



The Quarterly Newsletter of Firsthand Technology Value Fund, Inc.



Pivotal Systems Closes New Round of Funding

Pivotal Systems, a supplier of leading-edge gas flow monitoring and control technology for the semiconductor industry, announced in early January that it had closed a \$5.6 million round of funding. SJM Partners led the funding, which was completed at a valuation that was substantially higher than that of the prior round of funding. Firsthand Technology Value Fund also participated in the round.

The new investment is expected to fund the company's pursuit of additional market share gains in the semiconductor market and its initial penetration of the LED, solar, and flat-panel markets.

Separately, the company announced that the fourth quarter of 2014 was a record-breaking quarter, in terms of both bookings and revenues and the company expects to continue to grow at an "accelerated pace."

Wrightspeed On the Move

Wrightspeed has selected the city of Alameda, California for its new corporate headquarters. Backed by a \$6 million grant from the California Energy Commission, the electric powertrain company last week announced that it is relocating its operations and establishing an assembly plant in a building that was once an airplane hangar at the former Alameda Naval Air Station. With orders for 42 powertrains in hand, the company plans to hire an additional 250 employees over the next three years.

Wrightspeed is an innovative manufacturer of electric drivetrain systems for commercial trucks. In 2014, FedEx placed an order for 25 drivetrains, which the company is in the process of producing. Separately, The Ratto Group, a Santa Rosa, California-based provider of refuse and recycling services, has placed an order for 17 of Wrightspeed's heavy-duty drivetrains to begin the conversion of its fleet of trucks.



PORTFOLIO COMPANY NEWS

Tapad Cross-Device Connections 91% Accurate

One of the biggest challenges faced by digital advertisers today is the fact that online consumers change devices or screens frequently. By and large, when a consumer switches devices, advertisers lose track of him or her. 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. The company's Device Graph database is used by many of the world's leading advertisers to increase their return on advertising dollars in cross-device ad campaigns.

The company recently commissioned Nielsen, a leading information and measurement company, to validate the accuracy of Tapad's Device Graph matching capability and confirmed that Device Graph accurately matches related devices (multiple devices used by the same user) 91.2% of the time. For advertisers, this accuracy means they can be confident that cross-device ad campaigns are being seen by the correct consumer almost all the time.

Sunrun Secures \$195 Million to Fund New Residential Solar Installations

Sunrun recently announced that it has raised \$195 million in new financing that is expected to help lower the cost of solar installations for residential consumers. The credit facilities will enable Sunrun to finance the growth that it expects in its business in 2015. In September 2014, the company announced that it expects to double installations in 2015 for the second straight year.



Record Distributions for 2014

SVVC distributed a record amount of capital gains to investors in 2014, totaling approximately \$5.85 per share (19.7% of the 9/30/14 NAV). The Fund's two distributions both occurred in the fourth quarter. The first, for \$2.99821 per share, was in November and represented the net realized gains from the sale of the Fund's Facebook holdings. This was followed in December by a distribution of \$2.86156 per share, which included net realized gains from the sale of Twitter and other securities.

Fund Completes Share Repurchase

The Fund completed in December a share repurchase plan that was originally announced in August 2014. Under the plan, SVVC purchased 509,859 shares of its own stock in the open market during the month of December at an aggregate cost of approximately \$10 million. Subsequently, the Fund purchased \$20 million worth of SVVC shares in its January tender offer, which was completed on January 22, 2015. The tender offer was oversubscribed and all shareholders had their tendered shares purchased on a pro-rata basis. The final pro-rata factor was 17.04%.

Top Holdings As of 1/31/15*

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|----------------------------|-------|
| IntraOp Medical Corp. | 12.3% |
| Pivotal Systems, Inc. | 11.1% |
| Turn Inc. | 8.0% |
| QMAT, Inc. | 6.4% |
| AliphCom, Inc. | 6.3% |

* Estimated net assets as of January 31, 2015, represent net assets of approximately \$210 million as of December 31, 2014, plus the net change in unrealized appreciation/depreciation and realized gains/losses on publicly traded securities since December 31, 2014. The estimated January 31, 2015 net asset value of \$24.27 also reflects the Fund's purchase of 859,468 shares through a tender offer priced at 95% of the NAV as of December 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 December 31, 2014, fair value of each security, as determined under procedures approved 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. The portfolio company news reported in this newsletter does not mean that SVVC's investments will be profitable or avoid a loss.

STAGES OF INVESTMENT

The Fund invests in companies at various stages of maturity. As our portfolio companies mature, they move from the “early / development stage” to the “middle / revenue stage” and then to the “late stage.” We expect that this continuous progression may create a pipeline of potential exit opportunities through initial public offerings (IPOs) or acquisitions. Of course, some companies do not progress.

Early Stage

Developing product or service for market, high level of research and development, little or no revenue.



Middle Stage

Established product, customers, business model; limited revenues.



Late Stage

Appreciable revenue; break-even or profitable; IPO or acquisition candidate.

