



The Quarterly Newsletter of Firsthand Technology Value Fund, Inc.

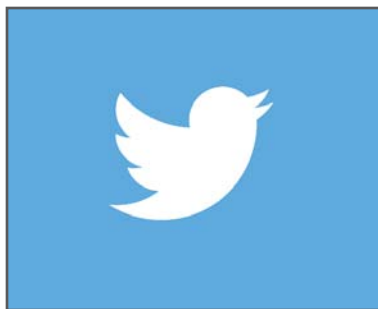
Facebook Proves Doubters Wrong

Prior to Facebook's IPO, the Fund's CEO, Kevin Landis, referred to the company's stock as a "blue chip stock that's not even public yet." Less than 24 months later, the stock has met those lofty expectations. On December 20, 2013, Facebook joined the S&P 500 Index for the first time. Not surprisingly, Facebook's stock responded by reaching record heights, as investors and funds seeking to replicate the index added Facebook to their portfolios.



Landis commented, "In less than one year, Facebook went from the stock that nobody wanted to own to one that everyone has to own, if they own the index. We were drawn to the company specifically because we believed it had this potential."

As of January 31, 2014, our Facebook position had appreciated 98% since our purchases in 2011 and 2012 and represented more than \$18 million (\$2.05 per SVVC share) in unrealized gains for the Fund.



Twitter Stock Takes Flight

After completing its IPO in early November 2013 at a price of \$26 per share, Twitter's stock soared in the few months following. The stock eclipsed \$70 per share in December, and settled at the end of January above \$60 per share. Twitter remains the Fund's largest holding and was a dynamic contributor to the Fund's all-time high NAV at the end of 2013. Since purchasing the stock pre-IPO in 2012 and early 2013, the Fund has enjoyed a 222% gain in Twitter (as of January 31, 2014).

At the end of January, our investment in Twitter was valued at \$55.2 million and accounted for more than \$38 million (\$4.19 per SVVC share) in unrealized gains for the Fund. While Twitter's stock price was impacted in early February following the company's first earnings report, we are confident in Twitter's long-term prospects and that we will effect a successful exit.

MEET THE PORTFOLIO COMPANY

TURN INC. – Optimizing Digital Ad Buying

In a Nutshell – Turn, the largest independent company in the advertising technology sector and a recognized leader in platform-based mobile, video, display and Facebook advertising, is a late-stage private company that provides online advertising technology to Fortune 1000 marketers and their agencies. The company enables advertisers to bid on targeted online ad placements in real time and track the effectiveness of those ads with detailed statistics.

The Opportunity – Each time a user views a web page, the ad units on the page are offered to advertisers through a real-time bidding (“RTB”) process. Advertisers are able to bid for rights to display ads tailored to the user based on information collected through cookies. As the online advertising market continues to expand, RTB is rapidly growing alongside it. eMarketer, a research firm, estimates that global RTB ad spending increased 75% in 2013 to \$3.37 billion. In addition, the firm projects annual RTB ad spending to reach \$9 billion by 2017.

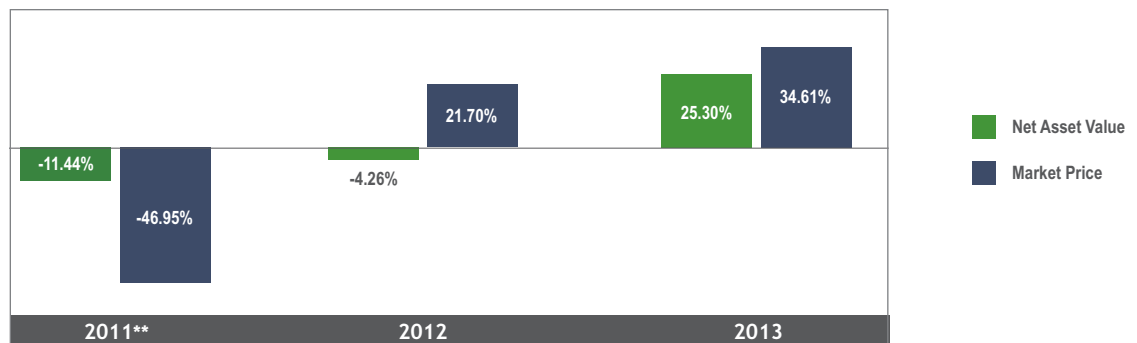
Why We’re Excited – Turn is the only marketing platform with both data management and media execution capabilities on a unified infrastructure, enabling advertisers to optimize the value of RTB information provided by ad exchanges. Turn enables marketers to deliver the right message on the best media channel at the right moment in time to provide better ROI than any other marketing platform. The company is growing rapidly and, in terms of EBITDA, closed fiscal year 2013 as a profitable company. Based on the market’s positive appreciation of other public advertising technology companies recently, we believe the market is prepared to embrace a company such as Turn.



FUND PERFORMANCE UPDATE

Firsthand Technology Value Fund notched its fourth consecutive quarterly NAV increase for the quarter ended December 31, 2013. The Fund’s estimated total return for 2013, based on the December 31, 2013 preliminary NAV, was 25.3%.* The Fund’s total return for the year, based on the market price of its stock, was 34.6%.*

Calendar Year Total Returns (as of 12/31/13)*



* Assumes reinvestment of all distributions.

** Period from inception (4/18/11) through 12/31/11. Initial market price is IPO price of \$27.01. All performance information reflects past performance, is presented on a total return basis, and reflects the reinvestment of distributions. Past performance is no guarantee of future results.

Q&A

Q: Why do shares of SVVC and other closed-end funds trade at a discount or premium to NAV?

Firsthand Technology Value Fund is a closed-end fund, and closed-end funds, by their nature, are prone to trading at a discount. Unlike mutual funds, in which shares are bought and sold directly through the fund at NAV, closed-end funds are traded among investors on an exchange, where the prices are determined by market conditions. As a result, market prices for closed-end funds normally differ from NAV, most commonly trading at a discount to NAV.

In the case of SVVC, it appears that premiums and discounts to NAV are wider than normal as a result of short-term investors utilizing our shares for speculative investing around IPOs and other events. For long-term investors, the success of the Fund will ultimately be based on the quality of our investments. Our main investment objective is to maximize value for shareholders through long-term capital appreciation rather than quick, short-term gains. As a result, we focus on making investments that we believe will enable us to increase NAV over time—in other words, growing the underlying value of the Fund's portfolio holdings.

Q: Would SVVC consider a share buyback?

We regularly review all opportunities to maximize the value of our capital and do not believe a share buyback is the best means to create long-term value for our shareholders. In fact, while empirical evidence suggests a buyback might modestly increase our stock price in the short-term, history also teaches us that the discount will return soon after a buyback is completed. Firsthand Technology Value Fund is designed as a vehicle for long-term investors, not short-term speculators, and we believe maintaining the flexibility to execute our investment strategy will result in greater value, and consequently higher returns, for our shareholders.

Over time, we believe the potential for market-beating returns lies in NAV appreciation and subsequent distributions of investment gains, rather than the narrowing of the discount to NAV. Having said that, we are committed to distributing realized capital gains to our shareholders, as evidenced by our December 2013 cash distribution, and will continue to do so as appropriate.

In the past year, NAV has increased 25% and the stock price has increased 35% (both figures are as of 12/31/13 and are adjusted for distributions). In fact, at the end of December 2013, the Fund's NAV reached an all-time high, underscoring the success of our investment strategy.

Q: Why does SVVC maintain a large cash position?

We are prudent investors and our primary objective is maximizing value for our investors. Due to the dynamics of the IPO market and the shrinking significance of the secondary market for private company shares, it has taken us longer than expected to invest the cash we raised in 2012.

To achieve this, given the high level of risk that accompanies venture capital investing, we conduct extensive research and careful due diligence prior to making an investment. For example, by maintaining our research discipline and eschewing market hype, we were able to purchase Twitter shares at an attractive valuation by waiting for the market excitement to calm. In addition, as a result of our thorough process, we avoided some of the failed IPOs of 2013.

The pace of our investment has increased dramatically in recent quarters, with the Fund deploying approximately \$73 million in 2013, including more than \$25 million in Q4. However, we also recognize the importance of reserving sufficient cash to fund subsequent investments in existing portfolio companies. To that end, we intend to maintain a minimum cash balance of at least \$25 million to support these types of long-term investments.



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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 1/31/14***

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 January 31, 2014 represent preliminary net assets of approximately \$256.8 million as of December 31, 2013 plus the net change in unrealized appreciation/depreciation of publicly-traded securities since December 31, 2013. 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 December 31, 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.