000
	Total Community Development Loans	1.0%	300,000
	Total Investment in Securities (Cost $26,814,273)	96.2%	28,894,158

</TABLE>
<TABLE>

<CAPTION>

Short-Term Investments	Percent of Net Assets	Market Value
Union Bank of California Money Market Fund, variable rate - 4.680%		333,469
Goldman Sachs Government Portfolio - 5.000%		205,241
Goldman Sachs Treasury Portfolio - 5.000%		235,540
Albina Community Bank 5.000%		100,000
Total Short-Term Investments (Cost $874,250)	2.9%	874,250
Total Investments	99.1%	29,768,408
Other Assets and Liabilities - Net	0.9%	259,273
Total Net Assets	100.0%	$30,027,681

</TABLE>

<TABLE>

Balanced Portfolio

<CAPTION>
Statement of Assets and Liabilities
June 30, 1996 (unaudited)

<S> <C>

Assets:	
Investments in securities, at market value (identified cost $26,814,273) (Note 1)	$ 28,894,158
Temporary investments in short-term securities (at cost, which approximates market)	874,250
Cash	7,546
Receivables:	
Dividends and interest	248,093
Capital shares sold	42,337
Other assets	13,799
Total assets	30,080,183
Liabilities:	
Capital shares redeemed	21,225
Dividends Payable	30,635
Accrued expenses	642
Total liabilities	52,502
Net Assets (equivalent to $19.71 per share based on 1,523,125.808 shares of capital stock outstanding)	$ 30,027,681
Net assets consist of:	
Distributions in excess of net investment income	$ (46,087)
Unrealized appreciation on investments	2,079,885
Accumulated net realized gain	1,383,948
Capital paid-in	26,609,935
Total Net Assets	$ 30,027,681
Computation of net asset value and offering price per share:	
Net asset value and offering price per share ($30,027,681 divided by 1,523,125.808 shares)	$ 19.71

</TABLE>

<TABLE>
Balanced Portfolio

<CAPTION>
Statement of Operations
six months ended June 30, 1996 (unaudited)

<S> <C>

Investment Income:	
Dividends	$ 402,247
Interest	323,865
Total investment income	726,112
Expenses (Note 5):	
Investment advisory fees	206,673
Transfer agent fees	40,857
Fund administration expense	17,800
Reports to shareholders	12,031
Registration fees and expenses	8,744
Professional fees	7,241
Custody fees	6,036
Trustee fees and expenses	3,728
Other expenses	626
Fees waived by Parnassus Investments (Note 5)	(196,867)
Total expenses	106,869
Net Investment Income	619,243
Realized and Unrealized Gain (Loss) on Investments:	
Realized gain from security transactions:	
Proceeds from sales	10,138,305
Cost of securities sold	(8,758,666)
Net realized gain	1,379,639
Unrealized appreciation (depreciation) of investments:	
Beginning of year	3,196,942
End of period June 30, 1996	2,079,885
Unrealized depreciation during the year	(1,117,057)
Net Realized and Unrealized Gain on Investments	262,582

Net Increase in Net Assets Resulting from Operations	$ 881,825

</TABLE>

<TABLE>

Balanced Portfolio

<CAPTION>

Statements of Changes in Net Assets
six months ended June 30, 1996 (unaudited)
and year ended December 31, 1995

<S>	June 30, 1996 <C>	1995 <C>
From Operations:		
Net investment income	$ 619,243	$ 1,028,123
Net realized gain from security transactions	1,379,639	162,502
Net unrealized appreciation (depreciation) during the period	(1,117,057)	4,491,653
Increase in net assets derived from operations	881,825	5,682,278
Dividends to shareholders:		
From net investment income	(649,286)	(1,050,322)
From realized capital gains	0	(91,363)
Increase in Net Assets from Capital Share Transactions	3,015,885	5,151,794
Increase in Net Assets	3,248,424	9,692,387
Net Assets:		
Beginning of period	26,779,257	17,086,870
End of period (including distributions in excess of net investment income of $46,087 in 1996 and $16,044 in 1995)	$ 30,027,681	$ 26,779,257

</TABLE>

<TABLE>

Fixed-Income Portfolio

<CAPTION>

Portfolio of Investments by Industry Classification, June 30, 1996 (unaudited)

Principal Amount <S>	Corporate Bonds <C>	Percent of Net Assets <C>	Market Value <C>
	AIR TRANSPORT		
$ 71,000	Delta Airlines Debentures, 10.375%, due 02/01/11		$ 84,540
40,000	Delta Airlines Debentures, 9.250%, due 03/15/22		44,085
174,000	Delta Airlines Debentures, 9.750%, due 05/15/21		199,284
63,295	Delta Airlines Notes 8.540%, due 01/02/07		65,271
147,000	Federal Express Debentures, 9.650%, due 06/15/12		170,058
20,000	Federal Express Senior Notes, 10.000%, due 04/15/99		21,558
	Total	8.7%	584,796
	COMPUTERS		

25,000	Digital Equipment Corporation Notes, 7.125%, due 10/15/02		24,292
130,000	Digital Equipment Corporation Notes, 8.625%, due 11/01/12		133,105
178,000	Digital Equipment Corporation Notes, 7.750%, due 04/01/23		163,050
	Total	4.8%	320,447
	FOOD-PROCESSING		
350,000	Quaker Oats Company Notes, 9.280%, due 12/08/09	6.0%	399,791
	HOME APPLIANCES		
300,000	Whirlpool Debentures, 9.100%, due 02/01/08	5.1%	338,715
	INSURANCE		
350,000	Aetna Life and Casualty Notes, 6.750%, due 09/15/13		316,935
31,000	Aetna Life and Casualty Notes, 8.000%, due 01/15/16		30,232
	Total	5.2%	347,167
	PUBLISHING		
80,000	Knight-Ridder Notes, 9.875%, due 04/15/09	1.4%	96,780
	RETAIL		
60,000	Dayton Hudson Debentures, 9.250%, due 11/15/16		62,687
90,000	Dayton Hudson Debentures, 9.625%, due 02/01/08		102,971
100,000	Dayton Hudson Notes, 7.875%, due 06/15/23		95,218
65,000	Dayton Hudson Notes, 8.500%, due 12/01/22		66,221
10,000	Dayton Hudson Debentures, 9.500%, due 10/15/16		10,487
325,000	J.C. Penney Company Debentures, 7.125%, due 11/15/23		301,997
200,000	The Limited Notes, 7.500%, due 03/15/23		171,540
350,000	Reebok International Debentures, 6.750%, due 09/15/05		330,977
	Total	17.1%	1,142,098
	TELECOMMUNICATIONS		
350,000	U.S. West Capital Funding Notes, 6.350%, due 02/06/08	4.8%	$ 318,714
	Total Corporate Bonds	53.1%	$3,548,508

</TABLE>

<TABLE>
<CAPTION>

<S>	U.S. Government Agency Securities <C>	Percent of Net Assets <C>	Market Value <C>
400,000	Federal Home Loan Mortgage Corporation CMO 1530-N 7.000%, due 06/15/23		376,860

500,000	Federal Home Loan Bank 6.840%, due 05/01/06		494,375
300,000	Federal National Mortgage Association 6.720%, due 08/01/05		293,559
850,000	Federal National Mortgage Association 6.770%, due 09/01/05		834,173
500,000	Federal National Mortgage Association 5.800%, due 02/22/06		458,445
450,000	Federal National Mortgage Association 7.350%, due 03/28/05		460,575
	Total U.S. Government Agency Securities	43.7%	2,917,987
	Total Investments in Securities (Cost $6,519,543)	96.8%	6,466,495

</TABLE>

<TABLE>

<CAPTION>

Short-Term Investments	Percent of Net Assets	Market Value
<S>	<C>	<C>
Union Bank of California Money Market Fund, variable rate - 4.680%		$24,889
Goldman Sachs Government Portfolio - 5.000%		52,871
Goldman Sachs Treasury Portfolio - 5.000%		12,782
Total Short-Term Investments (Cost $90,542)	1.4%	90,542
Total Investments	98.2%	6,557,037
Other Assets and Liabilities - Net	1.8%	119,525
Total Net Assets	100.0%	$ 6,676,562

</TABLE>

<TABLE>
Fixed-Income Portfolio

<CAPTION>
Statement of Assets and Liabilities
June 30, 1996 (unaudited)

<S>	<C>
Assets:	
Investments in securities, at market value (identified cost $6,519,543) (Note 1)	$ 6,466,495
Temporary investments in short-term securities (at cost, which approximates market)	90,542
Cash	42,838
Receivables:	
Interest	128,059
Capital shares sold	2,802
Other assets	5,215
Total assets	6,735,951
Liabilities:	
Accrued expenses	59,389
Total liabilities	59,389
Net Assets (equivalent to $15.14 per share based on 440,877.403 shares of capital stock outstanding)	$ 6,676,562
Net assets consist of:	
Distributions in excess of net investment income	$ (4,097)

Unrealized depreciation on investments	(53,048)
Accumulated net realized loss	(68,623)
Capital paid-in	6,802,330
Total Net Assets	$ 6,676,562
Computation of net asset value and offering price per share:	
Net asset value and offering price per share	
($6,676,562 divided by 440,877.403 shares)	$ 15.14

</TABLE>

<TABLE>
Fixed-Income Portfolio

<CAPTION>
Statement of Operations
six months ended June 30, 1996 (unaudited)

<S>	<C>
Investment Income:	
Interest	$ 221,528
Total investment income	221,528
Expenses (Note 5):	
Investment advisory fees	32,748
Transfer agent fees	11,141
Fund administration expense	4,171
Reports to shareholders	3,151
Registration fees and expenses	6,840
Professional fees	2,465
Custody fees	316
Trustee fees and expenses	896
Other expenses	(311)
Fees waived by Parnassus Investments (Note 5)	(32,748)
Total expenses	28,669
Net Investment Income	192,859
Realized and Unrealized Gain (Loss) on Investments:	
Realized loss from security transactions:	
Proceeds from sales	102,672
Cost of securities sold	(101,863)
Net realized gain	809
Unrealized appreciation (depreciation) of investments:	
Beginning of year	193,565
End of period June 30, 1996	(53,048)
Unrealized depreciation during the year	(246,613)
Net Realized and Unrealized Loss on Investments	(245,804)
Net Decrease in Net Assets Resulting from Operations	$ (52,945)

</TABLE>

<TABLE>
Fixed-Income Portfolio

<CAPTION>
Statements of Changes in Net Assets
six months ended June 30, 1996 (unaudited)
and year ended December 31, 1995

<S>	<C> June 30, 1996	<C> 1995
From Operations:		
Net investment income	$ 192,859	$ 335,834
Net realized gain (loss) from security transactions	809	(65,106)
Net unrealized appreciation (depreciation) during the period	(246,613)	746,767
Increase (decrease) in		

net assets derived from operations	(52,945)	1,017,495
Dividends to shareholders:		
From net investment income	(193,750)	(338,316)
Increase in Net Assets from Capital Share Transactions	338,688	1,360,035
Increase in Net Assets	91,993	2,039,214
Net Assets:		
Beginning of period	6,584,569	4,545,355
End of period (including distributions in excess of net investment income of $4,097 in 1996 and $3,206 in 1995)	$ 6,676,562	$ 6,584,569

</TABLE>

<TABLE>

California Tax-Exempt Portfolio

<CAPTION>

Portfolio of Investments by Industry Classification, June 30, 1996 (unaudited)

Principal Amount	Municipal Bonds	Percent of Net Assets	Market Value
<S>	<C>	<C>	<C>
	EDUCATION		
$ 50,000	State of California 6.000%, due 01/01/21		$ 50,205
170,000	State of California 6.125%, due 10/01/11		179,685
250,000	California Education Facilities - California Institute of Technology 6.000%, due 01/01/21		251,103
110,000	California Public Works - University of California at San Diego Facilities 7.375%, due 04/01/06		116,679
100,000	California Public Works - Community College Projects 5.500%, due 12/01/06		100,068
130,000	California Public Works - University of California 5.400%, due 06/01/08		127,976
175,000	California Public Works - California State University 6.200%, due 10/01/08		180,472
100,000	Franklin-McKinsey School District 5.600%, due 07/01/07		101,732
120,000	Fresno Unified School District 5.300%, due 10/01/07		115,674
100,000	Kern High School District 5.600%, due 08/01/13		100,487
100,000	Los Angeles Municipal Improvement - Central Library Projects 5.200%, due 06/01/07		96,191
250,000	Murrieta Valley Unified School District 5.500%, due 09/01/10		245,758
100,000	Natomas Unified School District 5.750%, due 09/01/13		100,309
110,000	Pasadena Recreational/ Library Improvements 5.750%, due 01/01/13		106,975
130,000	Pomona Unified School District 5.500%, due 08/01/11		129,136
130,000	San Francisco Unified		

	School District		
	6.200%, due 06/15/11		134,742
110,000	Santa Monica Unified		
	School District		
	5.400%, due 08/01/11		107,063
	Total	43.4%	2,244,255
	HEALTH CARE		
60,000	California Health Facilities-		
	Feedback Foundation		
	6.500%, due 12/01/22	1.2%	61,342
	PUBLIC TRANSPORTATION		
200,000	Los Angeles County		
	Transportation Commission		
	6.250%, due 07/01/16		200,022
70,000	City of Sacramento -		
	Light Rail		
	6.000%, due 07/01/12		70,417
110,000	San Diego		
	Mass Transit Authority		
	5.000%, due 06/01/07		107,507
125,000	San Francisco		
	Bay Area Rapid Transit		
	5.650%, due 07/01/10		125,616
	Total	9.7%	503,562
	HOUSING		
205,000	Belmont Redevelopment		
	Agency		
	6.400%, due 08/01/09		211,910
55,000	California Housing Finance -		
	Multi-Family		
	6.750%, due 02/01/09		55,028
100,000	Glendale Redevelopment		
	Agency		
	5.500%, due 12/01/12		98,037
50,000	Los Angeles Community		
	Redevelopment		
	6.000%, due 07/01/17		50,363
175,000	San Jose Redevelopment		
	Agency		
	6.000%, due 08/01/15		182,819
	Total	11.5%	598,157
	INFRASTRUCTURE		
	IMPROVEMENTS		
90,000	East Bay Municipal		
	Utility District		
	6.000%, due 06/01/20		90,361
200,000	Los Angeles		
	Wastewater System		
	5.500%, due 06/01/12		196,148
200,000	Pomona Public Financing		
	Authority		
	6.000%, due 10/01/06		209,900
150,000	San Francisco Public		
	Safety Improvement		
	5.750%, due 06/15/12		150,483
	Total	12.5%	646,892
	ENVIRONMENT		
80,000	Burbank Waste Disposal		
	5.300%, due 05/01/09		78,426
75,000	California Pollution		
	Control-North County		
	Recycling Center		
	6.750%, due 07/01/17		75,895
125,000	California Public Works -		
	Energy Efficiency		
	5.250%, due 05/01/08		123,313
150,000	Los Angeles City		
	General Obligation		
	5.250%, due 09/01/11		142,753
235,000	Northern California		
	Geothermal Project		
	5.800%, due 07/01/09		244,481
50,000	East Bay Regional Park		
	5.750%, due 09/01/12		49,813
50,000	East Bay Regional Park		
	6.300%, due 09/01/09		52,506
125,000	Los Angeles City		
	Public Works - Parks		
	6.100%, due 10/01/09		128,929

35,000	Midpeninsula Regional Open Space District 6.250%, due 07/01/08		36,916
	Total	18.0%	933,032
	Total Investments in Securities (Cost $4,925,584)	96.3%	$4,987,240
	Short-Term Investments Highmark California Tax-Exempt Fund, variable rate - 2.600% (Cost $111,176)	2.1%	111,176
	Total Investments	98.4%	5,098,416
	Other Assets and Liabilities - Net	1.6%	84,449
	Total Net Assets	100.0%	$5,182,865

</TABLE>

<TABLE>
California Tax-Exempt Portfolio

<CAPTION>
Statement of Assets and Liabilities
June 30, 1996 (unaudited)

<S>	<C>
Assets:	
Investments in securities, at market value (identified cost $4,925,584) (Note 1)	$ 4,987,240
Temporary investments in short-term securities (at cost, which approximates market)	111,176
Receivables:	
Interest	87,035
Other assets	3,232
Total assets	5,188,683
Liabilities:	
Dividends payable	5,655
Accrued expenses	163
Total liabilities	5,818
Net Assets (equivalent to $15.58 per share based on 332,592.645 shares of capital stock outstanding)	$ 5,182,865
Net assets consist of:	
Distributions in excess of net investment income	$ (3,371)
Unrealized appreciation on investments	61,656
Accumulated net realized loss	(33,385)
Capital paid-in	5,157,965
Total Net Assets	$ 5,182,865
Computation of net asset value and offering price per share:	
Net asset value and offering price per share ($5,182,865 divided by 332,592.645 shares)	$ 15.58

</TABLE>

<TABLE>
California Tax-Exempt Portfolio

<CAPTION>
Statement of Operations
six months ended June 30, 1996 (unaudited)

<S>	<C>
Investment Income:	
Interest	$133,332
Total investment income	133,332
Expenses (Note 5):	
Investment advisory fees	24,404
Transfer agent fees	4,241
Fund administration expense	3,029
Reports to shareholders	1,506
Registration fees and expenses	506

Professional fees	1,713
Custody fees	234
Trustee fees and expenses	639
Other expenses	721
Fees waived by Parnassus Investments (Note 5)	(24,404)
Total expenses	12,589
Net Investment Income	120,743
Realized and Unrealized Gain (Loss) on Investments:	
Realized gain from security transactions:	
Proceeds from sales	0
Cost of securities sold	0
Net realized gain	0
Unrealized appreciation (depreciation) of investments:	
Beginning of period	202,897
End of period June 30, 1996	61,656
Unrealized depreciation during the year	(141,241)
Net Realized and Unrealized Loss on Investments	(141,241)
Net Decrease in Net Assets Resulting from Operations	$ (20,498)

</TABLE>

<TABLE>

California Tax-Exempt Portfolio

<CAPTION>

Statements of Changes in Net Assets
six months ended June 30, 1996 (unaudited)
and year ended December 31, 1995

<S>	June 30, 1996 <C>	1995 <C>
From Operations:		
Net investment income	$ 120,743	$ 229,096
Net realized gain from security transactions	0	7,122
Net unrealized appreciation (depreciation) during the period	(141,241)	490,763
Increase (decrease) in net assets derived from operations	(20,498)	726,981
Dividends to shareholders:		
From net investment income	(121,138)	(230,274)
Increase in Net Assets from Capital Share Transactions	841,352	84,751
Increase in Net Assets	699,716	581,458
Net Assets: Beginning of period	4,483,149	3,901,691
End of period (including distributions in excess of net investment income of $3,371 in 1996 and $2,976 in 1995)	$5,182,865	$4,483,149

</TABLE>

Notes To Financial Statements

1. Significant Accounting Policies

The Parnassus Income Fund (the Fund), organized on August 8, 1990 as a Massachusetts Business Trust, is registered under the Investment Company Act of 1940 as a diversified, open-end investment management company comprised of three separate portfolios offering three separate classes of shares. The Fund began operations on June 1, 1992. The following is a summary of significant accounting policies of the fund.

Securities valuation: The Fund's investments are valued each business day by independent pricing services ("Services") approved by the Board of Trustees. Investments are valued at the mean between the "bid" and "ask" prices where such quotes are readily available and are representative of the actual market for such securities. Other investments are carried at fair value as determined by the Services based on methods which include consideration of (1) yields or prices of securities of comparable quality, coupon, maturity and type (2) indications as to values from dealers and (3) general market conditions.

Federal income taxes: The Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its income to shareholders; therefore, no federal income tax provision is required.

Security transactions: In accordance with industry practice, securities transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses on securities transactions are determined on the basis of first-in, first-out for both financial statement and federal income tax purposes. Interest income, adjusted for amortization of premium and, when appropriate, discount on investments, is earned from settlement date and recognized on the accrual basis.

Dividends to shareholders: Distributions to shareholders are recorded on the record date. The Balanced Portfolio pays income dividends quarterly and capital gain dividends once a year, usually in December. The Fixed-Income and California Tax-Exempt Portfolios pay income dividends monthly and capital gain dividends annually.

Investment income and expenses: Dividend income is recorded on the ex-dividend date. Interest income and estimated expenses are accrued daily.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Dividends To Shareholders

<TABLE>

Balanced Portfolio declared the following dividends during the six month period ended June 30, 1996.

<CAPTION>

<S>	<C>	<C>
Dividend per share:	$ 0.23	$ 0.206
Record date:	3/28/96	6/27/96
Ex-dividend date:	3/29/96	6/28/96
Payment date:	3/29/96	6/28/96

</TABLE>

<TABLE>

<CAPTION>

Fixed-Income Portfolio declared the following dividends during the six month period ended June 30, 1996.

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Dividend per share:	$ 0.073	$ 0.076	$ 0.071	$ 0.078	$ 0.078	$ 0.077
Record date:	1/30/96	2/28/96	3/28/96	4/29/96	5/30/96	6/27/96
Ex-dividend date:	1/31/96	2/29/96	3/29/96	4/30/96	5/31/96	6/28/96
Payment date:	1/31/96	2/29/96	3/29/96	4/30/96	5/31/96	6/28/96

</TABLE>

<TABLE>

<CAPTION>

California Tax-Exempt Portfolio declared the following dividends during the six month period ended June 30, 1996.

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Dividend per share:	$ 0.068	$ 0.068	$ 0.065	$ 0.064	$ 0.064	$ 0.063
Record date:	1/30/96	2/28/96	3/28/96	4/29/96	5/30/96	6/27/96
Ex-dividend date:	1/31/96	2/29/96	3/29/96	4/30/96	5/31/96	6/28/96
Payment date:	1/31/96	2/29/96	3/29/96	4/30/96	5/31/96	6/28/96

</TABLE>

3. Capital Stock

Balanced Portfolio: As of June 30, 1996, there were an unlimited number of shares of no par value capital stock authorized and capital paid-in aggregated $26,609,935. Transactions in capital stock (shares) were as follows:

<TABLE>

<CAPTION>

	Six Months Ended June 30, 1996		Year Ended 1995	
	Shares	Amount	Shares	Amount

	Shares	Amount	Shares	Amount
Shares sold	258,084	$ 5,010,061	376,434	$ 6,807,100
Shares issued through dividend reinvestment	30,151	585,672	55,666	1,026,896
Shares repurchased	(132,744)	(2,579,848)	(152,479)	(2,682,202)
Net Increase	155,491	$ 3,015,885	279,621	$ 5,151,794

Fixed-Income Portfolio: As of June 30, 1996, there were an unlimited number of shares of no par value capital stock authorized and capital paid-in aggregated $6,802,330. Transactions in capital stock (shares) were as follows:

	Six Months Ended June 30, 1996		Year Ended 1995	
	Shares	Amount	Shares	Amount
Shares sold	84,482	$ 1,290,518	127,963	$ 1,947,590
Shares issued through dividend reinvestment	9,279	141,345	16,561	247,954
Shares repurchased	(71,350)	(1,093,175)	(55,674)	(835,509)
Net Increase	22,411	$ 338,688	88,850	$ 1,360,035

California Tax-Exempt Portfolio: As of June 30, 1996, there were an unlimited number of shares of no par value capital stock authorized and capital paid-in aggregated $5,157,965. Transactions in capital stock (shares) were as follows:

	Six Months Ended June 30, 1996		Year Ended 1995	
	Shares	Amount	Shares	Amount
Shares sold	62,483	$ 983,876	53,578	$ 824,076
Shares issued through dividend reinvestment	5,793	91,089	12,059	185,861
Shares repurchased	(14,747)	(233,613)	(59,847)	(925,186)
Net Increase	53,529	$ 841,352	5,790	$ 84,751

4. Purchases and Sales of Securities

Balanced Portfolio: Purchases and sales of securities for the six months ended June 30, 1996 were $17,688,490 and $8,758,666 respectively. For federal income tax purposes, the aggregate cost of securities and unrealized appreciation at June 30, 1996 were the same as for financial statement purposes. Of the $2,079,885 of net unrealized appreciation at June 30, 1996, $2,294,098 related to appreciation of securities and $214,213 related to depreciation of securities.

Fixed-Income Portfolio: Purchases and sales of securities for the six months ended June 30, 1996 were $3,424,313 and $101,863 respectively. For federal income tax purposes, the aggregate cost of securities and unrealized depreciation at June 30, 1996 were the same as for financial statement purposes. Of the $53,048 of net unrealized depreciation at June 30, 1996, $74,914 related to appreciation of securities and $127,962 related to depreciation of securities.

California Tax-Exempt Portfolio: Purchases and sales of securities for the six months ended June 30, 1996 were $778,716 and $0 respectively. For federal income tax purposes, the aggregate cost of securities and unrealized appreciation at June 30, 1996 were the same as for financial statement purposes. Of the $61,656 of net unrealized appreciation at June 30, 1996, $100,966 related to appreciation of securities and $39,310 related to depreciation of securities.

5. Investment Advisory Agreement And Transactions With Affiliates

Under terms of an agreement which provides for furnishing investment management and advice to the Fund, Parnassus Invest-ments is entitled to receive fees computed monthly, based on the Fund's average daily net assets for the month, at the following annual rates:

Balanced Portfolio - 0.75% of the first $30,000,000, 0.70% of the next $70,000,000 and 0.65% of the amount above $100,000,000.

Fixed Income Portfolio and California Tax-Exempt Portfolio - 0.50% of the first $200,000,000, 0.45% of the next $200,000,000 and 0.40% of the amount above $400,000,000.

For the Balanced Portfolio, the investment advisory fee was waived for the first four months of 1996. Beginning May 1, 1996, an investment advisory fee of 0.20% is charged to the Balanced Portfolio. Parnassus Investments received advisory fees totaling $9,806 from the Balanced Portfolio for the six months ended June 30, 1996. For the Fixed-Income Portfolio and California Tax-Exempt Portfolio, Parnassus Investments waived the investment advisory fee.

Under terms of a separate agreement which provides for furnishing transfer agent and fund administration services to the Fund, Parnassus Investments received fees paid by the Fund totaling $81,239 for the six months ended June 30, 1996. The transfer agent fee is $2.30 per month per account and a fund administration fee is $4,167 per month.

Parnassus Investments has agreed to reduce its investment advisory fee to the extent necessary to limit total operating expenses to 1.25% of net assets for the Balanced Portfolio and 1.00% of net assets for the Fixed-Income and California Tax-Exempt Portfolios.

Jerome L. Dodson is the President of the Fund and is the sole stockholder of Parnassus Investments.

For the six month period ended June 30, 1996, the Fund incurred legal fees of $1,782 to Richard D. Silberman, counsel for the Fund. Mr. Silberman is also the Secretary of the Fund.

6. Financial Highlights

Selected data for each share of capital stock outstanding, total returns and ratios/supplemental data for the six months ended June 30, 1996 and years ended December 31, 1995, 1994, 1993 and seven month period ended December 31, 1992 are as follows:

<TABLE>
<CAPTION>

Balanced Portfolio	June 30, 1996 (unaudited)	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value at beginning of period	$19.58	$15.70	$17.46	$16.17	$0.00
Income from investment operations:					
Net investment income	0.42	0.88	0.80	1.20	0.17
Net realized and unrealized gain (loss) on securities	0.15	3.93	(1.75)	1.36	16.15
Total from investment operations	0.57	4.81	(0.95)	2.56	16.32
Distributions:					
Dividends from net investment income	(0.44)	(0.90)	(0.81)	(1.21)	(0.15)
Distributions from net realized gain on securities	0.00	(0.03)	0.00	(0.06)	0.00
Total distributions	(0.44)	(0.93)	(0.81)	(1.27)	(0.15)
Net asset value at end of period	$19.71	$19.58	$15.70	$17.46	$16.17
Total Return*	2.94%	31.13%	(5.39%)	15.91%	8.58%
Ratios / Supplemental Data:					
Ratio of expenses to average net assets (actual)**	0.74%	0.72%	0.83%	0.81%	0.00%
Decrease reflected in the above expense ratios due to undertakings by the manager	1.36%	0.82%	0.88%	1.24%	1.14%
Ratio of net investment income to average net assets	4.29%	4.76%	5.15%	4.94%	2.44%
Portfolio turnover rate	35.90%	15.36%	6.50%	33.40%	23.54%
Net assets, end of period (000's)	$30,028	$26,779	$17,087	$11,542	$ 3,241

</TABLE>

<TABLE>
<CAPTION>

Fixed-Income Portfolio	June 30, 1996 (unaudited)	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value at beginning of period	$15.73	$13.79	$15.89	$15.33	$ 0.00
Income from investment operations:					
Net investment income	0.45	0.95	1.02	1.03	0.36
Net realized and unrealized gain (loss) on securities	(0.59)	1.95	(2.08)	0.57	15.32
Total from investment operations	(0.14)	2.90	(1.06)	1.60	15.68
Distributions:					
Dividends from net investment income	(0.45)	(0.96)	(1.04)	(1.03)	(0.35)
Distributions from net realized gain on securities	0.00	0.00	0.00	(0.01)	0.00
Total distributions	(0.45)	(0.96)	(1.04)	(1.04)	(0.35)
Net asset value at end of period	$15.14	$15.73	$13.79	$15.89	$15.33
Total Return*	(0.85%)	21.58%	(6.76%)	10.59	2.87%
Ratios / Supplemental Data:					
Ratio of expenses to average net assets (actual)**	0.88%	0.90%	0.81%	0.68%	0.00%
Decrease reflected in the above expense ratios due to undertakings by the manager	1.00%	0.73%	0.98%	1.00%	1.18%
Ratio of net investment income to average net assets	5.89%	6.20%	7.00%	6.43%	3.20%
Portfolio turnover rate	2.20%	12.10%	5.20%	10.90%	15.29%
Net assets, end of period (000's)	$6,677	$6,585	$4,545	$4,160	$2,093

</TABLE>

<TABLE>

<CAPTION>

California Tax-Exempt Portfolio	June 30, 1996 (unaudited)	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Net asset value at beginning of period	$16.06	$14.28	$16.10	$15.06	$ 0.00
Income from investment operations:					
Net investment income	0.39	0.82	0.80	0.77	0.19
Net realized and unrealized gain (loss) on securities	(0.48)	1.78	(1.81)	1.16	15.05
Total from investment operations	(0.09)	2.60	(1.01)	1.93	15.24
Distributions:					
Dividends from net investment income	(0.39)	(0.82)	(0.81)	(0.78)	(0.18)
Distributions from net realized gain on securities	0.00	0.00	0.00	(0.11)	0.00
Total distributions	(0.39)	(0.82)	(0.81)	(0.89)	(0.18)
Net asset value at end of period	$15.58	$16.06	$14.28	$16.10	$15.06
Total Return*	(0.55%)	18.60%	(6.36%)	13.03%	1.70%
Ratios / Supplemental Data:					
Ratio of expenses to average net assets (actual)**	0.52%	0.50%	0.39%	0.48%	0.00%
Decrease reflected in the above expense ratios due to undertakings by the manager	1.00%	0.69%	0.87%	0.99%	2.10%
Ratio of net investment income to average net assets	4.95%	5.30%	5.37%	4.89%	2.10%
Portfolio turnover rate	0.00%	13.10%	12.00%	20.46%	0.00%
Net assets, end of period (000's)	$5,183	$4,483	$3,902	$3,256	$1,061

<FN>

* 1992 ratios reflect returns for seven months of operation and are not annualized.

** Parnassus Investments has agreed to a 1.25% limit on expenses for the Balanced Portfolio and 1% limit for the Fixed-Income and California Tax-Exempt Portfolios (See note 5 for details). Certain fees were waived for the years ended December 31, 1995, 1994 and 1993. All expenses were waived for the seven-month period ended December 31, 1992; therefore, the actual ratio of expenses to average net assets for each portfolio was 0%.

</FN>

</TABLE>

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