

Firsthand Technology Value Fund, Inc.  
Form 10-Q  
August 09, 2013

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U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

For the quarterly period of June 30, 2013 or

TRANSITION QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission File Number 333-168195

FIRSTHAND TECHNOLOGY VALUE FUND, INC.  
(Exact Name of Registrant as Specified in Charter)

MARYLAND  
(State or Other Jurisdiction of  
Incorporation or Organization)

77-6100553  
(I.R.S. Employer  
Identification No)

150 Almaden Boulevard, Suite 1250  
San Jose, California  
(Address of Principal Executive Offices)

95113  
(Zip Code)

Registrant's Telephone Number, Including Area Code: (408) 886-7096

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  
 Non-accelerated Filer  Smaller Reporting Company  
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange

Act).  Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class                                     | Outstanding at June 30, 2013 |
|---|------------------------------|
| Common Stock, \$0.001 par value per share | 8,556,480                    |

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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

Firsthand Technology Value Fund, Inc.  
Statements of Assets and Liabilities

|  | AS OF<br>JUNE 30, 2013<br>(UNAUDITED) | AS OF<br>DECEMBER<br>31, 2012 |
|--|---------------------------------------|-------------------------------|
| <b>ASSETS</b>  |                                       |                               |
| Investment securities:   |                                       |                               |
| Unaffiliated investments at acquisition cost   | \$ 67,585,707                         | \$59,673,215                  |
| Affiliated investments at acquisition cost   | 16,530,990                            | 14,544,002                    |
| Controlled investments at acquisition cost   | 6,000,000                             | 6,000,000                     |
| Total acquisition cost   | \$ 90,116,697                         | \$80,217,217                  |
| Unaffiliated investments at market value   | \$ 67,297,465                         | \$42,858,398                  |
| Affiliated investments at market value   | 12,347,100                            | 10,330,275                    |
| Controlled investments at market value   | 6,000,000                             | 6,000,000                     |
| Total market value * (Note 6)  | 85,644,565                            | 59,188,673                    |
| Cash**   | 126,769,478                           | 136,827,597                   |
| Receivable for securities sold   | —                                     | 1                             |
| Receivable from interest   | 1,404,300                             | 1,017,214                     |
| Other assets   | 12,245                                | 26,677                        |
| Total Assets   | 213,830,588                           | 197,060,162                   |
| <b>LIABILITIES</b>   |                                       |                               |
| Written options, at value (proceeds \$549,891, \$0, respectively)***                                 | 573,720                               | —                             |
| Payable to affiliates (Note 4)   | 1,031,777                             | 990,968                       |
| Consulting fee payable   | 14,000                                | 14,000                        |
| Offering cost payable  | —                                     | 5,090                         |
| Accrued expenses and other payables  | 41,052                                | 129,075                       |
| Total Liabilities  | 1,660,549                             | 1,139,133                     |
| <b>NET ASSETS</b>  | <b>\$ 212,170,039</b>                 | <b>\$ 195,921,029</b>         |
| Net Assets consist of:   |                                       |                               |
| Common Stock, par value \$0.001 per share 100,000,000 shares authorized                              | \$ 8,556                              | \$8,556                       |
| Paid-in-capital  | 217,152,025                           | 217,152,025                   |
| Accumulated net investment loss  | (1,876,033 )                          | —                             |
| Accumulated net realized gains/(losses) from security transactions                                   | 1,381,452                             | (183,638 )                    |
| Net unrealized depreciation on investments, other assets, warrants transactions, and written options | (4,495,961 )                          | (21,055,914 )                 |
| <b>NET ASSETS</b>  | <b>\$ 212,170,039</b>                 | <b>\$ 195,921,029</b>         |
| Shares of Common Stock outstanding   | 8,556,480                             | 8,556,480                     |
| Net asset value per share (Note 2)   | \$ 24.80                              | \$22.90                       |

\* Includes warrants and purchased options whose primary risk exposure is equity contracts.

\*\*Cash composed primarily of the Fidelity Institutional Money Market Treasury Portfolio which invests primarily in U.S. Treasury securities. The yield as of 6/30/13 was 0.01%. Please see <https://fundresearch.fidelity.com/mutual-funds/summary/316175504> for additional information.

\*\*\* Primary risk exposure is equity contracts.

See accompanying notes to financial statements



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Firsthand Technology Value Fund, Inc.  
Statements of Operations (Unaudited)

|  | FOR THE THREE MONTHS<br>ENDED |                      | FOR THE SIX MONTHS<br>ENDED |                     |
|--|-------------------------------|----------------------|-----------------------------|---------------------|
|  | JUNE 30, 2013                 | JUNE 30, 2012        | JUNE 30, 2013               | JUNE 30, 2012       |
| <b>INVESTMENT INCOME</b>   |                               |                      |                             |                     |
| Unaffiliated interest  | \$22,170                      | \$2,376              | \$25,566                    | \$5,342             |
| Affiliated interest  | 274,382                       | 163,899              | 537,086                     | 300,505             |
| <b>TOTAL INVESTMENT INCOME</b>   | <b>296,552</b>                | <b>166,275</b>       | <b>562,652</b>              | <b>305,847</b>      |
| <b>EXPENSES</b>  |                               |                      |                             |                     |
| Investment advisory fees (Note 4)  | 1,031,777                     | 855,190              | 2,010,923                   | 1,280,184           |
| Administration and accounting fees   | 30,986                        | 23,760               | 61,192                      | 45,540              |
| Custody fees   | 4,382                         | 1,448                | 8,070                       | 3,130               |
| Transfer agent fees  | 7,178                         | 11,903               | 13,842                      | 19,060              |
| Registration and filing fees   | 4,488                         | 4,517                | 8,926                       | 8,365               |
| Professional fees  | 119,175                       | 68,902               | 190,339                     | 151,500             |
| Printing fees  | 35,426                        | 5,796                | 54,536                      | 25,065              |
| Director fees  | 30,000                        | 14,083               | 45,000                      | 22,139              |
| Other fees   | 22,653                        | 42,123               | 45,857                      | 49,567              |
| <b>TOTAL EXPENSES</b>  | <b>1,286,065</b>              | <b>1,027,722</b>     | <b>2,438,685</b>            | <b>1,604,550</b>    |
| <b>NET INVESTMENT LOSS</b>   | <b>(989,513 )</b>             | <b>(861,447 )</b>    | <b>(1,876,033 )</b>         | <b>(1,298,703 )</b> |
| Net Realized and Unrealized Gain/(Loss) on Investments:                                  |                               |                      |                             |                     |
| Net realized gains (losses) from security transactions                                   |                               |                      |                             |                     |
| Non-affiliated and other assets  | 692                           | 6,482                | (39,503 )                   | 6,482               |
| Net realized losses on foreign currency  | –                             | (2 )                 | –                           | (2 )                |
| Net realized gains from written option transactions (1)                                  | 386,962                       | –                    | 1,604,593                   | –                   |
| Net change in unrealized appreciation (depreciation) on other assets                     |                               |                      |                             |                     |
|  | –                             | –                    | 27,370                      | (12,493 )           |
| Net change in unrealized appreciation (depreciation) on investments and foreign currency |                               |                      |                             |                     |
|  | 13,744,886                    | (10,008,493 )        | 16,519,914                  | (7,064,032 )        |
| Net change in unrealized appreciation (depreciation) on warrants transactions (1)        |                               |                      |                             |                     |
|  | 51,613                        | (55,484 )            | 36,498                      | (313,924 )          |
| Net change in unrealized appreciation on purchased options (1)                           |                               |                      |                             |                     |
|  | –                             | 14,105               | –                           | 14,105              |
| Net change in unrealized depreciation on written options (1)                             |                               |                      |                             |                     |
|  | (23,829 )                     | –                    | (23,829 )                   | –                   |
| <b>Net Realized and Unrealized Gain (Loss) on Investments</b>                            | <b>14,160,324</b>             | <b>(10,043,392 )</b> | <b>18,125,043</b>           | <b>(7,369,864 )</b> |
| <b>Net Increase (Decrease) In Net Assets Resulting From</b>                              |                               |                      |                             |                     |
| Operations   | \$13,170,811                  | \$(10,904,839 )      | \$16,249,010                | \$(8,668,567 )      |
|  | \$1.54                        | \$(1.54 )            | \$1.90                      | \$(1.65 )           |

Net Increase (Decrease) In Net Assets Per  
Share Resulting From Operations (2)

- (1) Primary risk exposure is equity contracts.
- (2) Per share results are calculated based on weighted average shares outstanding for each period.

See accompanying notes to financial statements



Firsthand Technology Value Fund, Inc.  
Statements of Cash Flows

|   | FOR THE SIX<br>MONTHS<br>ENDED<br>JUNE 30, 2013<br>(UNAUDITED) | FOR THE SIX<br>MONTHS<br>ENDED<br>JUNE 30, 2012<br>(UNAUDITED) |
|---|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |  |
| Net increase/(decrease) in Net Assets resulting from operations   | \$ 16,249,010  | \$ (8,668,567 )  |
| Adjustments to reconcile net decrease in Net Assets derived from operations to net cash used in operating activities: |  |  |
| Purchases of investments  | (9,912,491 )   | (29,261,037 )  |
| Investment in purchased options   | —  | (136,895 )   |
| Investment in written options   | 2,154,484  | —  |
| Proceeds from litigation claim  | 878  | 6,480  |
| Decrease in receivable for investments sold   | 1  | —  |
| Increase in dividends, interest, and reclaims receivable  | (387,086 )   | (300,504 )   |
| Decrease in segregated cash   | —  | 4,640,000  |
| Increase in payable to affiliates   | 40,809   | 422,316  |
| Increase in payable for securities purchased  | —  | 18,791   |
| Net realized (gain)/loss from investments   | 39,503   | (6,480 )   |
| Net realized gain from written options  | (1,604,593 )   | —  |
| (Increase)/decrease in other assets   | 14,432   | (16,243 )  |
| Increase/(decrease) in offering costs payable   | (5,090 )   | 13,547   |
| Decrease in accrued expenses and other payables   | (88,023 )  | (147,950 )   |
| Net unrealized appreciation/(depreciation) from investments, other assets, warrants transactions, and written options | (16,559,953 )  | 7,376,344  |
| Net cash used in operating activities   | (10,058,119 )  | (26,060,198 )  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |  |  |
| Proceeds from shares sold   | —  | 127,482,805  |
| Net cash provided by financing activities   | —  | 127,482,805  |
| Net change in cash  | (10,058,119 )  | 101,422,607  |
| Cash - beginning of period  | 136,827,597  | 63,792,414   |
| Cash - end of period  | \$ 126,769,478   | \$ 165,215,021   |

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.  
Statements of Changes in Net Assets

|   | FOR THE<br>SIX MONTHS<br>ENDED<br>JUNE 30, 2013<br>(UNAUDITED) | FOR THE<br>YEAR<br>ENDED<br>DECEMBER<br>31, 2012 |
|---|--|--|
| <b>FROM OPERATIONS:</b>   |  |  |
| Net investment loss   | \$ (1,876,033 )  | \$ (3,309,139 )                                  |
| Net realized gains from security transactions, written and purchased options and foreign currency                             | 1,565,090  | 1,072,729  |
| Net change in unrealized appreciation (depreciation) on investments, other assets, warrants transactions, and written options | 16,559,953   | (12,952,841 )                                    |
| Net increase (decrease) in net assets from operations   | 16,249,010   | (15,189,251 )                                    |
| <b>FROM CAPITAL SHARE TRANSACTIONS:</b>   |  |  |
| Issuance of common stock  | —  | 127,482,805                                      |
| Net increase in net assets from capital share transactions  | —  | 127,482,805                                      |
| <b>TOTAL INCREASE IN NET ASSETS</b>   | <b>16,249,010</b>  | <b>112,293,554</b>                               |
| <b>NET ASSETS:</b>  |  |  |
| Beginning of period   | 195,921,029  | 83,627,475                                       |
| End of period   | \$ 212,170,039   | \$ 195,921,029                                   |
| Accumulated Net Investment Loss   | \$ (1,876,033 )  | \$—  |
| <b>COMMON STOCK ACTIVITY:</b>   |  |  |
| Shares issued   | —  | 5,060,000  |
| Net increase in shares outstanding  | —  | 5,060,000  |
| Shares outstanding, beginning of period   | 8,556,480  | 3,496,480  |
| Shares outstanding, end of period   | 8,556,480  | 8,556,480  |

See accompanying notes to financial statements

## Firsthand Technology Value Fund, Inc.

## Financial Highlights

Selected per share data and ratios for a share outstanding throughout each period

|  | FOR THE SIX<br>MONTHS ENDED<br>JUNE 30, 2013<br>(UNAUDITED) |       | FOR THE<br>YEAR ENDED<br>DECEMBER<br>31, 2012 |   | FOR THE<br>PERIOD ENDED<br>DECEMBER 31, 2011<br>(1) |       |
|--|---|-------|---|---|---|-------|
| Net asset value at beginning of period                       | \$ 22.90  |       | \$ 23.92                                      |   | \$ 27.01  |       |
| Income from investment operations:                           |   |       |   |   |   |       |
| Net investment loss  | (0.22 )   |       | (0.39 )                                       |   | (0.41 )   |       |
| Net realized and unrealized gains (losses) on<br>investments | 2.12  |       | (1.01 )                                       |   | (2.68 )   |       |
| Total from investment operations                             | 1.90  |       | (1.40 )                                       |   | (3.09 )   |       |
| Premiums from shares sold in offerings                       | -   |       | 0.38  |   | -   |       |
| Net asset value at end of period                             | \$ 24.80  |       | \$ 22.90                                      |   | \$ 23.92  |       |
| Market value at end of period                                | \$ 19.86  |       | \$ 17.44                                      |   | \$ 14.33  |       |
| Total return   |   |       |   |   |   |       |
| Based on Net Asset Value                                     | 8.30  | % (A) | (4.26 )                                       | % | (11.44 )  | % (A) |
| Based on Stock Price   | 13.88   | % (A) | 21.70   | % | (46.95 )  | % (A) |
| Net assets at end of period (millions)                       | \$ 212.2  |       | \$ 195.9                                      |   | \$ 83.63  |       |
| Ratio of total expenses to average net assets                | 2.44  | % (B) | 2.56  | % | 2.76  | % (B) |
| Ratio of net investment loss to average net<br>assets        | (1.88 )   | % (B) | (2.12 )                                       | % | (2.28 )   | % (B) |
| Portfolio turnover rate                                      | 0   | % (A) | 10  | % | 18  | % (A) |

(1)For the period April 18, 2011 (inception) through December 31, 2011.

(A)Not Annualized.

(B)Annualized.

See accompanying notes to financial statements

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Firsthand Technology Value Fund, Inc.  
 Schedule of Investments  
 JUNE 30, 2013 (UNAUDITED)

PORTFOLIO

| COMPANY<br>(% OF NET ASSETS)          | INDUSTRY                 | TYPE OF INVESTMENT  | SHARES/ PAR<br>VALUE (\$) | VALUE        |
|---------------------------------------|--------------------------|---|---------------------------|--------------|
| FACEBOOK (7.0%)                       | Social Networking        | Common Stock, Class A *   | 600,000                   | \$14,916,000 |
| GILT GROUPE (1.0%)                    | Internet                 | Common Stock* (1)   | 198,841                   | 1,988,410    |
| INNOVION CORP.<br>(0.1%)              | Services                 | Preferred Stock - Series A-1 *(1)                                     | 324,948                   | 228,601      |
|                                       |                          | Preferred Stock - Series A-2 *(1)                                     | 168,804                   | 40,884       |
|                                       |                          | Common Stock *(1)   | 1                         | 0            |
|                                       |                          |   |                           | 269,485      |
| INTEVAC, INC. (1.5%)                  | Other Electronics        | Common Stock *  | 545,156                   | 3,085,583    |
| PIVOTAL SYSTEMS<br>(2.8%)             | Semiconductor            | Preferred Stock Warrants - Series A<br>*(1)(2)                        | 1,588,468                 | 32,055       |
|                                       | Equipment                | Preferred Stock Warrants - Series A<br>*(1)(2)                        | 3,176,935                 | 64,109       |
|                                       |                          | Preferred Stock - Series A *(1)(2)                                    | 7,148,814                 | 5,903,837    |
|                                       |                          |   |                           | 6,000,001    |
| QMAT, INC. (2.8%)                     | Advanced<br>Materials    | Preferred Stock Warrants - Series A<br>*(1)(3)                        | 2,000,000                 | 437,181      |
|                                       |                          | Preferred Stock - Series A *(1)(3)                                    | 6,000,000                 | 5,562,819    |
|                                       |                          |   |                           | 6,000,000    |
| SILICON GENESIS<br>CORPORATION (3.0%) | Intellectual<br>Property | Preferred Stock -Series 1-C *(1)(2)                                   | 82,914                    | 8            |
|                                       |                          | Preferred Stock -Series 1-D *(1)(2)                                   | 850,830                   | 0            |
|                                       |                          | Preferred Stock -Series 1-E *(1)(2)                                   | 5,704,480                 | 488,874      |
|                                       |                          | Preferred Stock -Series 1-F *(1)(2)                                   | 912,453                   | 108,217      |
|                                       |                          | Common Stock *(1)(2)  | 921,892                   | 0            |
|                                       |                          | Preferred Stock Warrants - Series<br>1-E *(1)(2)                      | 1,257,859                 | 0            |
|                                       |                          | Common Stock Warrants *(1)(2)   | 37,982                    | 0            |
|                                       |                          | Common Stock Warrants *(1)(2)   | 3,000,000                 | 0            |
|                                       |                          | Common Stock Warrants *(1)(2)   | 5,000,000                 | 0            |
|                                       |                          | Convertible Note (1)(2) Matures<br>December 2014 Interest Rate<br>20% | 500,000                   | 500,000      |
|                                       |                          | Convertible Note (1)(2) Matures<br>December 2014 Interest Rate<br>20% | 1,000,000                 | 1,000,000    |
|                                       |                          | Convertible Note (1)(2) Matures<br>December 2014 Interest Rate<br>20% | 1,250,000                 | 1,250,000    |

|                             |           |
|-----------------------------|-----------|
| Term Note (1)(2) Matures    |           |
| December 2016 Interest Rate |           |
| 10%                         | 3,000,000 |