Summer 2013

The Quarterly Newsletter of Firsthand Technology Value Fund, Inc.

Fund Posts $10.6 Million Realized Gain on Exit of SolarCity Position

In July, SVVC successfully exited its position in SolarCity (NASDAQ: SCTY) with a gain of approximately $10.6 million for the Fund. Firsthand purchased its SolarCity stake during the first half of 2012 at an average cost of approximately $15.81 per share. The company went public in December 2012, and we recently sold our shares at an average price of approximately $40.67 per share.

SolarCity is the second consecutive profitable IPO exit for the Fund, the other being Yelp, which yielded a 15% realized gain for the Fund in September 2012.

Facebook Turns the Corner; Twitter IPO Coming?

In late July Facebook exceeded analysts' expectations in announcing record results for the quarter ended June 30, 2013. The company reported revenue of $1.81 billion, an increase of 53% over the same quarter last year and a 24% increase over the previous quarter. Advertising revenue was up 61% over the year-ago period, and mobile advertising represented 41% of advertising revenue for the quarter. Net income also reached a record level for the quarter.

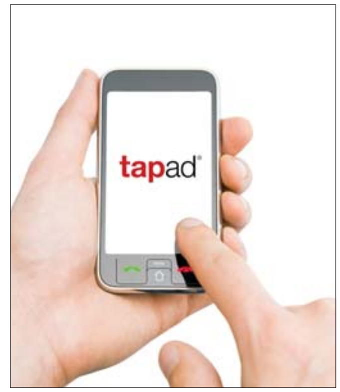
Investors responded by driving Facebook stock from $26.51 prior to the earnings announcement to a closing price of $36.80 (a 39% jump) on July 31, 2013. Our cost basis in the stock is approximately $31.50 per share.

We believe Facebook's recent results also bode well for Twitter, another social networking company with a strong mobile advertising presence. We are very excited about the prospects for Twitter and it is no coincidence that it remains a top holding of SVVC. While speculation abounds regarding the timing of a potential IPO, industry analysts appear to be in general agreement regarding the company's revenue ramp. Earlier this year, Greencrest Capital issued a research note containing revenue estimates of $605 million for 2013 and $1.028 billion for 2014. In March 2013, eMarketer raised its revenue estimates for Twitter to $582 million in 2013 and $950 million in $2014, driven largely by growth in mobile advertising.

MEET THE PORTFOLIO COMPANIES

Tapad: Big Solutions for Big Advertisers

In a Nutshell – Tapad addresses one of online advertising's greatest challenges: cross-platform advertising. Its technology allows advertisers to target individual consumers with consistent ads across multiple platforms: PCs, tablets, and smartphones.



The Opportunity – One of the biggest challenges faced by digital advertisers is the fact that online consumers change devices or screens very frequently. Think about how many times a day you switch from your desktop or laptop to a tablet or smartphone. By and large, when a consumer switches devices, advertisers lose track of him or her. In other words, it is nearly impossible to tell what a smartphone user was just shopping for on his laptop.

Why We're Excited – Advertisers love the idea of "retargeting" ads to consumers based on what they have recently shopped or searched for online. Tapad has developed technologies that enable advertisers to anonymously identify individual online consumers, regardless of the device they are using, and serve relevant ads to them. Major advertisers have taken notice: Tapad's technology has been employed by 140 Fortune 500 brands. The company's remarkable client list has made the company one of the hottest "ad tech" start-ups around.

Wrightspeed: Re-imagining Delivery Vehicles

In a Nutshell – Wrightspeed provides fuel-saving electric drivetrains to the medium-duty truck market.

The Opportunity – The company is initially focused on providing retrofit drivetrains for medium-duty trucks, particularly those used on shorter (less than 120 miles) daily routes with lots of stop-and-go driving, such as delivery vehicles. Nearly all vehicles servicing such routes today run on diesel engines, which are notoriously expensive to operate and highly polluting. This market is so large that just a 10% slice of this market represents a $6 billion opportunity for Wrightspeed.

Why We're Excited – The Route™ is Wrightspeed's electric-powered drive system that provides customers with exceptional efficiency, low emissions, and full power and torque. It is most efficient in stop-and-go driving, where aggressive regenerative braking recharges the batteries. The potential fuel savings for The Route are staggering; the company projects that fleet operators could see fuel savings of more than 75% and effective miles-per-gallon (mpg) approaching 50 mpg. That's 50 mpg for a delivery truck! The solution seems perfectly suited for major fleet operators such as UPS and FedEx, each of which spent more than $4 billion on fuel last year.

Of Note – Ian Wright, the company's founder and CEO, is one of the founders of Tesla Motors.

NEW INVESTMENTS

Fund Pursues Opportunities in Solar, Mobile Ads, Electric Vehicles

In early July, we made an initial investment in Sunrun, Inc. Sunrun is a leader in solar system finance for residential customers and has quickly become one of the largest providers of solar electricity in the U.S. It has been compared by many to SolarCity (NASDAQ: SCTY). The company has 35,000 residential customers and currently serves 11 states. In late June 2013, Sunrun announced that it has secured an additional $630 million in project financing from previous and new investors including JP Morgan Chase. To date, the company has attracted enough capital to fund the purchase of more than $2 billion in home solar systems nationwide. Other recent investments for SVVC include Tapad and Wrightspeed, which are described in more detail on the facing page.

Q&A

Q: What is your policy regarding distributions of capital gains like the gains recently realized from selling SolarCity?

In the fourth quarter of each year, we sum up any long- and short-term realized gains for the year, and distribute those gains, net of realized losses, to shareholders in December.

Q: How long does it usually take a private company to mature and go public?

The time to initial public offering (IPO) has increased over the past 10 or 15 years. Today, we invest with the expectation that it takes between five and eight years from first funding for a company to go public or get acquired. Keep in mind, however, that the vast majority of private companies never go public and many fail.

Q: I've heard that venture funds follow a "J-Curve." What does that mean?

Many companies don't survive the long road to success, which helps explain why many venture capital funds experience a "J-curve" in their performance. Because business failures tend to come more quickly than successes, venture funds often have negative performance in early years as companies fail, followed by improved performance over time as some of the companies hopefully find success.

Q: How does the Fund source its investments?

We are introduced to companies in various ways. In almost every case, we learn of new companies through our network of industry and venture capital contacts. We have been operating in Silicon Valley for nearly 20 years and have been making venture investments since 1998. As a result, we can tap into a deep network of entrepreneurs, investors, bankers, and industry professionals. Private companies are also invited to submit business plans directly to us via e-mail at vc@firsthandtvf.com.

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SVVC Posts Largest Quarterly NAV Increase

Firsthand Technology Value Fund posted an increase of $1.54 per share in its net asset value for the quarter ended June 30, 2013. Driven primarily by appreciation in our SolarCity and Twitter holdings, it was the second consecutive NAV increase and the largest quarterly increase, in dollar terms, since the Fund's inception.

Top Holdings As of 7/31/13

Twitter	10.5%
Facebook	10.1%
Silicon Genesis Corp.	2.9%
Pivotal Systems	2.8%
QMAT, Inc.	2.8%
Wrightspeed, Inc.	2.8%

Percentages shown are of estimated gross assets. Estimated gross assets as of July 31, 2013 represent preliminary total assets of $213,830,588 as of June 30, 2013 plus the net change in unrealized appreciation/depreciation of publicly-traded securities since June 30, 2013. For the purposes of calculating the percentage of gross 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 to restrictions on the stock, or (3) the June 30, 2013 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.