Firsthand Technology Value Fund, Inc.
Form 10-Q
August 09, 2018

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period of June 30, 2018 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	27-3008946
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No)
150 Almaden Boulevard, Suite 1250 San Jose, California	95113
(Address of Principal Executive Offices)	(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. [X] 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 [X] 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 [X] 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 July 31, 2018**
Common Stock, $0.001 par value per share	7,302,146

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Statements of Assets and Liabilities

	AS OF JUNE 30, 2018 (UNAUDITED)	AS OF DECEMBER 31, 2017
ASSETS		
Investment securities:		
Unaffiliated investments at acquisition cost	$ 19,185,832	$33,014,039
Affiliated investments at acquisition cost	32,792,693	24,035,159
Controlled investments at acquisition cost	121,360,349	117,890,661
Total acquisition cost	$ 173,338,874	$174,939,859
Unaffiliated investments at market value	$ 27,266,079	$40,191,055
Affiliated investments at market value	23,287,015	24,656,252
Controlled investments at market value	145,181,022	109,992,218
Total market value * (Note 6)	195,734,116	174,839,525
Cash	19,720	110,077
Receivable for securities sold	602,333	—
Receivable from dividends and interest	2,794,095	1,794,003
Other assets	28,272	27,985
Total Assets	199,178,536	176,771,590
LIABILITIES		
Incentive fees payable (Note 4)	6,865,832	1,691,040
Payable to affiliates (Note 4)	1,011,108	879,085
Deferred tax liability	5,083,597	—
Consulting fee payable	40,500	21,000
Accrued expenses and other payables	130,996	186,876
Total Liabilities	13,132,033	2,778,001
NET ASSETS	$ 186,046,503	$173,993,589
Net Assets consist of:		
Common Stock, par value $0.001 per share 100,000,000 shares authorized	$ 7,302	$7,302
Paid-in-capital	180,772,769	180,772,769
Accumulated net investment loss	(6,063,394)	(1,691,040)
Accumulated net realized loss from security transactions	(4,382,675)	(4,995,108)
Net unrealized appreciation (depreciation) on investments and warrants transactions	15,712,501	(100,334)
NET ASSETS	$ 186,046,503	$173,993,589
Shares of Common Stock outstanding	7,302,146	7,302,146
Net asset value per share (Note 2)	$ 25.48	$23.83

* *Includes warrants whose primary exposure is equity risk.*

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Statements of Operations (Unaudited)

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2018	JUNE 30, 2017
INVESTMENT INCOME				
Unaffiliated interest	$6,124	$22,557	$4,108	$29,265
Affiliated/controlled interest	754,271	326,739	1,353,802	580,829
Affiliated/controlled loan origination income	21,000	—	21,000	—
TOTAL INVESTMENT INCOME	781,395	349,296	1,378,910	610,094
EXPENSES				
Investment advisory fees (Note 4)	956,712	726,250	1,847,661	1,467,402
Administration fees	55,883	47,484	110,179	93,651
Custody fees	14,920	7,848	19,311	10,622
Transfer agent fees	8,436	7,506	16,759	14,701
Registration and filing fees	7,629	5,759	15,174	11,455
Professional fees	105,173	129,162	193,641	245,303
Printing fees	15,290	15,780	30,412	29,916
Trustees fees	50,000	25,000	100,000	50,000
Compliance fees	29,741	26,225	57,589	52,609
Miscellaneous fees	22,491	23,693	45,367	47,236
TOTAL GROSS EXPENSES	1,266,275	1,014,707	2,436,093	2,022,895
Incentive fee adjustments (Note 4)	3,000,192	—	5,174,792	—
TOTAL NET EXPENSES	4,266,467	1,014,707	7,610,885	2,022,895
NET INVESTMENT LOSS, BEFORE TAXES	(3,485,072)	(665,411)	(6,231,975)	(1,412,801)
Deferred tax benefit	1,859,621	—	1,859,621	—
Net investment loss, net of deferred taxes	(1,625,451)	(665,411)	(4,372,354)	(1,412,801)
Net Realized and Unrealized Gains (Losses) on				
Investments:				
Net realized gains (losses) from security transactions on:				
Affiliated/controlled	491,004	—	(908,492)	—
Non-affiliated/controlled and other assets	5,163,141	1,633,244	1,781,402	560,792
Deferred tax expense	(260,477)	—	(260,477)	—
Net realized gains, net of deferred taxes	5,393,668	1,633,244	612,433	560,792
Net change in unrealized appreciation (depreciation) on:				
Non-affiliated investments	(1,116,171)	1,669,254	903,231	2,231,752
Affiliated/controlled investments	19,290,801	(12,128,244)	25,957,652	(11,347,022)
Affiliated/controlled warrants investments (1)	(8,776,609)	419,326	(4,365,307)	799,989
Deferred tax expense	(6,682,741)	—	(6,682,741)	—
Net change in unrealized appreciation (depreciation), net of deferred taxes	2,715,280	(10,039,664)	15,812,835	(8,315,281)
	8,108,948	(8,406,420)	16,425,268	(7,754,489)

Net Realized and Unrealized Gains (Losses) on Investments, Net of Deferred Taxes				
Net Increase (Decrease) In Net Assets Resulting From Operations, Net of Deferred Taxes	$6,483,497	$(9,071,831)	$12,052,914	$(9,167,290)
Net Increase /(Decrease) In Net Assets Per Share Resulting From Operations (2)	$0.89	$(1.22)	$1.65	$(1.23)

(1) Primary exposure is equity risk.
(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.

Consolidated Statements of Cash Flows

	FOR THE THREE MONTHS ENDED JUNE 30, 2018 (UNAUDITED)	FOR THE THREE MONTHS ENDED JUNE 30, 2017 (UNAUDITED)	FOR THE SIX MONTHS ENDED JUNE 30, 2018 (UNAUDITED)	FOR THE SIX MONTHS ENDED JUNE 30, 2017 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net increase (decrease) in Net Assets resulting from operations	$ 6,483,497	$ (9,071,831)	$ 12,052,914	$ (9,167,290)
Adjustments to reconcile net increase (decrease) in Net Assets derived from operations to net cash provided by (used in) operating activities:				
Purchases of investments	(5,320,611)	(997,510)	(28,806,771)	(8,509,165)
Proceeds from disposition of investments	10,665,632	13,532,515	41,704,456	18,918,692
Net purchases/sales from short-term investments	(3,748,355)	(4,046,511)	(10,423,790)	(3,345,725)
Increase (decrease) in dividends, interest, and reclaims receivable	(579,020)	(176,085)	(1,000,092)	(348,768)
Increase (decrease) in receivable in investment sold	(602,333)	—	(602,333)	—
Increase (decrease) in payable for investment purchased	—	90,066	—	(305,466)
Increase (decrease) in payable to affiliates	95,504	(814,480)	132,023	(46,945)
Increase (decrease) in incentive fees payable	3,000,192	—	5,174,792	—
Increase (decrease) in other assets	15,240	13,547	(287)	3,844
Decrease (increase) in accrued expenses and other payables	(41,834)	(135,071)	(36,380)	(66,468)
Increase (decrease) in deferred tax benefit	5,083,597	—	5,083,597	—
Net realized gain (loss) from investments	(5,654,145)	(1,633,244)	(872,910)	(560,792)
Net unrealized appreciation (depreciation) from investments, other assets, and warrants transactions	(9,398,021)	10,039,664	(22,495,576)	8,315,281
Net cash (used in) operating activities	(657)	6,801,060	(90,357)	4,887,198

CASH FLOWS FROM FINANCING ACTIVITIES				
Cost of shares repurchased	—	—	—	—
Net cash (used in) financing activities	—	—	—	—
Net increase (decrease) in cash	(657)	6,801,060	(90,357)	4,887,198
Cash - beginning of period	20,377	20,385	110,077	1,934,247
Cash - end of period	$19,720	$6,821,445	$19,720	$6,821,445

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Statements of Changes in Net Assets (Unaudited)

	FOR THE THREE MONTHS ENDED JUNE 30, 2018	FOR THE THREE MONTHS ENDED JUNE 30, 2017	FOR THE SIX MONTHS ENDED JUNE 30, 2018	FOR THE SIX MONTHS ENDED JUNE 30, 2017
FROM OPERATIONS:				
Net investment loss, net of deferred taxes	$(1,625,451)	$(665,411)	$(4,372,354)	$(1,412,801)
Net realized gains from security transactions and warrants transactions, net of deferred taxes	5,393,668	1,633,244	612,433	560,792
Net change in unrealized appreciation (depreciation) on investments and warrants transactions, net of deferred taxes	2,715,280	(10,039,664)	15,812,835	(8,315,281)
Net increase (decrease) in net assets from operations	6,483,497	(9,071,831)	12,052,914	(9,167,290)
FROM CAPITAL SHARE TRANSACTIONS:				
Value for shares repurchased	—	—	—	—
Net decrease in net assets from capital share transactions	—	—	—	—
TOTAL INCREASE/(DECREASE) IN NET ASSETS	6,483,497	(9,071,831)	12,052,914	(9,167,290)
NET ASSETS:				
Beginning of period	179,563,006	148,816,932	173,993,589	148,912,391
End of period	$186,046,503	$139,745,101	$186,046,503	$139,745,101
Accumulated Net Investment Loss	$(1,625,451)	$(665,411)	$(6,063,394)	$(1,412,801)
COMMON STOCK ACTIVITY:				
Shares repurchased	—	—	—	—
Net decrease in shares outstanding	—	—	—	—
Shares outstanding, beginning of period	7,302,146	7,430,697	7,302,146	7,430,697
Shares outstanding, end of period	7,302,146	7,430,697	7,302,146	7,430,697

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 MONTHS ENDED JUNE 30, 2018* (UNAUDITED)	**FOR THE YEAR ENDED DECEMBER 31, 2017***	**FOR THE YEAR ENDED DECEMBER 31, 2016***	**FOR THE YEAR ENDED DECEMBER 31, 2015***	**FOR THE YEAR ENDED DECEMBER 31, 2014**	**FOR THE YEAR ENDED DECEMBER 31, 2013**
Net asset value at beginning of period	$ 23.83	$ 20.04	$ 22.79	$ 24.49	$ 28.32	$ 22.90
Income from investment operations:						
Net investment loss, before deferred taxes	(0.85)	(0.62)	(0.52)	(0.06)[1]	(1.26)	(1.42)
Deferred tax benefit	0.25	—	—	—	—	—
Net investment loss	(0.60)	(0.62)	(0.52)	(0.06)	(1.26)	(1.42)
Net realized and unrealized gains (losses) on investments, before deferred taxes	3.21	4.21	(2.76)	(1.78)	3.04	7.16
Deferred tax expense	(0.96)	—	—	—	—	—
Net realized and unrealized gains (losses) on investments	2.25	4.21	(2.76)	(1.78)	3.04	7.16
Total from investment operations	1.65	3.59	(3.28)	(1.84)	1.78	5.74
Distributions from:						
Realized capital gains	—	—	—	—	(5.86)	(0.32)
Premiums from shares sold in offerings	—	—	—	—	—	—[2]
Anti-dilutive effect from capital share transactions	—	0.20	0.53	0.14	0.25	—

Net asset value at end of period	$ 25.48		$ 23.83		$ 20.04		$ 22.79		$ 24.49		$ 28.32	
Market value at end of period	$ 14.17		$ 8.96		$ 7.67		$ 8.17		$ 18.65		$ 23.17	
Total return												
Based on Net Asset Value	6.92	%(A)	18.91	%	(12.07	)%	(6.94	)%	12.54	%	25.30	%
Based on Market Value	58.15	%(A)	16.82	%	(6.12	)%	(56.19	)%	4.76	%	34.61	%
Net assets at end of period (millions)	$ 186.0		$ 174.0		$ 148.9		$ 175.6		$ 209.7		$ 256.9	
Ratio of total expenses to average net assets:												
Before tax expense	8.54	%(B)(3)	4.13	%(3)	2.90	%	1.36	%(3)	5.29	%(3)	6.52	%(3)
Deferred tax expense (4)	5.70	%(B)	—		—		—		—		—	
Total expenses	14.24	%(B)(3)	4.13	%	2.90	%	1.36	%	5.29	%	6.52	%
Total expenses, excluding incentive fees	8.44	%(B)	2.98	%	2.90	%	2.68	%	3.12	%	2.67	%
Ratio of net investment loss to average net assets:												
Before tax benefit	(6.99	)%(B)(3)	(3.07	)%	(2.36	)%	(0.24	)%	(4.31	)%	(5.96	)%
Deferred tax benefit (5)	2.09	%(B)	—		—		—		—		—	
Net investment loss	(4.90	)%(B)	(3.07	)%	(2.36	)%	(0.24	)%	(4.31	)%	(5.96	)%
Portfolio turnover rate	17	%(A)	22	%	49	%	22	%	95	%	17	%

** Consolidated.*

(1) Calculated using average shares outstanding.

(2) Less than $0.005 per share.

(3) Amount includes the incentive fee. For the period ended June 30, 2018, the year ended December 31, 2017, the year ended December 31, 2015, the year ended December 31, 2014 and the year ended December 31, 2013, the ratio of the incentive fee to average net assets was 5.80%, 1.15%, (1.32)%, 2.17% and 3.85%, respectively.

(4) Deferred tax expense estimate is derived from net investment income (loss), and realized and unrealized gains (losses).

(5) Deferred tax benefit estimate for the ratio calculation is derived from net investment income (loss) only.

(A) Not Annualized.

(B) Annualized.

See accompanying notes to financial statements

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Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments

JUNE 30, 2018 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
ALIPHCOM, INC. (0.0%) Consumer Electronics	Common Stock*(1)(7)	08/20/13	2,128,005	$10,108,024	$0
EQX CAPITAL, INC (2.1%)	Common Stock*(1)(2)(7)	06/10/16	100,000	20,000	43,150
Equipment Leasing	Preferred Stock - Series A *(1)(2)(7)	06/10/16	4,000,000	4,000,000	3,844,800
					3,887,950
HERA SYSTEMS, INC. (1.7%) Aerospace	Convertible Promissory Note Matures January 2019 Interest Rate 10% (1)(2)(7)	05/31/18	500,000	500,000	500,000
	Convertible Promissory Note Matures January 2019 Interest Rate 10% (1)(2)(7)	01/19/18	500,000	500,000	500,000
	Preferred Stock - Series A*(1)(2)(7)	09/18/15	3,642,324	2,000,000	194,864
	Preferred Stock - Series B*(1)(2)(7)	08/07/17 - 09/28/17	2,039,203	1,587,102	453,315
	Preferred Stock Warrants - Series B*(1)(2)(7)	08/07/17	6,214,922	0	1,380,956
	Preferred Stock Warrants - Series B*(1)(2)(7)	09/28/17	700,000	0	155,540
					3,184,675
INTRAOP MEDICAL CORP. (13.8%) Medical Devices	Convertible Note Matures June 2020 Interest Rate 15% (1)(2)(7)	05/31/17	1,000,000	1,000,000	1,000,000
	Convertible Note Matures June 2020	09/28/17	1,500,000	1,500,000	1,500,000

Interest Rate 15% (1)(2)(7)				
Convertible Note Matures June 2020 Interest Rate 15% (1)(2)(7)	07/13/17	1,000,000	1,000,000	1,000,000
Convertible Note Matures June 2020 Interest Rate 15% (1)(2)(7)	07/08/14	2,000,000	2,000,000	2,000,000
Convertible Note Matures June 2020 Interest Rate 15% (1)(2)(7)	03/21/18	1,000,000	1,000,000	1,000,000
Preferred Stock - Series C *(1)(2)(7)	07/12/13	26,856,187	26,299,938	14,250,967

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

JUNE 30, 2018 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
INTRAOP MEDICAL CORP. (*continued*)	Term Note Matures February 2020 Interest Rate 8% (1)(2)(7)	02/10/17	2,000,000	$2,000,000	$2,000,000
	Term Note Matures February 2020 Interest Rate 8% (1)(2)(7)	02/28/14	3,000,000	3,000,000	3,000,000
					25,750,967
NUTANIX, INC. (7.9%) **Networking**	Common Stock*	05/15/15 - 08/23/16	283,772	4,258,512	14,634,122
PHUNWARE, INC. (6.4%) **Mobile Computing**	Preferred Stock - Series E*(1)(3)(7)	03/14/14	3,257,328	9,999,997	11,835,827
PIVOTAL SYSTEMS CORP. (34.3%) **Semiconductor Equipment**	Common Stock*(1)(2)(7)	11/28/12 - 09/02/16	53,758,441	19,446,197	63,751,705
QMAT, INC. (9.0%)	Preferred Stock - Series A*(1)(2)(5)(7)(8)	12/14/12 - 04/28/16	16,000,240	14,609,819	9,680,305
Advanced Materials	Preferred Stock - Series B*(1)(2)(7)	09/28/16 - 11/07/16	2,000,000	2,000,000	1,436,200
	Preferred Stock Warrants - Series A*(1)(2)(7)	12/14/12	2,000,000	0	417,200
	Preferred Stock Warrants - Series C *(1)(2)(7)	02/22/18	3,482,208	0	344,739
	Preferred Stock Warrants - Series C	03/13/18	350,000	0	34,650

*(1)(2)(7) Preferred Stock Warrants - Series C *(1)(2)(7)	05/11/18	1,000,000	0	99,000
Convertible Note Matures July 2018 Interest Rate 8% (1)(2)(7	05/11/18	1,000,000	1,000,000	1,000,000
Convertible Note Matures July 2018 Interest Rate 8% (1)(2)(7)	02/22/18	3,482,209	3,482,209	3,482,209
Convertible Note Matures July 2018 Interest Rate 8% (1)(2)(7)	03/13/18	350,000	350,000	350,000
				16,844,303

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

JUNE 30, 2018 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
QUICKLOGIC CORP. (0.7%)	Common Stock *	12/27/16 - 11/09/17	1,200,000	$1,859,835	**$1,380,000**
Semiconductors					
REVASUM, INC. (12.3%)	Preferred Stock - Series B*(1)(2)(7)	10/27/17 - 12/20/17	313,719	2,550,033	3,259,729
Semiconductor Equipment	Common Stock*(1)(2)(7)	11/14/16	10,000	1,000	50,997
	Preferred Stock - Series A*(1)(2)(7)	03/01/17	441,998	1,999,997	3,500,889
	Term Note Matures February 2020 Interest Rate 5% (1)(2)(7)	03/01/17	840,186	840,186	840,186
	Preferred Stock - Series Seed*(1)(2)(7)	11/14/16	2,200,000	7,275,070	15,211,680
					22,863,481
ROKU, INC. (5.7%)	Common Stock*	05/26/15 - 08/06/15	250,000	2,312,500	**10,655,000**
Consumer Electronics					
RORUS, INC. (0.0%)	Convertible Note Matures June 2021				
Water Purification	Interest Rate 2% (1)(7)	10/04/16	50,000	50,000	**0**
SILICON GENESIS CORP. (2.6%)	Common Stock*(1)(2)(7)	04/18/11	921,892	169,045	10,786
Intellectual Property	Common Stock Warrants*(1)(2)(7)	04/18/11	37,982	6,678	220
	Common Stock Warrants*(1)(2)(7)	10/13/11	5,000,000	0	6,500
	Common Stock Warrants*(1)(2)(7)	02/06/12	3,000,000	0	3,900
	Preferred Stock - Series 1-C*(1)(2)(7)	04/18/11	82,914	109,518	52,037
		04/18/11	850,830	431,901	142,939

	Preferred Stock - Series 1-D*(1)(2)(7)				
	Preferred Stock - Series 1-E*(1)(2)(7)	04/18/11	5,704,480	2,372,403	1,718,189
	Preferred Stock - Series 1-F*(1)(2)(7)	04/18/11	912,453	456,389	374,836
	Preferred Stock - Series 1-G*(1)(2)(5)(7)	03/10/16	48,370,793	4,500,969	2,291,808
	Preferred Stock - Series 1-H*(1)(2)(7)	03/10/16	837,942	936,895	192,643
					4,793,858
SVXR, INC. (2.2%)	Preferred Stock - Series A*(1)(3)(7)	01/11/17 - 06/20/18	6,156,316	3,057,534	3,057,534
Semiconductor Equipment	Convertible Note				
	Matures December 2018 Interest Rate 10% (1)(3)(7)	05/30/18	1,000,000	1,000,000	1,000,000
					4,057,534

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

JUNE 30, 2018 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
TELEPATHY INVESTORS, INC. (1.7%)	Convertible Note				
Consumer Electronics	Matures January 2019 Interest Rate 10% (1)(2)(7)	01/29/16	300,000	$300,000	$112,290
	Convertible Note Matures January 2019 Interest Rate 10% (1)(2)(7)	04/20/16	500,000	500,000	187,150
	Convertible Note Matures January 2019 Interest Rate 10% (1)(2)(7)	06/21/16	150,000	150,000	56,145
	Convertible Note Matures January 2019 Interest Rate 10% (1)(2)(7)	12/13/16	500,000	500,000	187,150
	Convertible Note Matures January 2019 Interest Rate 10% (1)(2)(7)	06/23/15	2,000,000	2,000,000	748,600
	Convertible Note Matures July 2018 Interest Rate 10% (1)(2)(7)	05/03/17	300,000	300,000	112,290
	Preferred Stock - Series A*(1)(2)(7)	07/29/14	15,238,000	3,999,999	1,675,418
					3,079,043
UCT COATINGS, INC. (0.4%)	Common Stock*(1)(3)(7)	04/18/11	1,500,000	662,235	779,250
Advanced Materials	Common Stock Warrants*(1)(3)(7)	04/18/11	2,283	67	57
					779,307
VUFINE, INC. (0.5%)	Common Stock*(1)(2)(7)	02/26/15	750,000	15,000	0
Consumer Electronics	Convertible Note				

Matures July 2019 Interest Rate 6% (1)(2)(7)	07/10/17	1,500,000	1,500,000	640,650
Convertible Note Matures October 2019 Interest Rate 12% (1)(2)(7)	10/16/17	250,000	250,000	106,775
Convertible Note Matures July 2019 Interest Rate 12% (1)(2)(7)	01/31/18	350,000	350,000	149,485
Convertible Note Matures July 2019 Interest Rate 12% (1)(2)(7)	06/19/18	300,000	300,000	128,130
Preferred Stock - Series A*(1)(2)(7)	03/04/15 - 02/18/16	22,500,000	2,250,000	0
				1,025,040

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

JUNE 30, 2018 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
WRIGHTSPEED, INC. (3.6%)					
Automotive	Preferred Stock - Series C*(1)(3)(4)(5)(7)	04/11/13	2,267,659	$6,837,983	$496,844
	Preferred Stock - Series D *(1)(3)(7)	12/15/14	1,100,978	3,375,887	312,017
	Preferred Stock - Series E *(1)(3)(7)	07/10/15	450,814	1,658,996	137,273
	Preferred Stock - Series F *(1)(3)(7)	08/31/17	90,707	499,995	41,517
	Preferred Stock Warrants - Series F *(1)(3)(7)	04/09/18	13,606	0	15
	Preferred Stock Warrants - Series F *(1)(3)(7)	04/26/18	6,803	0	8
	Preferred Stock Warrants - Series F*(1)(3)(7)	06/21/18	4,000,000	0	1,827,200
	Preferred Stock Warrants - Series F*(1)(3)(7)	05/01/18	7,400,000	0	3,380,320
	Preferred Stock Warrants - Series F*(1)(3)(7)	06/21/18	4,000,000	0	4,800
	Preferred Stock Warrants - Series F*(1)(3)(7)	05/01/18	7,400,000	0	8,880
	Preferred Stock Warrants - Series F*(1)(3)(7)	02/07/18	11,338	0	12
	Preferred Stock Warrants - Series F*(1)(3)(7)	08/31/17	18,141	0	20
	Convertible Note Matures December 2018 Interest Rate 12% (1)(3)(7)	05/01/18	3,700,000	3,700,000	263,181

	Convertible Note Matures December 2018 Interest Rate 12% (1)(3)(7)	06/21/18	2,000,000	2,000,000	142,260
					6,614,347
INVESTMENT COMPANY (0.3%)	Fidelity Investments Money Market Treasury Portfolio - Class I (6)	Various	596,957	596,957	**596,957**

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

JUNE 30, 2018 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
TOTAL INVESTMENTS (Cost $173,338,874) — 105.2%					**$195,734,116**
LIABILITIES IN EXCESS OF OTHER ASSETS — (5.2)%					**(9,687,613)**
NET ASSETS — 100.0%					**$186,046,503**

**Non-income producing security.*

(1) Restricted security. Fair Value is determined by or under the direction of the Company's Board of Directors (See Note 3). At June 30, 2018, we held $168,468,037 (or 90.6% of net assets) in restricted securities (see Note 2).

(2) Controlled investments.

(3) Affiliated issuer.

(4) A portion represents position held in Firsthand Holdings, Ltd. (See Note 1).

(5) A portion represents position held in Firsthand Development, Ltd. (See Note 1).

(6) The Fidelity Investments Money Market Portfolio invests primarily in U.S. Treasury securities.

(7) Fair Value Level 3 Security.

(8) A portion represents position held in Firsthand Investments, Ltd. (See Note 1).

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments

DECEMBER 31, 2017

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
ALIPHCOM, INC. (0.0%)	Common Stock*(1)(7)	08/20/13	2,128,005	$10,108,024	$0
Consumer Electronics					
EQX CAPITAL, INC. (2.3%)	Common Stock*(1)(2)(7)	06/10/16	100,000	20,000	44,810
Equipment Leasing	Preferred Stock - Series A *(1)(2)(7)	06/10/16	4,000,000	4,000,000	3,975,200
					4,020,010
HERA SYSTEMS, INC. (1.2%)	Preferred Stock - Series A*(1)(2)(7)	09/18/15	3,642,324	2,000,000	154,799
Aerospace	Preferred Stock - Series B*(1)(2)(7)	08/07/17 - 09/28/17	2,039,203	1,587,102	453,315
	Preferred Stock Warrants - Series B*(1)(2)(7)	08/07/17	6,214,922	0	1,380,956
	Preferred Stock Warrants - Series B*(1)(2)(7)	09/28/17	700,000	0	155,540
					2,144,610
HIGHTAIL, INC. (4.9%)	Preferred Stock - Series E *(1)(4)(7)	03/27/14	2,268,602	9,620,188	8,561,704
Cloud Computing					
INTRAOP MEDICAL CORP. (12.1%)	Convertible Note (1)(2)(7)				
Medical Devices	Matures June 2020 Interest Rate 15%	05/31/17	1,000,000	1,000,000	1,000,000
	Convertible Note (1)(2)(7)				
	Matures June 2020 Interest Rate 15%	09/28/17	1,500,000	1,500,000	1,500,000
	Convertible Note (1)(2)(7)				
	Matures June 2020 Interest Rate 15%	07/13/17	1,000,000	1,000,000	1,000,000
	Convertible Note (1)(2)(7)				
	Matures June 2020				

Interest Rate 15%	07/08/14	1,000,000	1,000,000	1,000,000
Preferred Stock - Series C *(1)(2)(7)	07/12/13	26,856,187	26,299,938	11,479,677
Term Note (1)(2) Matures February 2020 Interest Rate 8%	02/10/17	2,000,000	2,000,000	2,000,000
Term Note (1)(2)(7) Matures February 2020 Interest Rate 8%	02/28/14	3,000,000	3,000,000	3,000,000
				20,979,677

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

DECEMBER 31, 2017

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
NUTANIX, INC. (9.3%)	Common Stock*	05/15/15 - 08/23/16	458,772	$7,358,112	**$16,185,476**
Networking					
PHUNWARE, INC. (6.9%)	Preferred Stock - Series E*(1)(3)(7)	03/14/14	3,257,328	9,999,997	12,018,563
Mobile Computing					
PIVOTAL SYSTEMS CORP. (19.9%)	Common Stock Warrants - Class B*(1)(2)(7)	02/12/16	18,180,475	0	8,741,172
	Preferred Stock Warrants - Series D*(1)(2)(7)	09/02/16	4,158,654	0	618,392
Semiconductor Equipment	Preferred Stock - Series A*(1)(2)(7)	11/28/12 - 04/30/14	11,914,217	6,000,048	8,453,614
	Preferred Stock - Series B*(1)(2)(7)	04/30/14	13,065,236	6,321,482	9,270,308
	Preferred Stock - Series C*(1)(2)(7)	12/31/14	2,291,260	2,657,862	2,560,254
	Preferred Stock - Series D*(1)(2)(7)	09/02/16	6,237,978	3,975,801	5,009,720
					34,653,460
QMAT, INC. (13.4%)	Preferred Stock - Series A*(1)(2)(7)	12/14/12 - 04/28/16	16,000,240	16,000,240	17,394,341
Advanced Materials	Preferred Stock - Series B*(1)(2) (7)	09/28/16 - 11/07/16	2,000,000	2,000,000	2,132,600
	Preferred Stock Warrants - Series A*(1)(2)	12/14/12	2,000,000	0	1,086,600
	Convertible Note Matures March 2019 Interest Rate 8% (1)(2)(7)	12/29/17	2,745,485	2,745,485	2,745,485
					23,359,026
	Common Stock *		1,200,000	1,859,835	2,088,000

QUICKLOGIC CORP. (1.2%)		12/27/16 - 11/09/17			
Semiconductors					
REVASUM, INC. (8.5%)	Preferred Stock - Series B (1)(2)(7)(8)	10/27/17 - 12/20/17	313,719	2,550,033	2,550,033
Semiconductor Equipment	Common Stock*(1)(2)(7)	11/14/16	10,000	1,000	29,908
	Preferred Stock - Series A*(1)(2)(7)	03/01/17	441,998	1,999,997	2,256,355
	Term Note (1)(2)(7) Matures February 2020 Interest Rate 5%	03/01/17	1,000,000	1,000,000	1,000,000
	Preferred Stock - Series Seed* (1)(2)(7)	11/14/16	2,200,000	7,284,145	8,966,760
					14,803,056

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

DECEMBER 31, 2017

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
ROKU, INC. (6.7%)	Common Stock*(1)(7)	05/26/15 - 08/06/15	250,000	$2,312,500	$11,650,500
Consumer Electronics					
RORUS, INC. (0.0%)	Convertible Note (1)(7) Matures June 2021 Interest Rate 2%	10/04/16	50,000	50,000	0
Water Purification					
SILICON GENESIS CORP. (3.5%)	Common Stock*(1)(2)(7)	04/18/11	921,892	169,045	16,871
Intellectual Property	Common Stock Warrants*(1)(2)(7)	04/18/11	5,000,000	0	11,000
	Common Stock Warrants*(1)(2)(7)	10/13/11	37,982	6,678	357
	Common Stock Warrants*(1)(2)(7)	02/06/12	3,000,000	0	6,600
	Preferred Stock - Series 1-C*(1)(2)(7)	04/18/11	82,914	109,518	74,258
	Preferred Stock - Series 1-D*(1)(2)(7)	04/18/11	850,830	431,901	205,646
	Preferred Stock - Series 1-E*(1)(2)(7)	04/18/11	5,704,480	2,459,808	2,063,310
	Preferred Stock - Series 1-F*(1)(2)(7)	04/18/11	912,453	475,674	456,318
	Preferred Stock - Series 1-G*(1)(2)(5)(7)	03/10/16	48,370,793	4,583,405	3,023,658
	Preferred Stock - Series 1-H*(1)(2)(7)	03/10/16	837,942	946,502	236,551
					6,094,569
SVXR, INC. (1.2%)	Preferred Stock - Series A*(1)(3)(7)	01/11/17	2,013,491	1,000,000	1,000,000
Semiconductor Equipment	Convertible Note (1)(2)(7) Matures December 2018 Interest Rate 10% (1)(2)(7)	12/21/17	1,000,000	1,000,000	1,000,000

2,000,000

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

DECEMBER 31, 2017

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/PAR VALUE ($)	COST BASIS	VALUE
TELEPATHY INVESTORS, INC. (0.9%)	Convertible Note (1)(2)(7)				
Consumer Electronics	Matures January 2018 Interest Rate 10%	01/29/16	300,000	$300,000	$45,321
	Convertible Note (1)(2)(7) Matures January 2018 Interest Rate 10%	04/20/16	500,000	500,000	75,535
	Convertible Note (1)(2)(7) Matures January 2018 Interest Rate 10%	06/21/16	150,000	150,000	22,661
	Convertible Note (1)(2)(7) Matures January 2018 Interest Rate 10%	12/13/16	500,000	500,000	75,535
	Convertible Note (1)(2)(7) Matures January 2018 Interest Rate 10%	06/23/15	2,000,000	2,000,000	302,140
	Convertible Note (1)(2)(7) Matures January 2018 Interest Rate 10%	05/03/17	300,000	300,000	45,321
	Preferred Stock - Series A*(1)(2)(7)	07/29/14	15,238,000	3,999,999	937,137
					1,503,650
UCT COATINGS, INC.(0.5%)	Common Stock*(1)(3)(7)	04/18/11	1,500,000	662,235	922,050
Advanced Materials	Common Stock Warrants*(1)(3)(7)	04/18/11	2,283	67	4
					922,054
VUFINE, INC. (0.8%)	Common Stock*(1)(2)(7)	02/26/15	750,000	15,000	0
Consumer Electronics	Convertible Note (1)(2)(7)				

	Matures July 2019 Interest Rate 6%	07/10/17	1,500,000	1,500,000	1,229,280
	Preferred Stock - Series A*(1)(2)(7)	03/04/15 - 02/18/16	22,500,000	2,250,000	0
	Convertible Note (1)(2)(7) Matures October 2019 Interest Rate 12%	10/16/17	250,000	250,000	204,880
					1,434,160
WRIGHTSPEED, INC. (6.2%)	Preferred Stock - Series C*(1)(3)(4)(7)	04/11/13	2,267,659	6,837,983	5,704,296
Automotive	Preferred Stock - Series D *(1)(3)(7)	12/15/14	1,100,978	3,375,887	3,161,018
	Preferred Stock - Series E *(1)(3)(7)	07/10/15	450,814	1,658,996	1,350,323
	Preferred Stock - Series F *(1)(3)(7)	08/31/17	90,707	499,995	471,295
	Preferred Stock Warrants - Series F*(1)(3)(7)	08/31/17	18,141	0	28,703
					10,715,635

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Schedule of Investments - continued

DECEMBER 31, 2017

PORTFOLIO COMPANY (% OF NET ASSETS) AND INDUSTRY	TYPE OF INVESTMENT	ACQUISITION DATE	SHARES/ PAR VALUE ($)	COST BASIS	VALUE
INVESTMENT COMPANY (1.0%)	Fidelity Investments Money Market Treasury Portfolio - Class I (6)	Various	1,705,375	$1,705,375	$1,705,375
TOTAL INVESTMENTS (Cost $174,939,859) — 100.5%					174,839,525
LIABILITIES IN EXCESS OF OTHER ASSETS — (0.5)%					(845,936)
NET ASSETS — 100.0%					$173,993,589

**Non-income producing security.*

(1) Restricted security. Fair Value is determined by or under the direction of the Company's Board of Directors (see Note 3). At December 31, 2017, we held $154,860,674 (or 89.0% of net assets) in restricted securities (see Note 2).

(2) Controlled Investments.

(3) Affiliated issuer.

(4) A portion represents position held in Firsthand Holdings, Ltd. (see Note 1).

(5) A portion represents position held in Firsthand Development, Ltd. (see Note 1).

(6) The Fidelity Investments Money Market Portfolio invests primarily in U.S. Treasury securities.

(7) Fair Value Level 3 Security.

(8) A portion represents position held in Firsthand Investments, Ltd. (see Note 1).

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.

Consolidated Notes to Financial Statements

june 30, 2018 (unaudited)

NOTE 1. THE COMPANY

Firsthand Technology Value Fund, Inc. (the "Company," "us," "our," and "we"), is a Maryland corporation and an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company acquired its initial portfolio of securities through the reorganization of Firsthand Technology Value Fund, a series of Firsthand Funds, into the Company. The reorganization was completed on April 15, 2011. The Company commenced operations on April 18, 2011. Under normal circumstances, the Company will invest at least 80% of its assets for investment purposes in technology companies, which are considered to be those companies that derive at least 50% of their revenues from products and/or services within the information technology sector or the "cleantech" sector. Information technology companies include, but are not limited to, those focused on computer hardware, software, telecommunications, networking, Internet, and consumer electronics. While there is no standard definition of cleantech, it is generally regarded as including goods and services designed to harness renewable energy and materials, eliminate emissions and waste, and reduce the use of natural resources. In addition, under normal circumstances we will invest at least 70% of our assets in privately held companies and in public companies with market capitalizations less than $250 million. Our portfolio is primarily composed of equity and equity derivative securities of technology and cleantech companies (as defined above). These investments generally range between $1 million and $10 million each, although the investment size will vary proportionately with the size of the Company's capital base. The Company's shares are listed on the NASDAQ Global Market under the symbol "SVVC."

The Company is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946.

CONSOLIDATION OF SUBSIDIARIES. On May 8, 2015, the Board of Directors of the Company approved the formation of a fully owned and controlled subsidiary (as defined by the 1940 Act) of the Company named Firsthand Venture Investors ("FVI"), a California general partnership formed on March 30, 2015. After the closing of business on June 30, 2015, the Company contributed substantially all of its assets to FVI in return for a controlling general partner ownership interest in FVI. The transaction was completed July 1, 2015. Under this new structure, we will have all or substantially all of our investment activities conducted through our fully owned subsidiary, FVI.

On June 10, 2016, the Board of Directors of the Company approved the formation of a fully owned and controlled subsidiary (as defined by the 1940 Act) of FVI named Firsthand Holdings, Ltd. ("FHL"), a Cayman Islands corporation formed on May 4, 2016. Under this structure, we may from time to time transfer investments in the Company held in

the Company or FVI to FHL in return for ownership interests in FHL. The net assets of FHL at June 30, 2018, were $324,268 or 0.2% of the Company's consolidated net assets. On September 27, 2016, the Board of Directors of the Company approved the formation of a fully owned and controlled subsidiary (as defined by the 1940 Act) of FVI named Firsthand Development, Ltd ("FDL"), a Cayman Islands corporation formed on September 22, 2016. Under this structure, we may from time to time transfer investments in the Company held in the Company or FVI to FDL in return for ownership interests in FDL. The net assets of FDL at June 30, 2018, were $5,634,830 or 3.0% of the Company's consolidated net assets. On November 10, 2017, the Board of Directors of the Company approved the formation of a fully owned and controlled subsidary (as defined by the 1940 Act) of FVI named Firsthand Investments, Ltd. ("FIL"), a Cayman Islands corporation formed on November 15, 2017. The net assets of FIL at June 30, 2018, were $5,747,595 or 3.1% of the Company's consolidated net assets. The financial statements of the Company, FVI, FHL, FDL, and FIL are presented in the report on a consolidated basis.

FHL, FDL, and FIL are all treated as controlled foreign corporations under the Internal Revenue Code and are not expected to be subject to U.S. federal income tax. FVI is treated as a U.S. shareholder of each of FHL, FDL, and FIL. As a result, FVI is required to include in gross income for U.S. federal tax purposes all of FHL, FDL, and FIL's income, whether or not such income is distributed by FHL, FDL, or FIL. If a net loss is realized by FHL, FDL, or FIL, such loss is not generally available to offset the income earned by FVI.

Firsthand Technology Value Fund, Inc.

Consolidated Notes to Financial Statements - continued

june 30, 2018 (unaudited)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the Company's financial statements included in this report:

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

PORTFOLIO INVESTMENT VALUATIONS. Investments are stated at "value" as defined in the 1940 Act and in the applicable regulations of the Securities and Exchange Commission and in accordance with GAAP. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market value of those securities for which a market quotation is readily available and (ii) the fair value as determined in good faith by, or under the direction of, the board of directors for all other securities and assets. On June 30, 2018, our financial statements include venture capital investments valued at approximately $104,716,332. The fair values of our venture capital investments were determined in good faith by, or under the direction of, the Board. Upon sale of these investments, the values that are ultimately realized may be different from what is presently estimated. The difference could be material. Also see note 6 regarding the fair value of the company's investments.

CASH AND CASH EQUIVALENTS. The Company considers liquid assets deposited with a bank, investments in money market funds, and certain short-term debt instruments with maturities of three months or less to be cash equivalents. These investments represent amounts held with financial institutions that are readily accessible to pay our expenses or purchase investments. Cash and cash equivalents are valued at cost plus accrued interest, which approximates market value.

RESTRICTED SECURITIES. At June 30, 2018, and December 31, 2017, we held $168,468,037 and $154,860,674, in restricted securities, respectively.

INCOME RECOGNITION. Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Discounts and premiums on securities purchased are amortized over the lives of the respective securities. Other non-cash dividends are recognized as investment income at the fair value of the property received. When debt securities are determined to be non-income producing, the Company ceases accruing interest and writes off any previously accrued interest. These write-offs are recorded as a reduction to interest income.

SHARE VALUATION. The net asset value ("NAV") per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash or other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding of the Fund, rounded to the nearest cent.

REALIZED GAIN OR LOSS AND UNREALIZED APPRECIATION OR DEPRECIATION OF PORTFOLIO INVESTMENTS. A realized gain or loss is recognized when an investment is disposed of and is computed as the difference between the Company's cost basis in the investment at the disposition date and the net proceeds received from such disposition. Realized gains and losses are calculated on a specific identification basis. Unrealized appreciation or depreciation is computed as the difference between the fair value of the investment and the cost basis of such investment.

INCOME TAXES. Beginning on June 30, 2018, we were no longer able to qualify as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). This change in tax status resulted from the increase in the value of a single holding, Pivotal Systems Corp., which meant that we were no longer able to satisfy the diversification requirements for qualification as a RIC. As a result of this change, we will be taxed as a corporation for our fiscal year ended December 31, 2018, and will continue to be taxed in that manner for future fiscal years, paying federal and applicable state corporate taxes on our taxable income, unless and until we are able to once again qualify as a RIC, based on changes in the composition of our portfolio. Consequently, at the close of each fiscal quarter beginning with this quarter ended June 30, 2018, we will record a deferred tax liability for any net realized gains and net ordinary income for the year-to-date period plus net unrealized gains as of the end of the quarter.

Firsthand Technology Value Fund, Inc.

Consolidated Notes to Financial Statements - continued

june 30, 2018 (unaudited)

FOREIGN CURRENCY TRANSLATION. The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies against U.S. dollars on the date of valuation.

SECURITIES TRANSACTIONS. Securities transactions are accounted for on the date of the transaction for the purchase or sale of the securities entered into by the Company (*i.e.*, trade date).

CONCENTRATION OF CREDIT RISK. The Company places its cash and cash equivalents with financial institutions and, at times, cash held in checking accounts may exceed the Federal Deposit Insurance Corporation insured limit.

OPTIONS. The Company is subject to equity price risk in the normal course of pursuing its investment objectives and may enter into options written to hedge against changes in the value of equities. The Company may purchase put and call options to attempt to provide protection against adverse price effects from anticipated changes in prevailing prices of securities or stock indices. The Company may also write put and call options. When the Company writes an option, an amount equal to the premium received by the Company is recorded as a liability and is subsequently adjusted to the current fair value of the option written.

Premiums received from writing options that expire unexercised are treated by the Company on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Company has realized a gain or loss. The Company as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

The Company had no option transactions for the six months ended June 30, 2018.

The average volume of the Company’s derivatives during the six months ended June 30, 2018, is as follows:

	PURCHASED OPTIONS (CONTRACTS)	WARRANTS (SHARES)	WRITTEN OPTIONS (CONTRACTS)
Firsthand Technology Value Fund, Inc.	—	41,289,509	—

NOTE 3. BUSINESS RISKS AND UNCERTAINTIES

We plan to invest a substantial portion of our assets in privately-held companies, the securities of which are inherently illiquid. We also seek to invest in small publicly-traded companies that we believe have exceptional growth potential and to make opportunistic investments in publicly-traded companies, both large and small. In the case of investments in small publicly-traded companies, although these companies are publicly traded, their stock may not trade at high volumes, and prices can be volatile, which may restrict our ability to sell our positions. These privately held and publicly traded businesses tend to lack management depth, have limited or no history of operations and typically have not attained profitability. Because of the speculative nature of our investments and the lack of public markets for privately held investments, there is greater risk of loss than is the case with traditional investment securities.

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We do not choose investments based on a strategy of diversification. We also do not rebalance the portfolio should one of our portfolio companies increase in value substantially relative to the rest of the portfolio. Therefore, the value of our portfolio may be more vulnerable to events affecting a single sector, industry or portfolio company and, therefore, may be subject to greater volatility than a company that follows a diversification strategy.

Because there is typically no public or readily-ascertainable market for our interests in the small privately-held companies in which we invest, the valuation of those securities is determined in good faith by the Valuation Committee, comprised of all members of the Board who are not “interested persons” of the Company, as such term is defined in Section 2(a)(19) of the 1940 Act, in accordance with our Valuation Procedures and is subject to significant estimates and judgments. The determined value of the securities in our portfolio may differ significantly from the values that would be placed on these securities if a ready market for the securities existed. Any changes in valuation are recorded in our Statement of Operations as “Net increase (decrease) in unrealized appreciation on investments.” Changes in valuation of any of our investments in privately-held companies from one period to another may be volatile.

The Board may, from time to time, engage an independent valuation firm to provide it with valuation assistance with respect to certain of our portfolio investments. The Company intends to continue to engage an independent valuation firm to provide us with assistance regarding our determination of the fair value of select portfolio investments each quarter unless directed by the Board to cancel such valuation services. The scope of the services rendered by an independent valuation firm is at the discretion of the Board. The Board is ultimately and solely responsible for determining the fair value of the Company’s investments in good faith.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, the Board has approved a multi-step valuation process to be followed each quarter, as described below:

(1) each quarter the valuation process begins with each portfolio company or investment being initially valued by the Adviser Valuation Committee or the independent valuation firm;

(2) the Valuation Committee of the Board on a quarterly basis reviews the preliminary valuation of the Adviser Valuation Committee and that of the independent valuation firms and makes the fair value determination, in good faith, based on the valuation recommendations of the Adviser Valuation Committee and the independent

valuation firms; and

(3) at each quarterly Board meeting, the Board considers the valuations recommended by the Adviser Valuation Committee and the independent valuation firms that were previously submitted to the Valuation Committee of the Board and ratifies the fair value determinations made by the Valuation Committee of the Board.

NOTE 4. INVESTMENT MANAGEMENT FEE

The Company has entered into an investment management agreement (the "Investment Management Agreement") with Firsthand Capital Management, Inc., which was previously known as SiVest Group, Inc. ("FCM" or the "Adviser"), pursuant to which the Company will pay FCM a fee for providing investment management services consisting of two components—a base management fee and an incentive fee.

The base management fee will be calculated at an annual rate of 2.00% of our gross assets. For services rendered under the Investment Management Agreement, the base management fee will be payable quarterly in arrears. The base management fee will be calculated based on the average of (1) the value of our gross assets at the end of the current calendar quarter and (2) the value of the Company's gross assets at the end of the preceding calendar quarter; and will be appropriately adjusted for any share issuances or repurchases during the current calendar quarter. Base management fees for any partial month or quarter will be pro-rated.

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The incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement, as of the termination date), commencing on April 15, 2011, and equals 20% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid incentive fees, provided that the incentive fee determined as of December 31, 2017, will be calculated for a period of shorter than twelve calendar months to take into account any realized gains computed net of all realized capital losses and unrealized capital depreciation from inception. As of June 30, 2018, there was an incentive fee payable for $6,865,832. As of December 31, 2017, there was an incentive fee payable for $1,691,040.

NOTE 5. DEBT

The Company currently has no plan to use leverage and does not have any significant outstanding debt obligations (other than normal operating expense accruals).

NOTE 6. FAIR VALUE

Securities traded on stock exchanges, or quoted by NASDAQ, are valued according to the NASDAQ Stock Market, Inc. ("NASDAQ") official closing price, if applicable, or at their last reported sale price as of the close of trading on the New York Stock Exchange ("NYSE") (normally 4:00 P.M. Eastern Time). If a security is not traded that day, the security will be valued at its most recent bid price.

Securities traded in the over-the-counter market, but not quoted by NASDAQ, are valued at the last sale price (or, if the last sale price is not readily available, at the most recent closing bid price as quoted by brokers that make markets in the securities) at the close of trading on the NYSE.

Securities traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market.

Securities and other assets that do not have market quotations readily available are valued at their fair value as determined in good faith by the Board of Directors of the Company (the “Board”) in accordance with the Valuation Procedures adopted by the Valuation Committee, a committee of the Board.

In pricing illiquid, privately placed securities, the Board of Directors is responsible for (1) determining overall valuation guidelines and (2) ensuring that the investments of the Company are valued within the prescribed guidelines.

The Valuation Committee, comprised of all of the independent Board members, is responsible for determining the valuation of the Company’s assets within the guidelines established by the Board of Directors. The Valuation Committee receives information and recommendations from the Adviser and an independent valuation firm.

The values assigned to these investments are based on available information and do not necessarily represent amounts that might ultimately be realized when that investment is sold, as such amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated or become readily marketable.

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APPROACHES TO DETERMINING FAIR VALUE. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In effect, GAAP applies fair value terminology to all valuations whereas the 1940 Act applies market value terminology to readily marketable assets and fair value terminology to other assets.

The main approaches to measuring fair value utilized are the market approach, the income approach, and the asset-based approach. The choice of which approach to use in a particular situation depends on the specific facts and circumstances associated with the company, as well as the purpose for which the valuation analysis is being conducted. Firsthand and the independent valuation firm rely primarily on the market approach. We also considered the income and asset-based approaches in our analysis because certain of the portfolio companies do not have substantial operating earnings relative to the value of their underlying assets.

- Market Approach (M): The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. For example, the market approach often uses market multiples derived from a set of comparables. Multiples might lie in ranges with a different multiple for each comparable. The selection of where within the range each appropriate multiple falls requires the use of judgment in considering factors specific to the measurement (qualitative and quantitative).

- Income Approach (I): The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques include present value techniques; option-pricing models, such as the Black-Scholes-Merton formula (a closed-form model) and a binomial model (a lattice model), which incorporate present value techniques; and the multi-period excess earnings method, which is used to measure the fair value of certain assets.

- Asset-Based Approach (A): The asset-based approach examines the value of a company’s assets net of its liabilities to derive a value for the equity holders.

FAIR VALUE MEASUREMENT. In accordance with the guidance from the Financial Accounting Standards Board on fair value measurements and disclosures under GAAP, the Company discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements).

The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 -	**Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the date of measurement.**
Level 2 -	**Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments in an active or inactive market, interest rates, prepayment speeds, credit risks, yield curves, default rates, and similar data.**
Level 3 -	**Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Company's own assumptions about the assumptions a market participant would use in valuing the asset or liability based on the best information available.**

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The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Company’s net assets as of June 30, 2018:

ASSETS	LEVEL 1 QUOTED PRICES	**LEVEL 2 OTHER SIGNIFICANT OBSERVABLE INPUTS**	**LEVEL 3 SIGNIFICANT UNOBSERVABLE INPUTS**
Common Stocks			
Advanced Materials	$—	$ —	$ 779,250
Consumer Electronics	10,655,000	—	—
Equipment Leasing	—	—	43,150
Intellectual Property	—	—	10,786
Networking	14,634,122	—	—
Semiconductors	—	—	63,802,702
Semiconductor Equipment	1,380,000	—	—
Total Common Stocks	26,669,122	—	64,635,888
Preferred Stocks			
Advanced Materials	—	—	11,116,505
Aerospace	—	—	648,179
Automotive	—	—	987,651
Consumer Electronics	—	—	1,675,418

Equipment Leasing	—	—	3,844,800
Intellectual Property	—	—	4,772,452
Medical Devices	—	—	14,250,967
Mobile Computing	—	—	11,835,827
Semiconductor Equipment	—	—	25,029,832
Total Preferred Stocks	—	—	74,161,631
Asset Derivatives *			
Equity Contracts	—	—	7,664,017
Total Asset Derivatives	—	—	7,664,017

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ASSETS (continued)	LEVEL 1 QUOTED PRICES	**LEVEL 2 OTHER SIGNIFICANT OBSERVABLE INPUTS**	**LEVEL 3 SIGNIFICANT UNOBSERVABLE INPUTS**
Convertible Notes			
Advanced Materials	$—	$ —	$ 4,832,209
Aerospace	—	—	1,000,000
Automotive	—	—	405,441
Consumer Electronics	—	—	2,428,665
Medical Devices	—	—	11,500,000
Semiconductor Equipment	—	—	1,840,186
Total Convertible Notes	—	—	22,006,501
Mutual Funds	596,957	—	—
Total	$27,266,079	$ —	$ 168,468,037

* *Asset derivatives include warrants.*

At the end of each calendar quarter, management evaluates the Level 2 and Level 3 assets and liabilities for changes in liquidity, including but not limited to: whether a broker is willing to execute at the quoted price, the depth and consistency of prices from third party services, and the existence of contemporaneous, observable trades in the market. Additionally, management evaluates the Level 1 and Level 2 assets and liabilities on a quarterly basis for changes in listings or delistings on national exchanges. Transfers in and out of the levels are recognized at the value at the end of the period. There were no transfers between Levels 1 and 2 as of June 30, 2018.

Following is a reconciliation of Level 3 assets (at either the beginning or the ending of the quarter) for which significant unobservable inputs were used to determine fair value.

INVESTMENTS AT FAIR VALUE USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	**BALANCE AS OF 12/31/17**	**NET PURCHASES/ CONVERSION**	**NET SALES/ CONVERSION**	**NET REALIZED GAINS (LOSSES)**	**NET UNREALIZED APPRECIATION (DEPRECIATION) [1]**	TRANSFERS IN (OUT) OF LEVEL	**BALANCE AS OF 6/30/18**

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Common Stocks							
Advanced Materials	$922,050	$—	$—	$—	$(142,800)	$ —	$779,250
Consumer Electronics	11,650,500	—	(2,312,500)	—	(9,338,000)	—	—
Equipment Leasing	44,810	—	—	—	(1,660)	—	43,150
Intellectual Property	16,871	—	—	—	(6,085)	—	10,786
Semiconductor Equipment	29,908	21,869,876	(2,914,684)	491,004	44,326,598	—	63,802,702
Preferred Stocks							
Advanced Materials	19,526,941	14,609,819	(14,609,819)	(1,390,421)	(7,020,015)	—	11,116,505
Aerospace	608,114	—	—	—	40,065	—	648,179
Automotive	10,686,932	—	—	—	(9,699,281)	—	987,651
Cloud Computing	8,561,704	—	(5,462,741)	(4,157,447)	1,058,484	—	—
Consumer Electronics	937,137	—	—	—	738,281	—	1,675,418

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INVESTMENTS AT FAIR VALUE USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) (continued)	**BALANCE AS OF 12/31/17**	**NET PURCHASES/ CONVERSION**	**NET SALES/ CONVERSION**	**NET REALIZED GAINS (LOSSES)**	**NET UNREALIZED APPRECIATION (DEPRECIATION) [1]**	TRANSFERS IN (OUT) OF LEVEL 3	**BALANCE AS OF 6/30/18**
Equipment Leasing	$3,975,200	$—	$—	$—	$(130,400)	$ —	$3,844,800
Intellectual Property	6,059,741	—	(198,730)	—	(1,088,559)	—	4,772,452
Medical Devices	11,479,677	—	—	—	2,771,290	—	14,250,967
Mobile Computing	12,018,563	—	—	—	(182,736)	—	11,835,827
Semiconductor Equipment	40,067,044	8,782,604	(25,680,263)	(9,075)	1,869,522	—	25,029,832
Asset Derivatives							
Equity Contracts	12,029,324	—	—	—	(4,365,307)	—	7,664,017
Convertible Notes							
Advanced Materials	2,745,485	4,832,209	(2,745,485)	—	—	—	4,832,209
Aerospace	—	1,000,000	—	—	—	—	1,000,000
Automotive	—	5,950,000	(250,000)	—	(5,294,559)	—	405,441
Consumer Electronics	2,000,673	650,000	—	—	(222,008)	—	2,428,665
Medical Devices	9,500,000	2,000,000	—	—	—	—	11,500,000
Semiconductor Equipment	2,000,000	2,000,000	(2,159,814)	—	—	—	1,840,186
Water Purification	—	—	—	—	—	—	—
Total	$154,860,674	$61,694,508	$(56,334,036)	$(5,065,939)	$13,312,830	$ —	$168,468,037

(1) The net change in unrealized depreciation from Level 3 instruments held as of June 30, 2018, was $46,595,021.

The below chart represents quantitative disclosure about significant unobservable inputs for Level 3 fair value measurements at June 30, 2018.

	FAIR VALUE AT 6/30/18	VALUATION TECHNIQUES	UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVG.)
Direct venture capital investments: Advanced Materials	$17.6M	Market Comparable Companies	EBITDA Multiple	9.2x - 11.3x (10.3x)
			Years to Maturity	5 years (5 years)
		Prior Transaction Analysis	Volatility	50.0% (50.0%)
			Risk-Free Rate	2.73% (2.73%)
		Probability-Weighted Expected Return	Going Concern Probability	70% - 100% (71.0%)
		Option Pricing Model	Discount for Lack of Marketability	0.0% - 22.7% (1.0%)

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(continued)	**FAIR VALUE AT 6/30/18**	**VALUATION TECHNIQUES**	**UNOBSERVABLE INPUTS**	**RANGE (WEIGHTED AVG.)**
Direct venture capital investments: Aerospace	$3.2M	Prior Transaction Analysis	Years to Maturity	5 years (5 years)
			Volatility	60.0% (60.0%)
		Option Pricing Model	Risk-Free Rate	2.73% (2.73%)
Direct venture capital investments: Automotive	$6.6M	Prior Transaction Analysis	Years to Maturity	3 years (3 years)
			Volatility	55.0% (55.0%)
		Option Pricing Model	Risk-Free Rate	2.63% (2.63%)
Direct venture capital investments: Consumer Electronics	$4.1M	Market Comparable Companies	Revenue Multiple	1.8x - 2.1x (1.0x)
		Probability-Weighted Expected Return	Going Concern Probability	50% - 60% (52%)
			Years to Maturity	1 year - 5 years (2.0 years)
		Invested Capital (Cost)	Volatility	60.0% - 70.0% (67.5%)
		Option Pricing Model	Risk-Free Rate	2.33% (2.33%)
Direct venture capital investments: Equipment Leasing	$3.9M	Prior Transaction Analysis	Years to Maturity	5 years (5 years)
			Volatility	50.0% (50.0%)
		Option Pricing Model	Risk-Free Rate	2.73% (2.73%)
Direct venture capital investments: Intellectual Property	$4.8M	Prior Transaction Analysis	Years to Maturity	5 years (5 years)
			Volatility	55.0% (55.0%)
		Option Pricing Model	Risk-Free Rate	2.73% (2.73%)
			Discount for Lack of Marketability	0.0% - 24.3% (0.1%)
				-43.8% (-43.8%)

			Adjustment for Market Movement	
Direct venture capital investments: Medical Devices	$25.8M	Market Comparable Companies	Revenue Multiple	3.0x - 3.2x (3.1x)
			Years to Maturity	4 years (4 years)
		Option Pricing Model	Volatility	50.0% (50.0%)
			Risk-Free Rate	2.68% (2.68%)
Direct venture capital investments: Mobile Computing	$11.8M	Prior Transaction Analysis	Years to Maturity	2 years (2 years)
			Volatility	60.0% (60.0%)
		Probability-Weighted Expected Return Option Pricing Model	Risk-Free Rate	2.52% (2.52%)
			Transaction Completion Probability	50.0% (50.0%)
Direct venture capital investments: Semiconductor Equipment	$90.7M	Market Comparable Companies	Revenue Multiple	1.1x - 1.6x (1.4x)
			Years to Maturity	5 years (5 years)
		Prior Transaction Analysis	Volatility	40.0% - 60.0% (48.6%)
			Risk-Free Rate	2.73% (2.73%)
		Option Pricing Model	Discount for Lack of Marketability	0.0% - 25.8% (9.3%)

NOTE 7. FEDERAL INCOME TAXES

Beginning on June 30, 2018, we were no longer able to qualify as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). This change in tax status resulted from the increase in the value of a single holding, Pivotal Systems Corp., which meant that we were no longer able to satisfy the diversification requirements for qualification as a RIC. As a result of this change, we will be taxed as a corporation for our fiscal year ended December 31, 2018, and will continue to be taxed in that manner for future fiscal years, paying federal and applicable state corporate taxes on our taxable income, unless and until we are able to once again qualify as a RIC, based on changes in the composition of our portfolio. Consequently, at the close of each fiscal quarter beginning with this quarter ended June 30, 2018, we will record a deferred tax liability for any net realized gains and net ordinary income for the year-to-date period plus net unrealized gains as of the end of the quarter.

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The reorganization described in Note 1 (the formation of FVI as a fully owned subsidiary for investment activities) was structured to avoid any adverse tax consequences for the Company and its shareholders. The Company's engaging in investment activities through FVI did not, in our view, jeopardize the Company's ability to continue to qualify as a RIC under the Code at that time when the Company was eligible to be treated as a RIC.

The following information is based upon the federal income tax cost of portfolio investments as of June 30, 2018.

Gross unrealized appreciation	$82,860,547
Gross unrealized depreciation	(60,465,305)
Net unrealized appreciation	$22,395,242
Federal income tax cost	$173,338,874

The Company is subject to tax provisions that establish a minimum threshold for recognizing, and a system for measuring, the benefits of a tax position taken or expected to be taken in a tax return. Taxable years ending 2014, 2015, 2016, and 2017 remain open to federal and state audit. As of December 31, 2017, management has evaluated the application of these provisions to the Company and has determined that no provision for income tax is required in the Company's financial statements for uncertain tax provisions.

NOTE 8. INVESTMENT TRANSACTIONS

Investment transactions (excluding short-term investments) were as follows for the six months ended June 30, 2018.

PURCHASES AND SALES	
Purchases of investment securities	$28,806,770
Proceeds from sales and maturities of investment securities	$41,704,457

NOTE 9. SHARE BUYBACK/TENDER OFFER

SHARE BUYBACKS. On April 26, 2016, the Board of Directors of the Company approved a discretionary share repurchase plan (the "Plan"). Pursuant to the Plan, the Company was authorized to purchase in the open market up to $2 million worth of its common stock. The Plan allowed the Company to acquire its own shares at certain thresholds below its net asset value (NAV) per share, in accordance with the guidelines specified in Rule 10b-18 of the Securities Act of 1934, as amended. The intent of the Plan was to increase NAV per share and thereby enhance shareholder value. The Company completed the repurchase plan in September 2016, having repurchased and retired a total of 272,008 shares of stock, at a total cost of approximately $2 million.

On November 10, 2017, the Board of Directors of the Company approved a discretionary share purchase plan (the "Plan"). Pursuant to the Plan, the Company was authorized to purchase in the open market up to $2 million worth of its common stock. The Plan allowed the Company to acquire its own shares in accordance with the guidelines specified in Rule 10b-18 of the Securities Act of 1934, as amended. The intent of the Plan was to increase NAV per share and thereby enhance shareholder value. Through the closing of the Plan at the end of March, we had repurchased and retired 128,551 shares of stock at a total cost of approximately $1.1 million. Purchases under the Plan were restricted during certain months in order to comply with SEC rules regarding material nonpublic information. As of June 30, 2018, the Company had 7,302,146 shares outstanding.

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TENDER OFFER. In connection with our agreement with a shareholder, we agreed to commence an issuer tender offer for up to $20 million of our shares of common stock at a purchase price per share equal to 95% of the Company's net asset value per share ("NAV") as of the close of ordinary trading on the NASDAQ Global Market on December 31, 2014 (the "Offer"). On December 22, 2014, the Company commenced a tender offer to purchase up to $20 million of its issued and outstanding common shares for cash at a price per share equal to 95% of the NAV determined on December 31, 2014 ($23.2702 per share). The tender offer, which expired on January 22, 2015 at 12:00 midnight, New York City time, was oversubscribed. Because the number of shares tendered exceeded the maximum amount of its offer, the Company purchased shares from tendering shareholders on a pro-rata basis based on the number of shares properly tendered. Of the 5,044,728 shares properly tendered, the Company purchased 859,468 shares of common stock pursuant to the tender offer.

NOTE 10. INVESTMENTS IN AFFILIATES AND CONTROLLED INVESTMENTS

Under the 1940 Act, the Company is required to identify investments where it owns greater than 5% (but less than 25%) of the portfolio company's outstanding voting shares as an affiliate of the Company. Also, under the 1940 Act, the Company is required to identify investments where it owns greater than 25% of the portfolio company's outstanding voting shares as a controlled investment of the Company. A summary of the Company's investments in affiliates and controlled investments for the period from December 31, 2017, through June 30, 2018, is noted below:

AFFILIATE/ CONTROLLED INVESTMENTS*	**VALUE AT 12/31/17**	PURCHASES/ MERGER	INTEREST	**SALES/ MATURITY/ EXPIRATION**	**REALIZED GAIN (LOSS)**	CHANGE IN APPRECIATION/ DEPRECIATION	**VALUE AT 6/30/18**	**SHARES HELD/PAR VALUE AT 6/30/18**
EQX Capital, Inc. Common Stock	$44,810	$ —	$ —	$ —	$ —	$ (1,660)	$43,150	100,000
EQX, Inc. Preferred Stock - Series A*	3,975,200	—	—	—	—	(130,400)	3,844,800	4,000,000
Hera Systems, Inc. Series A Preferred*	154,799	—	—	—	—	40,065	194,864	3,642,324
Hera Systems Convertible Note	—	500,000	22,639	—	—	—	500,000	500,000

Hera Systems Convertible Note	—	500,000	4,306	—	—	—	500,000	500,000
Hera Systems, Inc. Series B Preferred*	453,315	—	—	—	—	—	453,315	2,039,203
Hera Systems, Inc. Series B Warrants*	155,540	—	—	—	—	—	155,540	700,000

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AFFILIATE/ CONTROLLED INVESTMENTS* (*continued*)	**VALUE AT 12/31/17**	PURCHASES/ MERGER	INTEREST	**SALES/ MATURITY/ EXPIRATION**	**REALIZED GAIN (LOSS)**	**CHANGE IN UNREALIZED APPRECIATION/ (DEPRECIATION)**	**VALUE AT 6/30/18**	**SHARES HELD/PAR VALUE AT 6/30/18**
Hera Systems, Inc. Series B Warrants*	$1,380,956	$—	$—	$—	$—	$—	$1,380,956	6,214,922
IntraOp Medical Corp. Series C Preferred*	11,479,677	—	—	—	—	2,771,290	14,250,967	26,856,187
IntraOp Medical Corp. Convertible Note*	1,000,000	—	113,168	—	—	—	1,000,000	1,000,000
IntraOp Medical Corp. Convertible Note*	1,000,000	—	74,384	—	—	—	1,000,000	1,000,000
IntraOp Medical Corp. Convertible Note*	1,500,000	—	111,575	—	—	—	1,500,000	1,500,000
IntraOp Medical Corp. Convertible Note*	1,000,000	—	74,384	—	—	—	1,000,000	1,000,000
IntraOp Medical Corp. Convertible Note*	—	2,000,000	83,836	—	—	—	2,000,000	2,000,000
IntraOp Medical Corp. Term Note*	3,000,000	—	119,014	—	—	—	3,000,000	3,000,000
IntraOp Medical Corp. Term Note*	2,000,000	—	79,342	—	—	—	2,000,000	2,000,000
Phunware, Inc.Preferred Stock - Series E	12,018,563	—	—	—	—	(182,736)	11,835,827	3,257,328
Pivotal Systems, Series A Preferred*	8,453,614	—	—	(6,000,047)	—	(2,453,567)	—	—
Pivotal Systems, Series B Preferred*	9,270,308	—	—	(6,321,483)	—	(2,948,825)	—	—

Pivotal Systems, Series C Preferred*	2,560,254	—	—	(2,657,862)	—	97,608	—	—
Pivotal Systems, Series D Preferred*	5,009,720	—	—	(3,975,801)	—	(1,033,919)	—	—

Firsthand Technology Value Fund, Inc.

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AFFILIATE/ CONTROLLED INVESTMENTS* (*continued*)	**VALUE AT 12/31/17**	PURCHASES/ MERGER	INTEREST	**SALES/ MATURITY/ EXPIRATION**	**REALIZED GAIN (LOSS)**	CHANGE IN APPRECIATION/ DEPRECIATION	**VALUE AT 6/30/18**	**SHARE HELD/ VALUE AT 6/30/18**
Pivotal Systems, Series D Warrants*	$618,392	$—	$—	$—	$—	$(618,392)	$—	—
Pivotal Systems, Common Stocks Warrants - Class B*	8,741,172	—	—	—	—	(8,741,172)	—	—
Pivotal Systems Corp., Common Stock*	—	21,869,876	—	(2,914,684)	491,004	44,305,509	63,751,705	53,758
QMAT, Preferred Stock Series A*	17,394,341	14,609,819	—	(14,609,819)	(1,390,421)	(6,323,615)	9,680,305	16,000
QMAT, Preferred Stock Series B*	2,132,600	—	—	—	—	(696,400)	1,436,200	2,000,0
QMAT, Series A Warrant*	1,086,600	—	—	—	—	(669,400)	417,200	2,000,0
QMAT, Preferred Stock Warrants - Series B*	—	—	—	—	—	344,739	344,739	3,482,3
QMAT, Preferred Stock Warrants - Series C*	—	—	—	—	—	34,650	34,650	350,00
QMAT, Preferred Stock Warrants - Series C*	—	—	—	—	—	99,000	99,000	1,000,0
QMAT, Convertible Note*	—	3,482,209	98,456	—	—	—	3,482,209	3,482,3
QMAT, Convertible Note*	—	1,000,000	11,178	—	—	—	1,000,000	1,000,0
QMAT, Convertible Note*	2,745,485	—	31,291	(2,745,485)	—	—	—	—

QMAT, Convertible Note*	—	350,000	8,433	—	—	—	350,000	350,00
Revasum, Preferred Stock Series B*	2,550,033	—	—	—	—	709,696	3,259,729	313,71

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AFFILIATE/ CONTROLLED INVESTMENTS* (*continued*)	**VALUE AT 12/31/17**	PURCHASES/ MERGER	INTEREST	**SALES/ MATURITY/ EXPIRATION**	**REALIZED GAIN (LOSS)**	CHANGE IN APPRECIATION/ DEPRECIATION	**VALUE AT 6/30/18**	**SHARES HELD/PAR VALUE AT 6/30/18**
Revasum, Term Note*	$1,000,000	$—	$24,005	$(159,814)	$—	$—	$840,186	840,186
Revasum, Common Stock*	29,908	—	—	—	—	21,089	50,997	10,000
Revasum, Preferred Stock - Series Seed	8,966,760	6,725,070	—	(6,725,070)	(9,075)	6,253,995	15,211,680	2,200,000
Revasum, Preferred Stock Series A*	2,256,355	—	—	—	—	1,244,534	3,500,889	441,998
Silicon Genesis Corp., Common *	16,871	—	—	—	—	(6,085)	10,786	921,892
Silicon Genesis Corp., Common Warrants*	357	—	—	—	—	(137)	220	37,982
Silicon Genesis Corp., Common Warrants*	11,000	—	—	—	—	(4,500)	6,500	5,000,000
Silicon Genesis Corp., Common Warrants*	6,600	—	—	—	—	(2,700)	3,900	3,000,000
Silicon Genesis Corp., Series 1-C Preferred*	74,258	—	—	—	—	(22,221)	52,037	82,914
Silicon Genesis Corp., Series 1-D Preferred*	205,646	—	—	—	—	(62,707)	142,939	850,830
Silicon Genesis Corp., Series 1-E Preferred*	2,063,310	—	—	(87,402)	—	(257,719)	1,718,189	5,704,480
Silicon Genesis Corp., Series 1-F Preferred*	456,318	—	—	(19,285)	—	(62,197)	374,836	912,453

Silicon Genesis Corp., Series 1-G Preferred*	3,023,658	—	—	(82,436)	—	(649,414)	2,291,808	48,370,793
Silicon Genesis Corp., Series 1-H Preferred*	236,551	—	—	(9,606)	—	(34,302)	192,643	837,942
SVXR, Inc., Preferred Stock Series A	1,000,000	2,057,534	—	—	—	—	3,057,534	6,156,316

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Firsthand Technology Value Fund, Inc.

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AFFILIATE/ CONTROLLED INVESTMENTS* (*continued*)	VALUE AT 12/31/17	PURCHASES/ MERGER	INTEREST	SALES/ MATURITY/ EXPIRATION	REALIZED GAIN (LOSS)	CHANGE IN APPRECIATION/ DEPRECIATION	VALUE AT 6/30/18	SHARES HELD/PAR VALUE AT 6/30/18
SVXR, Inc. Convertible Note	$—	$1,000,000	$8,493	$—	$ —	$—	$1,000,000	1,000,000
SVXR, Inc. Convertible Note	1,000,000	1,000,000	57,534	(2,000,000)	—	—	—	—
Telepathy Investors, Inc. Convertible Note*	302,140	—	120,566	—	—	446,460	748,600	2,000,000
Telepathy Investors, Inc. Convertible Note*	45,321	—	15,083	—	—	66,969	112,290	300,000
Telepathy Investors, Inc. Convertible Note*	22,661	—	8,227	—	—	33,484	56,145	150,000
Telepathy Investors, Inc. Convertible Note*	75,535	—	27,274	—	—	111,615	187,150	500,000
Telepathy Investors, Inc. Convertible Note*	45,321	—	17,752	—	—	66,969	112,290	300,000
Telepathy Investors, Inc. Convertible Note*	75,535	—	28,359	—	—	111,615	187,150	500,000
Telepathy Investors, Inc. Series A Preferred*	937,137	—	—	—	—	738,281	1,675,418	15,238,000
UCT Coatings, Inc.Common Stock	922,050	—	—	—	—	(142,800)	779,250	1,500,000
UCT Coatings, Inc.Common	4	—	—	—	—	53	57	2,283

Stock Warrants								
Vufine, Inc., Common Stock*	—	—	—	—	—	—	—	750,000
Vufine, Inc., Convertible Note*	1,229,280	—	89,260	—	—	(588,630)	640,650	1,500,000
Vufine, Inc., Convertible Note*	204,880	—	14,877	—	—	(98,105)	106,775	250,000
Vufine, Inc., Convertible Note*	—	350,000	17,375	—	—	(200,515)	149,485	350,000

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AFFILIATE/ CONTROLLED INVESTMENTS* (*continued*)	VALUE AT 12/31/17	PURCHASES/ MERGER	INTEREST	SALES/ MATURITY/ EXPIRATION	REALIZED GAIN/ (LOSS)	CHANGE IN APPRECIATION/ DEPRECIATION	VALUE AT 6/30/18	SHARES HELD/PAR VALUE AT 6/30/18
Vufine, Inc., Convertible Note*	$—	$ 300,000	$ 1,184	$ —	$ —	$ (171,870)	$ 128,130	300,000
Vufine, Inc., Preferred Stock Series A	—	—	—	—	—	—	—	22,500,000
Wrightspeed, Inc., Series C Preferred Stock	5,704,296	—	—	—	—	(5,207,452)	496,844	2,267,659
Wrightspeed, Inc., Series D Preferred Stock	3,161,018	—	—	—	—	(2,849,001)	312,017	1,100,978
Wrightspeed, Inc., Series E Preferred Stock	1,350,323	—	—	—	—	(1,213,050)	137,273	450,814
Wrightspeed, Inc., Series F Preferred Stock	471,295	—	—	—	—	(429,778)	41,517	90,707
Wrightspeed, Inc., Series F Preferred Stock Warrants	—	—	—	—	—	15	15	13,606
Wrightspeed, Inc., Series F Preferred Stock Warrants	—	—	—	—	—	8	8	6,803
Wrightspeed, Inc. Series F Warrants	—	—	—	—	—	1,827,200	1,827,200	4,000,000
Wrightspeed, Inc. Series F Warrants	—	—	—	—	—	3,380,320	3,380,320	7,400,000
Wrightspeed, Inc. Series F Warrants	—	—	—	—	—	4,800	4,800	4,000,000
Wrightspeed, Inc. Series F	—	—	—	—	—	8,880	8,880	7,400,000

Warrants								
Wrightspeed, Inc. Series F Warrants	28,703	—	—	—	—	(28,683)	20	18,141
Wrightspeed, Inc. Series F Warrants	—	—	—	—	—	12	12	11,338

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Firsthand Technology Value Fund, Inc.

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AFFILIATE/ CONTROLLED INVESTMENTS*	**VALUE AT 12/31/17**	PURCHASES/ MERGER	INTEREST	**SALES/ MATURITY/ EXPIRATION**	**REALIZED GAIN (LOSS)**	CHANGE IN APPRECIATION/ DEPRECIATION	**VALUE AT 6/30/18**	**SHAR HELD VALU AT 6/30/18**
(*continued*)								
Wrightspeed Convertible Note	$—	$3,700,000	$75,233	$—	$—	$(3,436,819)	$263,181	3,700,
Wrightspeed Convertible Note	—	2,000,000	6,667	—	—	(1,857,740)	142,260	2,000,
Wrightspeed Convertible Note	—	300,000	2,170	(300,000)	—	—	—	—
Wrightspeed Convertible Note	—	150,000	247	(150,000)	—	—	—	—
Wrightspeed Convertible Note	—	250,000	6,822	(250,000)	—	—	—	—
Total Affiliates and Controlled Investments	$134,648,470		$1,353,134		$(908,492)	$21,592,345	$168,468,037	
Total Affiliates	25,656,252		157,166		—	(10,126,771)	23,287,015	
Total Controlled Investments	$108,992,218		$1,195,968		$(908,492)	$31,719,116	$145,181,022	

**Controlled investment.*

As of June 30, 2018, Kevin Landis represents the Company and sits on the board of directors of Hera Systems, Inc.; IntraOp Medical, Inc.; Pivotal Systems, Inc.; QMAT, Inc.; Revasum, Inc.; Silicon Genesis Corp.; Telepathy Investors, Inc.; Vufine, Inc.; and Wrightspeed, Inc. Serving on boards of directors of portfolio companies may cause conflicts of interest. The Adviser has adopted various procedures to ensure that the Company will not be unfavorably affected by these potential conflicts.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Company through the date that financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD-LOOKING STATEMENTS

The matters discussed in this report, as well as in future oral and written statements by management of the Company, include forward-looking statements based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements related to future events or our future financial performance. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "cont negative of these terms or other similar words. Important assumptions include our ability to originate new investments and to achieve certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this report should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this report include, without limitations, statements as to:

- our future operating results;
- our business prospects and the prospects of our prospective portfolio companies;
- the impact of investments that we expect to make;
- the impact of a protracted decline in the liquidity of the credit markets on our business;
- our informal relationships with third parties;
- the expected market for venture capital investments and our addressable market;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- our ability to access the equity market;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our regulatory structure and tax status;
- our ability to operate as a business development company and a regulated investment company;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operation of our portfolio companies;
- the timing, form, and amount of any dividend distributions;
- impact of fluctuation of interest rates on our business;
- valuation of any investments in portfolio companies particularly those having no liquid trading market; and
- our ability to recover unrealized losses.

You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this report.

The following discussion should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this prospectus. In addition to historical information, the following discussion and other parts of this prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under “Risk Factors” and “Forward-Looking Statements” appearing elsewhere herein.

OVERVIEW

We are an externally managed, closed-end, non-diversified management investment company organized as a Maryland corporation that has elected to be treated as a BDC under the 1940 Act. As such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in “qualifying assets,” including securities of private or micro-cap public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, for tax purposes we are treated as a corporation and are subject to federal and state taxes on our income. FCM serves as our investment adviser and manages the investment process on a daily basis.

Our investment objective is to seek long-term growth of capital, principally by seeking capital gains on our equity and equity-related investments. There can be no assurance that we will achieve our investment objective. Under normal circumstances, we invest at least 80% of our net assets for investment purposes in technology companies. We consider technology companies to be those companies that derive at least 50% of their revenues from products and/or services within the information technology sector or in the “cleantech” sector. Information technology companies include, but are not limited to, those focused on computer hardware, software, telecommunications, networking, Internet, and consumer electronics. While there is no standard definition of cleantech, it is generally regarded as including goods and services designed to harness renewable energy and materials, eliminate emissions and waste, and reduce the use of natural resources. In addition, under normal circumstances we invest at least 70% of our total assets in privately held companies and public companies with market capitalizations of less than $250 million. Our portfolio is primarily composed of equity and equity derivative securities of technology and cleantech companies (as defined above). These investments generally range between $1 million and $10 million each, although the investment size will vary proportionately with the size of our capital base. We acquire our investments through direct investments in private companies, negotiations with selling shareholders, and in organized secondary marketplaces for private securities.

While our primary focus is to invest in illiquid private technology and cleantech companies, we also may invest in micro-cap publicly traded companies. In addition, we may invest up to 30 percent of the portfolio in opportunistic investments that do not constitute the private companies and micro-cap public companies described above. These other investments may include investments in securities of public companies that are actively traded or in actively traded derivative securities such as options on securities or security indices. These other investments may also include investments in high-yield bonds, distressed debt, or securities of public companies that are actively traded and securities of companies located outside of the United States. Our investment activities are managed by FCM.

PORTFOLIO COMPOSITION

We make investments in securities of both public and private companies. Our portfolio investments consist principally of equity and equity-like securities, including common and preferred stock, warrants for the purchase of common and preferred stock, and convertible and term notes. The fair value of our investment portfolio was approximately $195.7 million as of June, 2018, as compared to approximately $174.8 million as of December 31, 2017.

The following table summarizes the fair value of our investment portfolio by industry sector as of June 30, 2018, and December 31, 2017.

	June 30, 2018	**December 31, 2017**
Semiconductor Equipment	48.8%	29.6%
Medical Devices	13.8%	12.1%
Advanced Materials	9,4%	13.9%
Networking	7.9%	9.3%
Consumer Electronics	7.9%	8.4%

Mobile Computing	6.4%	6.9%
Automotive	3.6%	6.2%
Intellectual Property	2.6%	3.5%
Equipment Leasing	2.1%	2.3%
Aerospace	1.7%	1.2%
Semiconductor	0.7%	1.2%
Cloud Computing	0.0%	4.9%
Water Purification	0.0%	0.0%
Exchange-Traded/Money Market Funds	0.3%	1.0%
(Liabilities)/Other Assets	(5.2%)	(0.5%)
Net Assets	100.0%	100.0%

MATURITY OF PRIVATE COMPANIES IN THE CURRENT PORTFOLIO

The Fund invests in private 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.

The illustration below describes typical characteristics of companies at each stage of maturity and where we believe our current portfolio companies fit within these categories. We expect some of our portfolio companies to transition between stages of maturity over time. The transition may be forward if the company is maturing and is successfully executing its business plan or may be backward if the company is not successfully executing its business plan or decides to change its business plan substantially from its original plan.

Early Stage	**Middle Stage**	**Late Stage**
Developing product or service for market, high level of research and development, little or no revenue.	Established product, customers, business model; limited revenues.	Appreciable revenue; may be break-even or profitable; IPO or acquisition candidate.

RESULTS OF OPERATIONS

Comparison of the three months ended June 30, 2018, to the three months ended June 30, 2017.

INVESTMENT INCOME

For the three months ended June 30, 2018, we had investment income of $781,395 primarily attributable to interest accrued on convertible/term note investments with Vufine, QMAT, Telepathy Investors, Wrightspeed and IntraOp Medical Corp.

For the three months ended June 30, 2017, we had investment income of $349,296 primarily attributable to interest accrued on convertible/term note investments with Vufine, QMAT, Telepathy Investors, and IntraOp Medical Corp.

The higher level of investment income in the three months ended June 30, 2018, compared to the three months ended June 30, 2017, was due to new convertible note investments in Wrightspeed and QMAT.

OPERATING EXPENSES

Net operating expenses totaled approximately $4,266,467 during the three months ended June 30, 2018, and $1,014,707 during the three months ended June 30, 2017.

Significant components of net operating expenses for the three months ended June 30, 2018, were management fee expense of $956,712, incentive fees (which were accrued but are not payable until gains in the portfolio are realized) of $3,000,192, and professional fees (audit, legal, and consulting) of $105,173. Significant components of operating expenses for the three months ended June 30, 2017, were management fee expense of $726,250, and professional fees (audit, legal, and consulting) of $129,162.

The higher level of net operating expenses for the three months ended June 30, 2018, compared to the three months ended June 30, 2017, is primarily attributable to two factors: (1) the incentive fee accrual in the three months ended June 30, 2018, which is a quarterly accrual based on what the incentive fee would be if the entire portfolio were liquidated at fair market value, and (2) an increase in our total net assets, on which the investment advisory fees are based.

NET INVESTMENT LOSS

The net investment loss before taxes was $3,485,072 for the three months ended June 30, 2018, and $665,411 for the three months ended June 30, 2017.

The greater net investment loss in the three months ended June 30, 2018, compared to the three months ended June 30, 2017, is primarily attributable to two factors: (1) the incentive fee accrual in the three months ended June 30, 2018, which is a quarterly accrual based on what the incentive fee would be if the entire portfolio were liquidated at fair market value, and (2) an increase in our total net assets, on which the investment advisory fees are based.

NET INVESTMENT REALIZED GAINS AND LOSSES AND UNREALIZED APPRECIATION AND DEPRECIATION

A summary of the net realized and unrealized gains and losses on investments for the three month periods ended June 30, 2018, and June 30, 2017, is shown below.

	Three Months Ended June 30, 2018
Realized gains	$5,654,145
Net change in unrealized appreciation on investments	9,398,021
Deferred tax	(6,943,218)
Net realized and unrealized gains on investments, net of deferred taxes	$8,108,948

	As of June 30, 2018
Gross unrealized appreciation on portfolio investments	$82,860,547
Gross unrealized depreciation on portfolio investments	(60,465,305)
Net unrealized appreciation on portfolio investments	$22,395,242

	Three Months Ended June 30, 2017
Realized gains	$1,633,244
Net change in unrealized depreciation on investments	(10,039,664)
Net realized and unrealized loss on investments	$(8,406,420)

	As of June 30, 2017
Gross unrealized appreciation on portfolio investments	$12,956,208
Gross unrealized depreciation on portfolio investments	(48,527,789)
Net unrealized depreciation on portfolio investments	$(35,571,581)

During the three months ended June 30, 2018, we recognized net realized gains of $5,654,145. Realized gains were higher than those in the year-ago period due to the sale of a portion of our Nutanix shares.

During the three months ended June 30, 2018, net unrealized appreciation on total investments increased by $9,398,021. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized appreciation was primarily composed of an increase in the valuations of our Pivotal Systems and Revasum holdings.

During the three months ended June 30, 2017, we recognized net realized gains of $1,633,244.

During the three months ended June 30, 2017, net unrealized depreciation on total investments increased by $10,039,664. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized depreciation was primarily composed of declines in the valuations of our holdings in IntraOp Medical, Silicon Genesis, and Telepathy Investors.

INCOME AND EXCISE TAXES

Beginning on June 30, 2018, we were no longer able to qualify as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). This change in tax status resulted from the increase in the value of a single holding, Pivotal Systems Corp., which meant that we were no longer able to satisfy the diversification requirements for qualification as a RIC. As a result of this change, we will be taxed as a corporation for our fiscal year ended December 31, 2018, and will continue to be taxed in that manner for future fiscal years, paying federal and applicable state corporate taxes on our taxable income, unless and until we are able to once again qualify as a RIC, based on changes in the composition of our portfolio. Consequently, at the close of each fiscal quarter beginning with this quarter ended June 30, 2018, we will record a deferred tax liability for any net realized gains and net ordinary income for the year-to-date period plus net unrealized gains as of the end of the quarter. For the period ending June 30, 2018, we have booked a deferred tax liability of $5,083,597. For the three months ended June 30, 2017, we qualified as a RIC and, therefore, made no provision for income taxes.

NET INCREASE/(decrease) IN ASSETS RESULTING FROM OPERATIONS AND CHANGE IN NET ASSETS PER SHARE

For the three months ended June 30, 2018, the net increase in net assets resulting from operations (net of deferred taxes) totaled $6,483,497, and basic and fully diluted net change in net assets per share for the three months ended June 30, 2018, was $0.89.

For the three months ended June 30, 2017, the net decrease in net assets resulting from operations totaled $9,071,831, and basic and fully diluted net change in net assets per share for the three months ended June 30, 2017, was $(1.22).

The greater increase in net assets resulting from operations for the three months ended June 30, 2018, as compared to the three months ended June 30, 2017, is due primarily to an increase in the valuation of certain of our investments, primarily Pivotal Systems and Revasum.

The following information is a comparison for the six months ended June 30, 2018, and the six months ended June 30, 2017.

INVESTMENT INCOME

For the six months ended June 30, 2018, we had investment income of $1,378,910 primarily attributable to interest accrued on convertible/term note investments with Vufine, QMAT, Telepathy Investors, Wrightspeed and IntraOp Medical Corp.

For the six months ended June 30, 2017, we had investment income of $610,094 primarily attributable to interest accrued on convertible/term note investments with Vufine, QMAT, Pivotal Systems, Telepathy Investors, and IntraOp Medical Corp.

The higher level of investment income in the six months ended June 30, 2018, compared to the six months ended June 30, 2017, was due primarily to increases in convertible note investments, primarily in Wrightspeed and QMAT.

OPERATING EXPENSES

Net operating expenses totaled approximately $7,610,885 during the six months ended June 30, 2018, and $2,022,895 during the six months ended June 30, 2017.

Significant components of net operating expenses for the six months ended June 30, 2018, were management fee expense of $1,847,661, professional fees (audit, legal, and consulting) of $193,641 and incentive fees (which were accrued but are not payable until gains in the portfolio are realized) of $5,174,792. Significant components of operating expenses for the six months ended June 30, 2017, were management fee expense of $1,467,402 and professional fees (audit, legal, and consulting) of $245,303.

The higher level of net operating expenses for the six months ended June 30, 2018, compared to the six months ended June 30, 2017, is primarily attributable to two factors: (1) the incentive fee accrual for the six months ended June 30, 2018, which is an accrual based on what the incentive fee would be if the entire portfolio were liquidated at fair market value, and (2) an increase in our total net assets, on which the investment advisory fees are based.

NET INVESTMENT LOSS

The net investment loss before taxes was $6,231,975 for the six months ended June 30, 2018, and $1,412,801 for the six months ended June 30, 2017.

The greater net investment loss in the six months ended June 30, 2018, compared to the six months ended June 30, 2017, is primarily attributable to two factors: (1) the incentive fee accrual for the six months ended June 30, 2018, which is an accrual based on what the incentive fee would be if the entire portfolio were liquidated at fair market value, and (2) an increase in our total net assets, on which the investment advisory fees are based.

NET INVESTMENT REALIZED GAINS AND LOSSES AND UNREALIZED APPRECIATION AND DEPRECIATION

A summary of the net realized and unrealized gains and loss on investments for the six month periods ended June 30, 2018, and June 30, 2017, is shown below.

	Six Months Ended June 30, 2018
Realized gains	$872,910
Net change in unrealized depreciation on investments	22,495,576
Deferred tax	(6,943,218)
Net realized and unrealized gains on investments	$16,425,268

	As of June 30, 2018
Gross unrealized appreciation on portfolio investments	82,860,547
Gross unrealized depreciation on portfolio investments	(60,465,305)
Net unrealized appreciation on portfolio investments	$22,395,242

	Six Months Ended June 30, 2017
Realized gains	$560,792
Net change in unrealized depreciation on investments	(8,315,281)
Net realized and unrealized losses on investments	$(7,754,489)

	As of June 30, 2017
Gross unrealized appreciation on portfolio investments	$12,956,208
Gross unrealized depreciation on portfolio investments	(48,527,789)
Net unrealized depreciation on portfolio investments	$(35,571,581)

During the six months ended June 30, 2018, we recognized net realized gains of $872,910 from the sale of investments. Realized gains were higher than those in the year-ago period due to the sale of a portion of our Nutanix shares.

During the six months ended June 30, 2018, net unrealized appreciation on total investments increased by $22,495,576. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized depreciation was primarily caused by an increase in the valuations of our Pivotal Systems and Revasum investments.

During the six months ended June 30, 2017, we recognized net realized gains of $560,792 from the sale of investments.

During the six months ended June 30, 2017, net unrealized depreciation on total investments increased by $8,315,281. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized depreciation was primarily caused by declines in the valuations of our holdings in Telepathy Investors, Intraop Medical, and Nutanix investments.

INCOME AND TAXES

Beginning on June 30, 2018, we were no longer able to qualify as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). This change in tax status resulted from the increase in the value of a single holding, Pivotal Systems Corp., which meant that we were no longer able to satisfy the diversification requirements for qualification as a RIC. As a result of this change, we will be taxed as a corporation for our fiscal year ended December 31, 2018, and will continue to be taxed in that manner for future fiscal years, paying federal and applicable state corporate taxes on our taxable income, unless and until we are able to once again qualify as a RIC, based on changes in the composition of our portfolio. Consequently, at the close of each fiscal quarter beginning with this quarter ended June 30, 2018, we will record a deferred tax liability for any net realized gains and net ordinary income for the year-to-date period plus net unrealized gains as of the end of the quarter. For the period ending June 30, 2018, we have booked a deferred tax liability of $5,083,597. For the six months ended June 30, 2017, we qualified as a RIC and, therefore, made no provisions for income taxes.

NET INCREASE/(decrease) IN ASSETS RESULTING FROM OPERATIONS AND CHANGE IN NET ASSETS PER SHARE

For the six months ended June 30, 2018, the net increase in net assets resulting from operations (net of deferred taxes) totaled $12,052,914 and basic and the fully diluted net change in net assets per share for the six months ended June 30, 2018 was $1.65.

For the six months ended June 30, 2017, the net decrease in net assets resulting from operations totaled $9,167,290 and basic and the fully diluted net change in net assets per share for the six months ended June 30, 2018 was $(1.23).

The greater increase in net assets resulting from operations for the six months ended June 30, 2018, as compared to the six months ended June 30, 2017, is due primarily to the greater unrealized gains recognized for the six months ended June 30, 2018.

DISTRIBUTION POLICY

Our board of directors will determine the timing and amount, if any, of our distributions. We are not required to pay any minimum level of distributions of our income or capital gains.

CONTRACTUAL OBLIGATIONS

The Fund does not have any Contractual Obligations that meet the requirements for disclosure under Item 303 of Regulation S-K.

OFF-BALANCE SHEET ARRANGEMENTS

The Fund does not have any Off-Balance Sheet Arrangements.

CRITICAL ACCOUNTING POLICIES

This discussion of our financial condition and results of operations is based upon our financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of these financial statements will require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, we will describe our critical accounting policies in the notes to our future financial statements.

Valuation of Portfolio Investments

As a business development company, we generally invest in illiquid equity and equity derivatives of securities of venture capital stage technology companies. Under written procedures established by our board of directors, securities traded on stock exchanges, or quoted by NASDAQ, are valued according to the NASDAQ Stock Market, Inc. ("NASDAQ") official closing price, if applicable, or at their last reported sale price as of the close of trading on the New York Stock Exchange ("NYSE") (normally 4:00 P.M. Eastern Time). If a security is not traded that day, the security will be valued at its most recent bid price. Securities traded in the over-the-counter market, but not quoted by NASDAQ, are valued at the last sale price (or, if the last sale price is not readily available, at the most recent closing bid price as quoted by brokers that make markets in the securities) at the close of trading on the NYSE. Securities traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market. We obtain these market values from an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). In addition, a large percentage of our portfolio investments are in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. We value these securities quarterly at fair value as determined in good faith by our board of directors. Our board of directors may use the services of a nationally recognized independent valuation firm to aid it in determining the fair value of these securities. The methods for valuing these securities may include: fundamental analysis (sales, income, or earnings multiples, etc.), discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

Revenue Recognition

We record interest or dividend income on an accrual basis to the extent that we expect to collect such amounts. We do not accrue as a receivable interest on loans and debt securities if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue discount, and market discount are capitalized, and we amortize any such amounts as interest income. Upon the prepayment of a loan or debt security, any unamortized loan origination is recorded as interest income. We will record prepayment premiums on loans and debt securities as interest income when we receive such amounts.

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

Recently Issued Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial statements upon effectiveness.

Inflation

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented herein. However, our portfolio companies have experienced, and may in the future experience, the impacts of inflation on their operating results.

SUBSEQUENT EVENTS

Subsequent to the close of the fiscal quarter on June 30, 2018, and through the date of the issuance of the financial statements included herein, a number of material events related to our portfolio of investments occurred, consisting primarily of purchased/sold securities. Since that date, we have purchased private securities with an aggregate cost of approximately $3.4 million and sold public securities with an aggregate value of approximately $3.8 million.

On June 28, 2018, Pivotal Systems closed the sale of 28,785,008 CHESS Depository Interests (“CDI”) in Australia, with each CDI representing one share of Pivotal common stock. Pivotal’s CDIs were listed and formally began trading on the Australian Securities Exchange (“ASX”) on July 2, 2018.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company’s business activities contain elements of risk. We consider the principal types of market risk to be valuation risk and small company investment risk.

Valuation Risk

Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which market quotations are readily available and (ii) fair value as determined in good faith by, or under the direction of, the Board of Directors for all other assets.

Because there is typically no public market for our interests in the small privately-held companies in which we invest, the valuation of the securities in that portion of our portfolio is determined in good faith by our Board of Directors with the assistance of our Valuation Committee, comprised of the independent members of our Board of Directors, in accordance with our Valuation Procedures. In addition, the Board of Directors may use the services of a nationally recognized independent valuation firm to aid it in determining the fair value of some of these securities. In the absence of a readily ascertainable market value, the determined value of our portfolio of securities may differ significantly from the values that would be placed on the portfolio if a ready market for such securities existed. Determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment, although our valuation policy is intended to provide a consistent basis for determining fair value of the portfolio investments. The methods for valuing these securities may include: fundamental analysis (sales, income, or earnings multiples, etc.), discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed.

Furthermore, changes in valuation of any of our investments in privately-held companies from one period to another may be volatile.

Investments in privately held, immature companies are inherently more volatile than investments in more mature businesses. Such immature businesses are inherently fragile and easily affected by both internal and external forces.

Our portfolio companies can lose much or all of their value suddenly in response to an internal or external adverse event. Conversely, these immature businesses can gain suddenly in value in response to an internal or external positive development.

The values assigned to our assets are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot be reasonably determined until the individual investments are actually liquidated or become readily marketable. Upon sale of investments, the values that are ultimately realized may be different from what is presently estimated. This difference could be material.

Privately Placed Small Companies Risk

The Company invests in small companies, and its investments in these companies are considered speculative in nature. The Company's investments often include securities that are subject to legal or contractual restrictions on resale that adversely affect the liquidity and marketability of such securities. As a result, the Company is subject to risk of loss which may prevent our shareholders from achieving price appreciation, dividend distributions and return of capital.

WE CURRENTLY HOLD A PORTION OF OUR ASSETS IN CASH

As of June 30, 2018, a portion of the Company's assets was invested in cash and/or cash equivalents, which are expected to earn low yields. Given the current low interest rate environment, to the extent the management fee and other operating expenses exceed interest income on the cash holdings of the Company, the Company may experience losses. Furthermore, the investment advisory fee payable by us will not be reduced while our assets are invested in cash-equivalent securities.

In some cases, particularly for primary transactions, it is to our advantage to hold sufficient cash reserve so that we can make additional subsequent investments in these companies in order to (a) avoid having our earlier investments become diluted in future dilutive financings, (b) invest additional capital into existing portfolio companies in case additional investments are necessary, and/or (c) exercise warrants, options, or convertible securities that were acquired as part of the earlier transactions. For this reason, in the case of primary transactions (as opposed to secondary transactions where we do not buy the securities from the issuing companies but instead from existing stockholders), we typically reserve cash in an amount at least equal to our initial investment for such follow-on opportunities. Cash reserves held with respect to a particular investment should, therefore, decline as it is held longer, and will typically not be needed once that portfolio company becomes public or we determine it is no longer in our best interest to make investments in such portfolio company.

We may from time to time liquidate various investments. We are required to distribute substantially all of our net realized gains to stockholders on an annual basis and, therefore, will generally hold the proceeds of liquidated investments in cash pending its

distribution.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures	As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.
(b) Changes in Internal Control Over Financial Reporting	There have been no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, that occurred during the fiscal quarter ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not a party to any material pending legal proceeding, and no such proceedings are known to be contemplated.

ITEM 1A. RISK FACTORS.

There have been no material changes from risk factors as previously disclosed in our Form 10-K for the period ended June 30, 2018, in response to Item 1A of Part 1 of Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit Number	Description
31.1	Chief Executive Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.	Chief Executive Officer and Chief Financial Officer Certification Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRSTHAND
TECHNOLOGY VALUE
FUND, INC.

Dated: August 9, 2018 By:
Kevin Landis
Chief Executive Officer

Dated: August 9, 2018 By:
Omar Billawala
Chief Financial Officer

EXHIBIT INDEX

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