



The Quarterly Newsletter of Firsthand Technology Value Fund, Inc.

Facebook Posts Strong Earnings Growth; Twitter Disappoints

Social media heavyweights Facebook and Twitter announced their first quarter financial results in late April 2014. Facebook continued its string of outstanding quarters, reporting first quarter earnings of \$885 million (34 cents per share) on revenue of \$2.36 billion. A year ago, the company celebrated a profit of 12 cents per share and revenues of \$1.46 billion. Facebook's stellar performance comes on the back of its successful shift toward mobile advertising, which accounted for nearly 60% of company revenues during the quarter.

Twitter, for its part, posted strong revenue growth for the quarter, with sales jumping 119% over the year-ago period to \$250 million. The company reported adjusted net income of \$183 thousand, compared with an adjusted net loss of \$11 million in the same period last year. However, active monthly average users (MAUs) grew only 25% year-over-year to 255 million, which underperformed the expectations of many Wall Street analysts. The resulting disappointment drove the stock down sharply in the days following the announcement. Twitter stock closed April at \$38.97, its lowest close since its November 2013 IPO. We believe the company has a lot of growth ahead of it and are encouraged by the company's maturing portfolio of ad products and continued improvement in revenue per timeline view.



Fund Settles Proxy Contest

In early May, the Fund announced an agreement with Bulldog Investors, one of the Fund's largest shareholder groups, to settle its proxy contest related to the Fund's May 23 Annual Meeting of Stockholders.

Under the terms of the settlement, Bulldog has agreed to (1) withdraw its two nominees for the Fund's Board of Directors, (2) not present any proposals at the Annual Meeting, and (3) vote its shares in accordance with the Board's recommendations. In addition, the Fund's Board has approved a plan for the Fund to repurchase up to \$10 million of common stock in open market purchases during 2014, and to conduct a self-tender offer for at least \$20 million worth of common stock to be completed no later than January 31, 2014. Further, the Fund has agreed to liquidate its Facebook and Twitter holdings no later than September 30, 2014 and October 31, 2014, respectively, and to distribute any net realized gains from those holdings to shareholders within 60 days of completing those liquidations. Additional details of the agreement and the upcoming Annual Meeting were included in a letter mailed to all shareholders the first week in May.

MEET THE PORTFOLIO COMPANIES

Hightail - Secure Cloud File Sharing Across Any Device



In a Nutshell – Hightail (formerly YouSendIt) lets users share large files via the cloud. The company started out by giving users a way to send files that were too large for most email servers to handle. It has now expanded to offer customers unlimited online storage, and the ability to share and track files across PCs (Windows and Mac), tablets, and smartphones. Hightail offers both enterprise and consumer versions of its services.

The Opportunity – Cloud storage is big business and companies that can help large firms store, secure, and manage access to documents across a variety of platforms stand to benefit from the growing demand for these services. Hightail currently has 45 million users worldwide (roughly 80% more than its better-known competitor, Box, which filed for a \$250 million IPO in March). The market for enterprise cloud storage and management continues to skyrocket, with IDC estimating that business spending on cloud-based file sharing will exceed \$1 billion by 2017.

Why We're Excited – Hightail has flown largely under the radar as its focus has been primarily on the enterprise space as opposed to retail consumers. (The public may be more familiar with Dropbox, the cloud storage company that focuses on retail consumers.) Businesses appreciate Hightail's seamless integration of its file sharing with Microsoft Office (98% of Fortune 500 companies are Hightail customers). While Dropbox has roughly 200 million users, its focus on the retail segment has meant that security hasn't been a priority. And security is a big concern for businesses. Hightail is a leader in providing enterprise-grade security across multiple platforms and we believe this will enable it to stand apart from its competitors.



Phunware - An Integrated Mobile Services Platform



In a Nutshell – Phunware is a mobile app developer and a pioneer of Multiscreen as a Service (MaaS) – a mobile services platform that enables clients to interact with customers and manage their brand across multiple screens and devices.

The Opportunity – With the explosion in mobile computing, companies need ways to reach their target audiences on any device – not just on PCs but on cellphones and tablets as well. Mobile ad spending is estimated to reach \$72 billion by 2017, and spending on mobile services is expected to hit \$32 billion by 2018. That creates a tremendous market opportunity for a company like Phunware that offers both an integrated MaaS platform and development of applications to run on those multiple devices.

Why We're Excited – Phunware's revenues more than doubled in 2013 and are projected to double again in 2014, which is one of the reasons it ranked #36 on Forbes list of "Most Promising Companies" for 2014. Phunware is providing multiscreen infrastructure and application development for many well-known customers, including NASCAR, the WWE, ESPN, E! Entertainment, NBC Sports, Warner Brothers, and AT&T. Phunware recently partnered with Cisco to provide application development technology for large venues, such as sports arenas. An example of a stadium app: using location technology such as GPS, the app senses that you are in line for merchandise and sends a coupon to use before you get to the counter. New industries ultimately evolve away from point solutions (e.g., just offering "push notifications" to smartphones) to a broad-based package of services (e.g., offering secure logins, push notifications, app development, etc.). Phunware is poised to be one of the industry consolidators, becoming a one-stop shop for businesses looking to expand their reach to the mobile market.



Q&A

Q: How do I access my account online?

Direct shareholders (those who hold their shares with the Fund and not through a broker) can sign up for online account access by visiting: www.computershare.com/bnymfunds. You will need your social security number as well as the ZIP code on your account of record. Once registered, you can check your share balance, market value, and historical prices; view distribution information; and place trades.

Q: I've held shares since before the Fund's reorganization in April 2011. What is my cost basis?

On the date of the reorganization, April 15, 2011, all shares of Firsthand Technology Value Fund (TVFQX) were sold and the proceeds used to buy shares of Firsthand Technology Value Fund, Inc. (SVVC). All shareholders received a 1099-DIV for the 2011 tax year, which reported the taxable liquidating distribution. All shares received during this reorganization transaction have a cost basis of \$27.01. Any shares purchased after April 15, 2011 will have a new cost basis, which will be reflected on your transaction statement.

UNDERSTANDING THE TREND

Advertising Technology

The rise in popularity of social media and mobile applications has created new channels for marketers to reach potential customers. Companies in advertising technology ("ad tech") are facilitating engagement with these audiences whether users are on a smartphone, a tablet, or a PC. Ad tech companies are providing companies with a new set of tools to ensure their ads are both relevant and engaging. These tools include the ability to target and segment consumers based on their online behavior, geographic location, and also the context in which the ad is displayed.

The Fund's current portfolio includes three ad tech companies: Phunware, Turn, and Tapad. The technologies they offer enable companies to target users across channels and device type--from a Phunware-built mobile application to a real-time (desktop) display ad purchased through Turn's digital ad auction technology to an advertisement retargeted from your PC to your mobile browser by TapAd.

The proliferation of Internet-connected devices is creating a huge audience for these ads. Research firm eMarketer estimates that digital ad spending worldwide will reach more than \$135 billion this year and surge to more than \$200 billion by 2018—great news for these three portfolio companies.





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May Shareholder Meeting

Firsthand Technology Value Fund shareholders are invited to attend the upcoming Annual Meeting of Stockholders, to be held near our San Jose, California headquarters in May 2014. Meeting details will be included in the proxy materials that will be mailed to all shareholders in March.

**Top Holdings
As of 4/30/14***

Twitter, Inc.....	21.0%
Facebook, Inc.....	14.3%
IntraOp Medical, Inc.....	7.7%
Turn Inc.....	5.7%
AliphCom, Inc.	3.9%

* Percentages shown are of estimated net assets of approximately \$262 million. Estimated net assets as of April 30, 2014 represent preliminary net assets of approximately \$256.8 million as of March 31, 2014 plus the net change in unrealized appreciation/depreciation of publicly-traded securities since March 31, 2014. For the purposes of calculating the percentage of net assets represented by each investment, the value of each holding is determined by the most recent of: (1) the purchase price, (2) the market value for public securities, less any discounts taken due restrictions on the stock, or (3) the March 31, 2014 fair value of each security, as determined by our Board of Directors. Not all investments have been or will be as profitable as those discussed. Investing in SVVC's shares involve considerable risk of loss. Please carefully read SVVC's public filings before investing.