

Firsthand Technology Value Fund, Inc.  
Form N-2/A  
April 18, 2012

As filed with the Securities and Exchange Commission on April 18, 2012

Registration No. 333-179606

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

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FORM N-2  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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Pre-Effective Amendment No. 2   
Post-Effective Amendment No.

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

150 Almaden Blvd., Suite 1250, San Jose, California 95113  
(Address of Principal Executive Offices)  
(408) 886-7096  
(Registrant's Telephone Number, including Area Code)

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Kevin M. Landis  
Firsthand Capital Management, Inc.  
150 Almaden Blvd., Suite 1250  
San Jose, California 95113  
(Name and Address of Agent for Service)

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Approximate Date of Proposed Public Offering : As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.

It is proposed that this filing will become effective (check appropriate box):

when declared effective pursuant to section 8(c).

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CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered (1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Common Stock \$.001 par value per share			\$115,000,000	\$13,179*

(1) Estimated pursuant to Rule 457 solely for the purpose of determining the registration fee.

(2) Paid herewith.

\* Out of that amount, \$2,865 has been paid previously on February 21, 2012.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion Dated April 18, 2012

PRELIMINARY PROSPECTUS

Shares

FIRSTHAND TECHNOLOGY VALUE FUND, INC.

Common Stock

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Firsthand Technology Value Fund, Inc. (“we,” “us,” “our,” the “Company,” the “Fund,” or “SVVC”) is offering \_\_\_\_ shares of its common stock. 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 business development company under the Investment Company Act of 1940, as amended (the “1940 Act”). Our investment objective is to seek long-term growth of capital. There can be no assurance that we will achieve our investment objective. We intend to invest at least 80% of our total assets in equity securities of technology companies (as defined below), including cleantech companies. We expect to emphasize technology companies that we believe hold the greatest potential for capital appreciation. We focus our investments in private companies and in public companies with market capitalizations less than \$250 million. Our investment activities are managed by Firsthand Capital Management, Inc. (“FCM” or the “Investment Adviser”), which was previously known as SiVest Group, Inc.

Our common stock trades on the Nasdaq Global Market under the symbol “SVVC”.

Investing in our common stock involves a high degree of risk. Unlike shares of open-end mutual funds, shares of the Company are not redeemable at net asset value. In addition, shares of closed-end investment companies and business development companies frequently trade at a discount to their net asset value. As of March 31, 2012, our shares traded at a significant premium to our net asset value per share. However, only relatively recently the Company’s common stock had traded at a substantial discount to its net asset value. If our premium decreases after this offering, investors who purchase shares in this offering would experience losses. The premium may also be reduced or eliminated if and when certain of our portfolio companies complete initial public offerings. As of December 31, 2011, our net asset value per share was \$23.92 per share. Assuming a public offering price of \$34.79 per share, which was the last reported sales price for our common stock on the NASDAQ Global Market on April 16, 2012, purchasers in this offering will experience immediate and substantial dilution in net asset value of approximately \$8.37 per share. See “Dilution” for more information. In addition, the companies in which we invest are subject to special risks.

Before buying any shares, you should read the discussion of the material risks of investing in our common stock, in “Risk Factors” beginning on page \_\_ of the prospectus.

This prospectus contains important information you should know before investing in our common stock. Please read it before you invest and keep it for future reference. We are required to file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or SEC. This information will be available free of charge by contacting us at 150 Almaden Boulevard, Suite 1250, San Jose, California 95113, by telephone at (408) 886-7096, or on our website at <http://www.firsthandtvf.com>. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus. The SEC also maintains a website at <http://www.sec.gov> that contains such information.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total (1)
Public offering price	\$	\$
Sales load (underwriting discounts and commissions)		
Proceeds, before expenses, to us (2)		

(1) The Company has granted the underwriters an option to purchase up to an additional \_\_\_\_\_ shares at the public offering price, less the sales load, within [30] days from the date of this prospectus solely to cover overallocments, if any. If such option is exercised in full, the total public offering price, sales load and proceeds, before expenses, to the Company will be approximately \$ \_\_\_\_\_, \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively. See "Underwriting."

(2) We estimate that we will incur approximately \$210,000 in expenses in connection with this offering.

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Ladenburg Thalmann & Co. Inc.

National Securities Corporation

Maxim Group LLC

Mitsubishi UFJ Securities

Aegis Capital Corporation

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional information, or information different from that contained in this prospectus or to make representations to matters not stated in this prospectus. If anyone provides you with different or additional information, you should not rely on it. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. Our business, financial condition, results of operations and prospectus may have changed since that date. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. We will amend this prospectus in the event of any material change to the information contained herein during the distribution period.

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## PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under “Risk Factors” and the other information included in this prospectus. Except where the context suggests otherwise, the terms “we,” “us,” “our,” the “Company,” and “SVVC” refer to Firsthand Technology Value Fund, Inc.; “FCM” or “Investment Adviser” refer to Firsthand Capital Management, Inc.

Firsthand Technology Value Fund, Inc.

Firsthand Technology Value Fund, Inc. is an externally managed, closed-end, non-diversified management investment company organized as a Maryland corporation that has elected to be treated as a business development company under the 1940 Act. We intend to elect to be treated for tax purposes as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”) and to qualify annually thereafter.

SVVC was incorporated under the Maryland General Corporation Law in April 2010 and acquired its initial portfolio of securities through the reorganization (the “Reorganization”) into the Company of Firsthand Technology Value Fund (“TVF”), an open-end mutual fund and a series of Firsthand Funds, which is a Delaware statutory trust. The Reorganization was completed on April 15, 2011 and SVVC commenced operations on April 18, 2011. Our initial portfolio consisted of eight investments with a fair market value of approximately \$19.3 million on the date of the reorganization and approximately \$69.4 million in cash. Subsequent to the reorganization we invested approximately \$28.9 million in additional investments, representing 41.60% of our investible funds as of March 31, 2012.

Our investment objective is to seek long-term growth of capital. There can be no assurance that we will achieve our investment objective. Under normal circumstances, we will invest at least 80% of our total 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 and in the “cleantech” sector. Information technology companies include, but are not limited to, those focused on computer hardware, software, social networking, 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 public companies with market capitalizations less than \$250 million. We anticipate that our portfolio will be primarily composed of equity and equity derivative securities of technology and cleantech companies (as defined above). We expect that these investments will range between \$1 million and \$10 million each, although this 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.

Our current focus is on investing in late-stage private companies, particularly those with potential for near-term realizations by way of an IPO or acquisition. As of March 31, 2012, we owned 600,000 shares of common stock of Facebook Inc. On February 2, 2012, Facebook Inc. filed a registration statement with the SEC in connection with its proposed initial public offering.

While our primary focus is to invest in illiquid private technology and cleantech companies, we may also invest in micro-cap publicly-traded companies. In addition, we may invest up to 30% 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. 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.

#### About Firsthand Capital Management, Inc.

Our investment activities are managed by Firsthand Capital Management, Inc. (which we refer to as “FCM” or the “Investment Adviser”). FCM was founded in 2009 and is an investment adviser registered under the Investment Advisers Act of 1940, as amended. The owner, President and Chief Investment Officer of FCM is Kevin Landis, our Chief Executive Officer and Chief Financial Officer. Mr. Landis has approximately 17 years of professional investment experience, including more than 13 years of investing in equity securities of private companies. The team has been involved in originating, structuring, negotiating, consummating, managing, and monitoring private company investments during its tenure at FCM and another investment adviser that Mr. Landis co-founded in 1994, also called Firsthand Capital Management, Inc. (“Old FCM”). During Mr. Landis’s tenure with Old FCM, he and his team invested approximately \$150 million in 26 private companies.

The team has developed a network of financial sponsor relationships as well as relationships with management teams, investment bankers, attorneys, and accountants that we believe will provide us with access to substantial investment opportunities.

The Investment Adviser also employs a team of investment research professionals to assist Mr. Landis in originating, analyzing, and managing investments. It also has a seasoned attorney on staff to assist with deal structure and negotiation.

#### Competitive Advantage

We believe that we have the following competitive advantages over other investors in the companies in which we seek to invest:

##### Management expertise

Kevin Landis has principal management responsibility for Firsthand Capital Management, Inc. as its Chief Executive Officer and Chief Investment Officer. Mr. Landis has approximately 17 years of experience in technology sector investing, and he intends to dedicate a substantial portion of his time to managing SVVC and FCM.

FCM also employs a dedicated team of professionals to support Mr. Landis in his investing efforts. The team, led by Mr. Landis, has considerable experience in management positions within technology sector operating companies. Mr. Landis currently serves on the boards of directors (or holds observer seat positions) at several technology and cleantech start-up companies.

Through their collective investment experience, we believe the team has developed a strong reputation in the capital markets. We believe that this experience, together with an expertise in investing in equity securities and managing investments in companies, will afford SVVC a competitive advantage in identifying and investing in private technology and cleantech companies.

##### Disciplined investment approach

The Investment Adviser employs a disciplined approach in selecting investments. Our investment philosophy focuses on ensuring that our investments have an appropriate return profile relative to risk. When market conditions make it difficult for us to invest according to our criteria, the Investment Adviser intends to be highly selective in deploying our capital. We believe this approach will enable us to build an attractive investment portfolio that meets our return and value criteria over the long term.

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through the Investment Adviser, intend to conduct a rigorous due diligence process that draws from the Investment Adviser's investment experience, industry expertise, and network of contacts.

Focusing on investments that can generate positive risk-adjusted returns

The Investment Adviser will seek to maximize the potential for capital appreciation. In making investment decisions the Investment Adviser will seek to pursue and invest in companies that meet several of the following criteria:

- outstanding technology,
- barriers to entry (i.e. patents and other intellectual property rights),
- experienced management team,
- established financial sponsors that have a history of creating value with portfolio companies,
- strong competitive industry position, and
- viable exit strategy

Assuming a potential investment meets most or all of our investment criteria, the Investment Adviser intends to be flexible in adopting transaction structures that address the needs of prospective portfolio companies and their owners. Our investment philosophy is focused on internal rates of return over the life of an investment. Given our investment criteria and due diligence process, we expect to structure our investments so they correlate closely with the success of our portfolio companies.

Ability to source and evaluate transactions through the Investment Adviser's research capability and established network

FCM's investment management team has overseen investments in 31 private and hundreds of public companies across various industries while employed by FCM or Old FCM since 1994. We believe the expertise of the Investment Adviser's management team enables FCM to identify, assess, and structure investments successfully across all levels of a company's capital structure and to manage potential risk and return at all stages of the economic cycle.

We intend to identify potential investments both through active origination and through dialogue with numerous management teams, members of the financial community, and corporate partners with whom Mr. Landis has long-standing relationships. We believe that the team's broad network of contacts within the investment, commercial banking, private equity, and investment management communities in combination with their strong reputation in investment management, enables us to attract well-positioned prospective portfolio companies.

Longer investment horizon with attractive publicly traded model

Unlike many private equity and venture capital funds, we will not be subject to standard periodic capital return requirements. Such requirements typically stipulate that funds raised by a private equity or venture capital fund, together with any capital gains on such invested funds, can only be invested once and must be returned to investors after a pre-agreed time period. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings, or other liquidity events more quickly than they otherwise might, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio companies. While we are required to distribute substantially all realized gains, we believe that our dividend reinvestment plan and our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles will provide us with the opportunity to generate returns on invested capital and at the same time enable us to be a better long-term partner for our portfolio companies.

Operating and Regulatory Structure

Our investment activities are managed by FCM and supervised by our board of directors, the majority of whom are independent of the Investment Adviser. FCM is an investment adviser that is registered with the SEC under the Investment Advisers Act of 1940, or the “Advisers Act.” Under our Investment Management Agreement, we have agreed to pay FCM an annual base management fee based on our gross assets as well as an incentive fee based on our investment performance. See “Management—Investment Management Agreement.”

As a business development company, we are required to comply with certain regulatory requirements. For example, we note that any affiliated investment vehicle currently in existence or formed in the future and managed by the Investment Adviser may, notwithstanding different stated investment objectives, have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. We will not initiate a new investment in any portfolio company in which such a fund has a pre-existing investment, although we may invest in new rounds of financing for such existing portfolio companies and we may co-invest with such affiliate on a concurrent basis, subject to compliance with existing regulatory guidance, applicable regulations, and our allocation procedures.

#### Our Corporate Information

Our offices are located at 150 Almaden Boulevard, Suite 1250, San Jose, California 95113. Our telephone number is (408) 886-7096.

#### THE OFFERING

Common stock offered by us shares of common stock of SVVC at \$ per share.

Common stock to be outstanding after this offering shares of common stock of SVVC

Use of proceeds We plan to invest the cash and other liquid assets of SVVC in portfolio companies in accordance with our investment objective and the strategies described in this prospectus.

We anticipate that a substantial portion of the cash and liquid assets received in connection with this offering will be used within 3 to 6 months and substantially all of the cash and liquid assets will be deployed within one year (provided that a reasonable level of cash will be held in reserve to support existing investments), in accordance with our investment objective, depending on the availability of appropriate investment opportunities and market conditions. Pending such investments, we will invest the remaining net proceeds primarily in cash, cash equivalents, U.S. government securities, and other high-quality debt investments that mature in one year or less from the date of investment; or we may invest in short-term trading activities in publicly traded securities, subject to the limitations set forth in the 1940 Act. In some cases, particularly those involving direct investments in portfolio companies (called primary transactions), it will be 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 case of primary transactions (as opposed to secondary transactions where we do not buy the securities from the issuing companies but instead from an existing stockholder), 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 the investment is held longer, and will typically not be needed once the portfolio company becomes public or we determine it is no longer in our best interest to make additional investments in such portfolio company. See “Use of Proceeds.” Given the current low level of return for short-term fixed income investments, and given the Company’s management fee and other expenses, the Company will likely lose money until it becomes fully invested.

Nasdaq Global Market  
symbol

“SVVC”

Trading at a discount

Shares of closed-end investment companies and business development companies frequently trade at a discount to their net asset value. The possibility that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. Although our shares have recently traded at a substantial premium to their net asset value, those shares have traded at a substantial discount to their net asset value from inception until recently. We cannot predict whether our shares will trade above, at, or below their net asset value.



Distributions	To the extent we receive capital gains, income, or dividends that are required to be distributed to stockholders, we intend to make such distributions annually to our stockholders out of assets legally available for distribution.
Taxation	We intend to elect to be treated for federal income tax purposes as a RIC. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as distributions. To maintain our RIC status and obtain RIC tax benefits, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of assets legally available for distribution. See “Distributions.”
Dividend reinvestment plan	We have a dividend reinvestment plan for our stockholders. This is an “opt out” dividend reinvestment plan. As a result, if we declare a dividend or other distribution, then stockholders’ cash distributions will be reinvested automatically in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan, so as to receive cash dividends or other distributions. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state, and local tax consequences as stockholders who elect to receive their distributions in cash. See “Dividend Reinvestment Plan.”
Investment advisory fees	We pay FCM a fee for its services under the Investment Management Agreement consisting of two components – a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.00% of our gross assets. 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) and will equal our realized capital gains 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 capital gain incentive fees. See “Management—Investment Management Agreement.”
Anti-takeover provisions	Our board of directors is divided into three classes of directors, each serving a staggered three-year term and until his or her successor is elected and qualifies. This structure is intended to increase the likelihood of continuity of management, which may be necessary for us to realize the full value of our investments. A staggered board of directors also may serve to deter hostile takeovers or proxy contests, as may certain other measures

adopted by us. See “Description of Our Capital Stock.”

Risk factors

Investing in our common stock involves risk, including the risk that you may receive little or no return on your investment, or that you may lose part or all of your investment. Therefore, before investing in our common stock you should consider carefully the risks set forth in “Risk Factors” on page 10. We are designed primarily as a long-term investment vehicle, and our common stock is not an appropriate investment for a short-term trading strategy. An investment in our common stock should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in all investments, there can be no assurance that we will achieve our investment objective.

## FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus constitute forward-looking statements, which relate to future events or our future performance or financial condition. We use words such as “anticipates,” “believes,” “expects,” “plans,” “will,” “may,” “continues,” “believes,” “seeks,” “likely,” “intends,” and similar expressions to identify forward-looking statements. The forward-looking statements contained in this prospectus involve risks and uncertainties, including forward-looking 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,
- our contractual arrangements and relationships with third parties,
- the dependence of our future success on the general economy and its impact on the industries in which we invest,
- the ability of our prospective portfolio companies to achieve their objectives,
- our expected financings and investments,
- the adequacy of our cash resources and working capital, and
- the timing of cash flows, if any, from the operations of our prospective portfolio companies.

The factors identified above are believed to be important factors, but not necessarily all of the important factors, that could cause our actual results to differ materially from those expressed in any forward-looking statement.

Our actual results could differ materially from those projected in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in this prospectus. In addition, several factors that could materially affect our actual results are the ability of the portfolio companies in which we invest to achieve their objectives; our ability to source favorable private investments; changes in the securities markets, especially the markets for technology companies including those that may be early stage or micro-cap companies; the dependence of our future success of the general economy and its impact on the industries in which we invest and other factors discussed in our periodic filings with the SEC.

Unpredictable or unknown factors could also have material adverse effects on us. Since our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, we cannot give any assurance that any of the events anticipated by the forward-looking statements will occur, or, if any of them do, what impact they will have on our results of operations and financial condition. All forward-looking statements included in this prospectus are expressly qualified in their entirety by the foregoing cautionary statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including our annual reports. We acknowledge that, notwithstanding the foregoing statement, the safe harbor for forward-looking statements under the Private Securities Litigation Reform Act of 1995 does not apply to investment companies such as us. We will amend this prospectus in the event of any material change to the information contained herein during the distribution period.



## FEES AND EXPENSES

The following table and example contains information about the costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. The following table should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by “you,” “us,” or “SVVC,” or that “we” will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in SVVC.

## Stockholder Transaction Expenses:

Sales Load (as a percentage of offering price)	%	(1)
Offering Expenses (as a percentage of offering price)	%	(2)
Dividend Reinvestment Plan Fees	None	(3)
Total Stockholder Transaction Expenses (as a percentage of offering price)	%	

## Estimated Annual Expenses (as a percentage of net assets attributable to common stock):

Management Fees	2.00%	(4)
Incentive Fees Payable under Investment Management Agreement (20% of “Incentive Fee Capital Gains”)	0%	(5)
Other Expenses (estimated)	0.76%	
Total Annual Expenses	2.76%	(4)

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(1) For a description of the sales load and other compensation paid to the underwriters by the Company, see “Underwriting”.

(2) Amount reflects estimated offering expenses of approximately \$210,000.

(3) The expenses of administering our dividend reinvestment plan are included in “Other Expenses (estimated).” You will pay brokerage charges if you direct BNY Mellon Investment Servicing (US) Inc., as agent for our common stockholders, to sell your common stock held in a dividend reinvestment account. See “Dividend Reinvestment Plan.”

(4) Our management fee under the Investment Management Agreement (as defined under “Discussion of Expected Operating Plans—Contractual Obligations”) is based on our total assets. See “Management—Investment Management Agreement” and footnote 5 below.

(5) Currently, we do not have an estimate of the likelihood that incentive fees would need to be paid. The incentive fee consists of 20% of our Incentive Fee Capital Gains, if any. The Investment Management Agreement defines “Incentive Fee Capital Gains” as our realized capital gains 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 capital gain incentive fees. The incentive fee is payable, in arrears, at the end of each calendar year (or upon termination of the investment advisory and management agreement, as of the termination date. This incentive fee would be estimated and accrued based on unrealized capital appreciation for purposes of calculating operating expenses and the Fund’s net asset value. For a more

detailed discussion of the calculation of this fee, see “Management—Investment Management Agreement.”

The purpose of the table above and the example below is to help you understand all fees and expenses that you would bear directly or indirectly as a holder of our common stock. See “Management” and “Dividend Reinvestment Plan”.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. SVVC currently does not intend to utilize leverage or borrowing. Therefore, in calculating the following expense amounts, we have assumed we would have no indebtedness and that our annual operating expenses remain at the levels set forth in the table above.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$10,000 investment, assuming a 5% annual return	\$378	\$1,149	\$1,939	\$4,002

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. This illustration assumes that this 5% return results entirely from net realized capital gains, making the entire 5% return subject to the 20% capital gains incentive fee. In addition, while the example assumes reinvestment of all dividends and other distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the distribution. See “Dividend Reinvestment Plan” for additional information regarding our dividend reinvestment plan.

This example should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

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

FIRSTHAND TECHNOLOGY VALUE FUND

	PERIOD ENDED DECEMBER 31, 2011*
Net asset value at beginning of period	\$ 27.01
Income from investment operations:	
Net investment gain/loss	(0.41 )
Net realized and unrealized gains (losses) on investments	(2.68 )
Total from investment operations	(3.09 )
Net asset value at end of period	\$ 23.92
Market value at end of period	\$ 14.33
Total return	
Based on Net Asset Value	(11.44 )%(A)

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Based on Stock Price	(46.95	)% (A)
Net assets at end of period (millions)	\$ 83.63	
Ratio of total expenses to average net assets	2.76	% (B)
Ratio of net investment loss average net assets	(2.28	)% (B)
Portfolio turnover rate	18	% (A)

\* For the period April 18, 2011 (inception) through December 31, 2011.  
(A) Not Annualized  
(B) Annualized

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## MARKET AND NET ASSET VALUE INFORMATION

Shares of our common stock are listed on the Nasdaq Global Market under the symbol “SVVC.” Our common stock commenced trading on the Nasdaq Global Market on April 18, 2011.

Our common stock has traded both at a premium and at a discount in relation to its net asset value. We cannot provide assurances that our common stock will not trade at a discount in the future. Our issuance of common stock may have an adverse effect on prices in the secondary market for our common stock by increasing the number of shares of common stock available, which may create downward pressure on the market price for our common stock. Shares of closed-end investment companies and business development companies frequently trade at a discount to net asset value. See “Risk Factors—Our common stock may trade at a discount to our net asset value.”

The following table sets forth for each of the fiscal quarters indicated the range of high and low closing sales price of our common stock and the quarter-end sales price, each as reported on the Nasdaq Global Market, the net asset value per share of common stock and the premium or discount to net asset value per share at which our shares were trading. Net asset value is generally determined on the last business day of each calendar month. See “Determination of Net Asset Value” for information as to the determination of our net asset value.

	Net Asset Value Per Share of Common Stock (1)	Quarterly Closing Sales Prices		Quarter End Sales Price	Premium/ (Discount)	Premium/ (Discount)
		High	Low		on High Closing Sale Price to Net Asset Value (2)	on Low Closing Sale Price to Net Asset Value (3)
Fiscal Year 2012						
Quarter Ended March 31, 2012	\$24.56	\$40.50	\$14.33	\$39.50	64.9%	(41.7%)
Fiscal Year 2011 (4)						
Quarter Ended December 31, 2011	\$23.92	\$16.60	\$14.25	\$14.33	(30.6%)	(40.4%)
Quarter Ended September 30, 2011	\$24.76	\$19.00	\$14.30	\$14.65	(23.3%)	(42.2%)
Period Ended June 30, 2011	\$26.47	\$27.99	\$12.50	\$15.20	5.7%	(52.8%)

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(1) NAV per share is determined as of close of business on the last day of the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low closing sales prices, which may or may not fall on the last day of the quarter. NAV per share is calculated as described in “Determination of Net Asset Value.”

(2) Calculated by dividing the high closing sales price for the quarter divided by the quarter-end NAV minus 1.

(3) Calculated by dividing the low closing sales price for the quarter divided by the quarter-end NAV minus 1.

(4) The Company began operations on April 18, 2011 and its fiscal year ended December 31, 2011.

On March 31, 2012, the last reported sales price of our common stock on the Nasdaq Global Market was \$39.50, which represented a premium of approximately 60.8% to the NAV per share reported by us on that date.

As of March 31, 2012, we had approximately 3.5 million shares of common stock outstanding and we had net assets applicable to common stockholders of approximately \$85.90 million.

#### USE OF PROCEEDS

Because this offering involves the sale of new common stock of SVVC for cash, we expect to receive cash proceeds from the sale of shares of our common stock in this offering. We plan to invest the net proceeds of this offering in portfolio companies in accordance with our investment objective and strategies described in this prospectus.

We anticipate that a substantial portion of the net proceeds of this offering will be used for the above purposes within 3 to 6 months and substantially all of the net proceeds of this offering will be used within one year (provided that a reasonable level of cash will be held in reserve to support existing investments), depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you we will achieve our targeted investment pace. Pending such investments, we will invest the net proceeds primarily in cash, cash equivalents, U.S. government securities, and other high-quality debt investments that mature in one year or less from the date of investment. The investment advisory fee payable by us will not be reduced while our assets are invested in such securities. In some cases, particularly those involving direct investments in portfolio companies (called primary transactions), it will be 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 case of primary transactions (as opposed to secondary transactions where we do not buy the securities from the issuing companies but instead from an existing stockholder), 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. Given the current low level of return for short-term fixed income investments, and given the Company’s management fee and other expenses, the Company may have lower returns or lose money until it becomes fully invested. See “Regulation—Temporary Investments” for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

## RISK FACTORS

Before you invest in our shares, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, before you decide whether to make an investment in our common stock. The risks set out below are not the only risks we face. If any of the following events occur, our business, financial condition, and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

### RISKS RELATING TO OUR BUSINESS AND STRUCTURE

We have a limited operating history.

We were incorporated in April 2010 and commenced operations on April 15, 2011. We are subject to all of the business risks and uncertainties associated with any business, including the risk that we will not achieve our investment objective and that the value of your investment could decline substantially. The net assets of SVVC, as of March 31, 2012 were approximately \$85.9 million.

We are dependent upon FCM's key personnel for our future success.

If the Investment Adviser is unable to hire and retain qualified personnel, or if it loses any key member of its management team, our ability to achieve our investment objective could be significantly impaired.

We depend on the diligence, skill, and access to the network of business contacts of the management of FCM, including Mr. Landis, the owner, Chief Executive Officer and Chief Investment Officer of FCM. We also depend, to a significant extent, on FCM's access to the investment information and deal flow generated by Mr. Landis and any other investment professionals of FCM. Mr. Landis and other management personnel of FCM evaluate, negotiate, structure, close, and monitor our investments. Our future success depends on the continued service of Mr. Landis and other management personnel of FCM. The resignation of FCM, or the departure of Mr. Landis or any other key managers hired by FCM could have a material adverse effect on our ability to achieve our investment objective. In addition, we can offer no assurance that FCM will remain the Investment Adviser.

The Investment Adviser and its management have limited experience managing a business development company.

The 1940 Act imposes numerous constraints on the operations of business development companies. For example, business development companies are required to invest at least 70% of their total assets primarily in securities of private or micro-cap U.S. public companies, cash, cash equivalents, U.S. government securities, and other high quality debt investments that mature in one year or less. These constraints may hinder the Investment Adviser's ability to take advantage of attractive investment opportunities and to achieve our investment objective. Under the 1940 Act, SVVC's ability to own publicly-traded securities with market capitalizations in excess of \$250 million is limited. While Mr. Landis has approximately 17 years of experience managing technology stock mutual funds investments and 13 years of experience managing private equity investments, Mr. Landis and FCM have only managed a business development company since April 2011, when they began managing SVVC. The investment philosophy and techniques used by Mr. Landis and FCM may differ from those of other funds. Accordingly, we can offer no assurance that SVVC will replicate the historical performance of other investment companies with which Mr. Landis has been affiliated, and we caution you that our investment returns could be substantially lower than the returns achieved by such other companies.



The Investment Adviser and its management manage other funds.

In addition to managing SVVC, FCM is also the investment adviser to three open-end mutual funds in the Firsthand Funds family: Firsthand Technology Leaders Fund, Firsthand Technology Opportunities Fund, and Firsthand Alternative Energy Fund. Mr. Landis, who has primary responsibility for SVVC, also serves as portfolio manager of those three funds. This may reduce the time FCM and its investment management team have to devote to the affairs of SVVC. The other funds managed by FCM have stated investment objectives which differ from our own. Accordingly, there may be times when the interests of FCM's management team differ from our interests.

The Investment Adviser may not be able to achieve the same or similar returns to those achieved by its investment professionals while they were employed at prior jobs.

Although Mr. Landis has been a portfolio manager of a number of open-end mutual funds in the Firsthand Funds family, Mr. Landis's track record and achievements are not necessarily indicative of future results that will be achieved by FCM on our behalf. FCM and its investment professionals' skills and expertise may not be as well suited to our objectives, strategies and requirements as they are for certain other funds. FCM and many of its investment professionals are relatively inexperienced in managing closed end funds and our investment objectives, policies and regulatory limitations differ substantially from the other funds FCM and its investment professionals have managed. Similarly, while the research and operational professionals that support Mr. Landis in his management of Firsthand Funds are substantially the same individuals that will be supporting us, there is no assurance that they will be able to provide the same level of services to us as they did (or currently do) for Firsthand Funds.

Our financial condition and results of operation will depend on our ability to manage future growth effectively.

Our ability to achieve our investment objective will depend on our ability to grow, which will depend, in turn, on FCM's ability to identify, invest in, and monitor companies that meet our investment criteria.

Accomplishing this result on a cost-effective basis will be largely a function of FCM's structuring of the investment process, its ability to provide competent, attentive, and efficient services to us and our access to financing on acceptable terms. The management team of FCM will have substantial responsibilities under the Investment Management Agreement. In addition, the employees of FCM may also be called upon to provide managerial assistance to our portfolio companies as the principals of our administrator. Such demands on their time may distract them or slow our rate of investment. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition, and results of operations.

We operate in a highly competitive market for investment opportunities.

A number of entities will compete with us to make the types of investments that we plan to make. We will compete with other venture capital firms and venture capital funds, various public and private investment funds, including hedge funds, other business development companies, commercial and investment banks, commercial financing companies, and various technology and alternative energy companies' internal venture capital arms. Many of our potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a stronger network of contacts and better connections for deal flows or have access to funding sources that are not available to us. In addition, some of our competitors have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act will impose on us as a business development company. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive investment

opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

Regulations governing our operation as a business development company will affect our ability to, and the way in which we, raise additional capital.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock at a price below the current net asset value of the common stock, or sell warrants, options, or rights to acquire such common stock, at a price below the current net asset value of the common stock if our board of directors determines that such sale is in the best interests SVVC, and our stockholders approve SVVC's policy and practice of making such sales. Our stockholders have not approved a policy or practice of selling our common stock below our net asset value per share. However, our board of directors may in the future ask our stockholders to vote on such a policy at an upcoming stockholder meeting. We may also conduct an offering of our common stock at a price below the prevailing market price for that stock, which would have the immediate effect of reducing the market price of our stock. Our board of directors would consider, among other items, that effect in determining whether an offering and the proposed price are in the best interests of the Fund and its stockholders given the amount of any possible reduction and the amount of proceeds from the proposed offering, as well as its proposed uses. The Board and the Investment Adviser are aware of the prohibition on selling shares at a price below net asset value except to the extent approved by the stockholders, and will ensure compliance with that requirement in connection with any future offering.

We intend to elect to be treated as a Regulated Investment Company (RIC), and we will be subject to corporate-level income tax if we are unable to qualify as a RIC.

To qualify as a RIC under the Code and obtain RIC tax benefits, we must meet certain income source, asset diversification, and annual distribution requirements. The annual distribution requirement for a RIC is satisfied if we distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, to our stockholders on an annual basis. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Any such dispositions could be made at disadvantageous prices and may result in losses. If we fail to qualify for RIC tax benefits for any reason and remain or become subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution, and the amount of our distributions. Such a failure would have a material adverse effect on us and our stockholders.

Any failure on our part to maintain our status as a business development company would reduce our operating flexibility.

If we do not remain a business development company, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility and increase our cost of doing business. Furthermore, any failure to comply with the requirements imposed on business development companies by the 1940 Act could cause the SEC to bring an enforcement action against us or expose us to claims of private litigants.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a business development company or be precluded from investing according to our current business strategy.

As a business development company, we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. See "Regulation."

We may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying

assets, we could lose our status as a business development company, which would have a material adverse effect on our business, financial condition, and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to comply with the 1940 Act. If we need to dispose of such investments quickly, it would be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if we do find a buyer, we may have to sell the investments at a substantial loss.



We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our income tax diversification requirements, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies.

We will need to raise additional capital to grow.

We will need additional capital to fund growth in our investments once we have fully invested the cash (and other liquid assets, if any) received, we may issue equity securities in order to obtain this additional capital. A reduction in the availability of new capital could limit our ability to grow or pursue business opportunities. We will be required to distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, to our stockholders to maintain our RIC status. As a result, if stockholders opt out of reinvesting those distributions back into SVVC, these earnings will not be available to fund new investments. If we fail to obtain additional capital to fund our investments, this could limit our ability to grow, which may have an adverse effect on the value of our securities.

Many of our portfolio investments will be recorded at fair value as determined in good faith by our board of directors. As a result, there will be uncertainty as to the value of our portfolio investments.

A large percentage of our portfolio investments will be 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 will value these securities quarterly at fair value according to our written valuation procedures and 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.

The lack of liquidity in our investments may adversely affect our business.

We primarily make investments in private companies. Substantially all of these securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we have material non-public information regarding such portfolio

company.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the performance of the portfolio securities we hold; the level of our expenses; variations in, and the timing of the recognition of, realized and unrealized gains or losses; the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

There are significant potential conflicts of interest that could impact our investment returns.

Our executive officers and directors may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by affiliates of FCM that may be formed in the future. Accordingly, if this occurs, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders.

In the course of our investing activities, we will pay investment management and incentive fees to FCM, and will reimburse FCM for certain expenses it incurs. As a result, investors in our common stock will invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than an investor might achieve through direct investments. Accordingly, there may be times when the management team of FCM has interests that differ from those of our stockholders, giving rise to a conflict.

Most members of the board of directors of the Company are also trustees of the Board of Trustees of Firsthand Funds. Of the four directors of the Company, Messrs. Landis, Burglin, and Yee all serve as both directors for the Company and trustees for Firsthand Funds. Mr. Lee is the only director of the Company who is not also a trustee of Firsthand Funds. The Company believes such a commonality of the board brings continuity of oversight and allows the board of the Company to maintain the institutional knowledge and experience of overseeing illiquid securities and their pricing methods.

Our incentive fee may induce FCM to make speculative investments and these fees will, in effect, be borne by our common stockholders.

The incentive fee payable by us to FCM may create an incentive for FCM to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The incentive fee payable to the Investment Adviser is calculated based on a percentage of our return on invested capital. This may encourage the Investment Adviser to invest in higher risk investments in the hope of securing higher returns.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, as well as other special purpose vehicles set up by third parties for investment in a particular private company. To the extent we so invest, we will bear our ratable share of any such investment company’s expenses, including management and incentive fees. We will also remain obligated to pay investment advisory fees, consisting of a base management fee and incentive fees, to FCM with respect to the assets invested in the securities and instruments of other investment companies under the Investment Management Agreement (as defined under “Discussion of Expected Operating Plans—Contractual Obligations”). With respect to any such investments, each of our stockholders will bear his or her share of the investment advisory fees of FCM as well as indirectly bearing the investment advisory fees and other expenses of any investment companies in which we invest.

After the date for this offering, we may be required to pay FCM an incentive fee for performance in periods before investors purchased their shares of our common stock in this offering or in the open market. For that reason, new investors could in effect bear the expense of that incentive fee without having benefitted from any favorable performance that generated the incentive fee. In order to mitigate that risk, when calculating our NAV quarterly, we include a quarterly accrual of projected incentive fees (calculated on a hypothetical as-liquidated basis) even though any incentive fee would be paid only once a year. It is important to note that incentive fees are calculated based on realized gains net of realized losses and unrealized depreciation in the portfolio. In other words, realized losses and unrealized depreciation have the effect of reducing incentive fees payable by us to FCM.



Changes in laws or regulations governing our operations may adversely affect our business.

We and our portfolio companies will be subject to regulation by laws at the local, state, and federal levels. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations could materially and adversely affect our business.

Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law, our charter, and our bylaws contain provisions that may discourage, delay or make more difficult a change in control of the Company or the removal of the Company's directors. We are subject to the Maryland Business Combination Act, the application of which is subject to any requirements of the 1940 Act. Our board of directors has adopted a resolution exempting from the Maryland Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our board, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our board does not approve a business combination, the Maryland Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our common stock by any person. If we amend our bylaws to repeal the exemption from the Maryland Control Share Acquisition Act, the Maryland Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer.

We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions in our charter classifying our board of directors in three classes with each director serving a staggered three-year term and until his or her successor is duly elected and qualifies. Our charter also authorizes our board of directors (without stockholder approval) to classify or reclassify shares of our stock in one or more classes or series and to cause the issuance of additional shares of our stock. Additionally, our charter permits a majority of the entire board (without stockholder approval) to amend our charter to increase or decrease the number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer, or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

Our board of directors may change our investment objective, operating policies, and strategies without prior notice or stockholder approval.

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a business development company. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results, and value of our stock. Nevertheless, the effects may adversely affect our business and impact our ability to make distributions.

## RISKS RELATED TO OUR INVESTMENTS

Our investments in prospective portfolio companies may be risky, and you could lose all or part of your investment.

We make equity investments primarily in equity securities and equity derivatives (such as options, warrants, rights, etc.) of privately placed venture capital stage technology and alternative energy companies as well as publicly traded micro-cap companies (those with market capitalizations of less than \$250 million). Our goal is ultimately to dispose

of these equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value or lose all value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

In addition, investing in privately placed technology and clean tech companies involves a number of significant risks, including that private companies generally have limited operating history and are not as well capitalized as public companies. In addition, private company valuations may fluctuate more dramatically than those of public companies and they frequently have less diverse product lines and smaller market presence than larger competitors. These factors could adversely affect our investment returns as compared to companies investing primarily in the securities of public companies.

We may invest in micro-cap public companies and companies we may hope will have successful initial public offerings.

Although micro-cap companies may have potential for rapid growth, they are subject to wider price fluctuations due to factors inherent in their size, such as lack of management experience and financial resources and limited trade volume and frequency. To make a large sale of securities of micro-cap companies that trade in limited volumes, SVVC may need to sell portfolio holdings at a discount or make a series of small sales over an extended period of time.

We have invested in, and we expect to continue to invest in, companies that we believe are likely to issue securities in initial public offerings (“IPOs”). Although there is a potential the pre-IPO securities that we buy may increase in value if the company does issue securities in an IPO, IPOs are risky and volatile and may cause the value of our securities to fall dramatically. Also, because securities of pre-IPO companies are generally not freely or publicly tradeable, we may not have access to purchase securities in these companies in the amounts or at the prices we desire. Securities issued by these privately-held companies have no trading history, and information about such companies may be available for very limited periods. The companies that we anticipate holding successful IPOs may not ever issue shares in an IPO and a liquid market for their securities may never develop, which may negatively affect the price at which we can sell any such securities and make it more difficult to sell such securities, which could also adversely affect our liquidity.

We expect to purchase securities in IPOs, which involve significant risks for us, and we may not be able to participate in offerings to the extent desired or at all.

We may purchase securities of a company in the public market at the company’s IPO. Securities purchased in IPOs are often subject to the general risk associated with investments in companies with smaller market capitalizations, and typically to a heightened degree. Securities issued in IPOs have no trading history, and information about companies may be available for very limited periods. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. Our investment performance during periods when we are unable to invest significantly or at all in IPOs may be lower than during periods when we are able to do so.

IPO securities may be volatile, and we cannot predict whether investments in IPOs will be successful. If the Company grows in size, the possible positive effects of IPO investments on the Company may decrease.

In addition, as a business development company, we are subject to special securities laws and regulations so that 70% of our assets must be comprised of securities of “eligible portfolio companies.” In the case of the stocks of a publicly traded company, this requirement is met only if the market capitalization of that portfolio company is below \$250 million at the time of our investment. Therefore, while publicly traded small-cap companies (those with a market capitalization below \$250 million) are considered eligible portfolio companies, large-cap or mid-cap companies are not.

We have not yet identified all of the portfolio company investments we intend to acquire using the proceeds of this offering.

The Investment Adviser will select our investments subsequent to the closing of this offering, and our stockholders will have no input with respect to such investment decisions. These factors increase the uncertainty, and thus the risk, of investing in our shares.





Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies are susceptible to economic slowdowns or recessions and may fail or require additional capital investments from us during those periods. Therefore, our non-performing assets are likely to increase and the value of our portfolio is likely to decrease during these periods. These events could harm our operating results.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as “follow-on” investments, in order to:

- increase or maintain in whole or in part our equity ownership percentage; or
- exercise warrants, options, or convertible securities that were acquired in the original or subsequent financing.

We have the discretion to make any follow-on investments, subject to the availability of capital resources and the availability of securities in the applicable public company. We may elect not to make follow-on investments in a portfolio company and we may lack sufficient funds to make those investments. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities, or because we are inhibited by compliance with business development company requirements or the desire to maintain our tax status.

We frequently do not hold controlling equity interests in our portfolio companies and we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

Although we may do so occasionally, we do not anticipate routinely taking controlling equity positions in our portfolio companies. As a result, we will be subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the equity investments that we will typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and may therefore suffer a decrease in the value of our investments.

An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel, and a greater vulnerability to economic downturns.

We invest primarily in privately held companies. Generally, little public information exists about these companies, and we will be required to rely on the ability of FCM’s investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, privately held companies frequently have less diverse product lines and a smaller market presence than larger competitors. These factors could adversely affect our investment returns as compared to companies investing primarily in the securities of public companies.

Some of our investments, particularly those in the solar industry, are sensitive to public policy decisions by U.S. and foreign governments.

One of the industries in which we make investments is the solar industry. In many countries, government incentives, in the form of subsidies and renewable energy mandates, are currently responsible for supporting customer demand for solar-generated electricity. If governments were to relax or eliminate these incentives, some of our portfolio companies could be adversely affected.

Our portfolio companies may issue additional securities or incur debt that ranks equal or senior to our investments in such companies.

We also invest primarily in equity securities issued by our portfolio companies. The portfolio companies may be permitted to issue additional securities or incur other debt that ranks equally with, or senior to, the equity securities in which we invest. By their terms, such other securities (especially if they are debt securities) may provide that the holders are entitled to receive payment of interest or principal before we are entitled to receive any distribution from the portfolio companies. Also, in the event of insolvency, liquidation, dissolution, reorganization, or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our equity investment in that portfolio company would typically be entitled to receive payment in full before equity investors like us may receive any distribution in respect of our investment. After repaying such senior creditors, the portfolio company may not have any remaining assets to distribute to us.

We may invest in below investment grade debt securities or junk bond

In addition to making equity investments in our portfolio companies, we may also, from time to time, invest in debt securities (both convertible and non-convertible). Currently, we do not expect such investments to be a material portion of our portfolio. In the event we invest in these debt securities, they may be either unrated or, if rated, likely to be below investment grade (or called “junk bonds”). Unrated or junk status indicates that an issuer is less likely to be able to meet its debt obligations and, therefore, more likely to default compared to issuers of investment-grade debt. These investments are risky. If the issuer were to default, we could lose all of our investment.

We may purchase or sell options on securities and indexes, which may expose us, and your investment in our common stock, to certain risks.

We may on a very limited and incidental basis purchase or sell options on indexes or securities. The Fund would typically purchase options for the purpose of gaining current or future exposure to the equity of a company on what the Investment Adviser expects to be more attractive terms than a purchase of the underlying security. The Fund may also acquire options as one portion of an investment in a company. To a lesser extent, the Fund may purchase put options to hedge the risk on a current portfolio holding. Options on equity securities indexes may be used occasionally as a way to gain general equity or technology market exposure on a portion of the portfolio pending additional investments. In all cases, the use of these options, alone or in combination with other portfolio investments, would be for the purpose of achieving the Fund’s objective of long term growth of capital. The use of options has risks and our ability to successfully use these techniques depends on our ability to predict pertinent market movements, which cannot be assured. The use of options may result in losses greater than if they had not been used, may require us to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation we can realize on an investment or may cause us to hold a security we might otherwise sell.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy involves potential investments in equity securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations; political and social instability; expropriation; imposition of foreign taxes; less liquid markets and less available information than is generally the case in the United States; higher transaction costs; less government supervision of exchanges, brokers and issuers; less developed bankruptcy laws; difficulty in enforcing contractual obligations; lack of uniform accounting and auditing standards; and greater price volatility.



Although most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or, if we do, that such strategies will be effective.

#### RISKS RELATING TO THIS OFFERING

There is a risk that you may not receive distributions or that our distributions may not grow over time.

We intend to make distributions annually to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a distribution. It is also likely that both the availability and amount of distribution will vary drastically from year to year. In addition, due to the asset coverage test applicable to us as a business development company, we may be limited in our ability to make distributions. Finally, if more stockholders opt to receive cash dividends and other distributions rather than participate in our dividend reinvestment plan, we may be forced to liquidate some of our investments and raise cash in order to make distribution payments.

Investing in our shares may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive, and therefore, an investment in our shares may not be suitable for someone with lower risk tolerance.

The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of business development companies or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or business development companies;
- any failure to qualify for, or loss of, RIC status;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- the inability of the Investment Adviser to employ experienced senior investment professionals or the departure of FCM's key personnel;

- operating performance of companies comparable to us; public perception of our portfolio companies that are privately held that may not release financial information to the public; and

general economic trends and other external factors.

The market price of our common stock will be affected by the supply and demand of our portfolio company's shares.

Some of our investments include pre-IPO private companies as well as companies currently publicly traded on stock exchanges. Currently, we have a material portion (around 25% as of March 31, 2012) of our assets invested in shares of Facebook. Facebook has filed a registration statement with the SEC on Form S-1 for an IPO. There has recently been substantial public interest in acquiring shares of Facebook before it becomes a public company (through various private transactions). That high interest level has driven up the price of Facebook shares in the private market in recent months. We believe the recent public interest in the Facebook IPO has, to some extent, impacted our stock price given our investment in Facebook. There is no assurance, however, that any positive impact on our stock price from that considerable interest in Facebook may continue. After Facebook becomes a public company, any investor would be able to purchase Facebook shares directly through a broker. This direct access to those shares could result in less public interest in our shares. Also, even though the recent increase in the private market transaction prices of Facebook shares is a positive event for our existing investment, it also makes it more expensive for us if we were to try to acquire more Facebook shares in the future. In addition, in most cases, investors who acquire pre-IPO private company shares in private transactions are subject to a "lock-up" period, which in many cases is 180-days. This means that a purchaser of such a private company's securities prior to the IPO is not allowed to sell those securities in the open market until 180-day period has elapsed from the IPO date. Should a large number of such purchasers decide to sell their holdings shortly after the lock-up period is over, it could lead to a decline in the share price of the post-IPO company at that time. If that were to happen to Facebook, given our relatively large holdings, it could have a material adverse impact on our share price. Currently we have not determined how long we will hold the Facebook shares after its IPO, nor have we decided whether we will be acquiring more Facebook shares in the future. We do note that under SEC regulations, we will be allowed to hold the Facebook public stock as an eligible portfolio company under the 1940 Act (even though normally business development companies are restricted in their ability to invest in publicly traded large cap companies) because such securities were originally acquired when Facebook was a private company. We may be required to dispose of some Facebook shares in order to meet applicable tax requirements, such as those related to the diversification of our portfolio or in order to meet requirements related to the distribution of income and capital gains. We may dispose of some or all of our Facebook holdings in the future for investment-related reasons as well.

In addition, while we currently have a material portion (around 25% as of March 31, 2012) of our assets invested in shares of Facebook, that percentage could decrease as a result of the closing of this offering. Unless we are able to purchase additional Facebook shares after the closing of this offering, each share of the Fund will represent a smaller investment in Facebook as a result of this offering. If the Fund were to buy more Facebook shares after the closing of this offering, there can be no assurance that the price paid for those shares will be similar to the prices we have paid historically for such shares. Furthermore, there can be no assurance the Fund will, or will be able to, acquire additional Facebook shares.

Investors in this offering will incur immediate and substantial dilution.

Commissions and discounts payable to the underwriters, together with our organizational expense and other expenses of this offering, will reduce the net proceeds of the offering available for us to invest. As of December 31, 2011, our net asset value was approximately \$83.6 million, or \$23.92 per share. After giving effect to the sale of 1,437,195 shares of our common stock in this offering (assuming no exercise by the underwriters of their over-allotment option) at an assumed public offering price of \$34.79 per share, which represents the last reported sales price for our common stock on the NASDAQ Global Market on April 16, 2012, and after deducting the underwriting discounts and commissions of approximately \$3 million and estimated offering expenses of approximately \$210,000 payable by us, our adjusted net asset value is expected to be approximately \$130 million, or \$26.42 per share, representing an

immediate and substantial dilution of approximately \$8.37 per share to investors in this offering.

Our common stock may trade at a discount to our net asset value.

Our common stock has traded both at a premium and at a discount to our net asset value. The last reported sale price, as of March 30, 2012 was \$39.50 per share. Our net asset value per share and percentage premium to net asset value per share of our common stock as of March 31, 2012 were \$24.56 and 60.83%, respectively. There is no assurance that this premium will continue after the date of this prospectus or that our common stock will not again trade at a discount. Shares of closed-end investment companies and business development companies frequently trade at a discount to their net asset value. This characteristic is a risk separate and distinct from the risk that our net asset value could decrease as a result of our investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. Although the value of our net assets is generally considered by market participants in determining whether to purchase or sell shares, whether investors will realize gains or losses upon the sale of our common stock depends upon whether the market price of our common stock at the time of sale is above or below the investor's purchase price for our common stock. Because the market price of our common stock is affected by factors such as net asset value, dividend or distribution levels (which are dependent, in part, on expenses), supply of and demand for our common stock, stability of distributions, trading volume of our common stock, general market and economic conditions, and other factors beyond our control, we cannot predict whether our common stock will trade at, below or above net asset value or at, below or above the offering price.



We may allocate the net proceeds from this offering in ways with which you may not agree.

We will have significant flexibility in investing the net proceeds of this offering. Accordingly, we may use the net proceeds from this offering in ways with which you may not agree or for purposes other than those contemplated at the time of the offering.

We may be unable to invest a significant portion of the net proceeds from an offering of our common stock on acceptable terms within an attractive timeframe.

Until the net proceeds raised in this offering are fully invested, we may have lower returns or may be likely to lose money. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds of any offering on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results. In addition, until such time as the net proceeds of an offering are invested in securities meeting our investment objective, the market price for our common stock may decline. Thus, the initial return on your investment may be lower than when, if ever, our portfolio is fully invested in securities meeting our investment objective.

Sales of substantial amounts of our common stock in the public market will likely have an adverse effect on the market price of our common stock.

With this offering, and any future offerings to sell additional shares of our common stock, we could adversely affect the prevailing market price for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of equity securities should we desire to do so.

We may hold a material portion of our portfolio in cash.

When we make a direct investment in a portfolio company (called a primary transaction), it will be to our advantage to hold sufficient cash in reserve so that we can make subsequent investments in that company in order to (a) avoid having our earlier investment become diluted in future dilutive financings, (b) invest additional capital into such a company in case additional investment is necessary and/or (c) exercise warrants, options or convertible securities that were acquired as part of the earlier transaction. For that reason, in the case of a primary transaction, we typically reserve cash in an amount at least equal to our initial investment for such follow-on opportunities. We may, therefore, hold more than 20% of our assets in cash, and could do so for an extended period of time. Cash held in reserve with respect to a particular investment should decline as the investment is held longer, and will typically not be needed once the portfolio company becomes public or we determine it is no longer in our best interest to make additional investments in such a portfolio company.

In addition, we believe it is in our best interest to be patient, diligent investors. The timing of attractive investment opportunities is unpredictable. We strive to maintain sufficient cash to take advantage of investment opportunities as they arise. Further, it would be difficult to rapidly deploy large amounts of cash, as it takes time to build a pipeline of high-quality potential investments. Over time, our pace of investment has generally accelerated as we have built our pipeline of potential investments. In our first quarter of operation, we deployed \$500,000; in our most-recent quarter ended March 31, 2012, we deployed more than \$20,000,000. However, there can be no assurance that this pace of investment will continue, which could result our holding a significant portion of our assets in cash for a period of time.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 factors discussed under “Risk Factors” and “Forward-Looking Statements” appearing elsewhere in the prospectus.

## OVERVIEW

Firsthand Technology Value Fund, Inc. is an externally managed, closed-end, non-diversified management investment company organized as a Maryland corporation that has elected to be treated as a business development company 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 intend to elect to be treated as a RIC under Subchapter M of the Code and to qualify annually thereafter.

Our investment objective is to seek long-term growth of capital. There can be no assurance that we will achieve our investment objective. Under normal circumstances, we will invest at least 80% of our total 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 and in the "cleantech" sector. Information technology companies include, but are not limited to, those focused on computer hardware, software, social networking, 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 public companies with market capitalizations less than \$250 million. We anticipate that our portfolio will be primarily composed of equity and equity derivative securities of technology and cleantech companies (as defined above). We expect that these investments will range between \$1 million and \$10 million each, although this investment size will vary proportionately with the size of our capital base.

While our primary focus is to invest in illiquid private technology and cleantech companies, we may also invest in micro-cap publicly traded companies. In addition, we may invest up to 30% of the portfolio in opportunistic investments that do not constitute the private companies and small public companies described above. These other investments may include investments in securities of public companies that are actively traded. 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.

## RESULTS OF OPERATIONS

We commenced operations in April 2011, so there is no comparable period with which to compare results for the period from April 18, 2011, through December 31, 2011. The following information is for the period from April 18, 2011, through December 31, 2011.

### INVESTMENT INCOME

For the fiscal year ended December 31, 2011, we had interest income of \$306,547 primarily attributable to interest accrued on convertible note investments with Silicon Genesis Corporation.

### OPERATING EXPENSES

Operating expenses totaled \$1,754,237 during the fiscal year ended December 31, 2011.

Significant components of operating expenses for the year ended December 31, 2011, were management fee expense of \$1,280,623 and professional fees (audit, legal, accounting, and consulting) of \$302,711.

### NET INVESTMENT LOSS

The net investment loss was \$1,447,690 for the fiscal year ended December 31, 2011.

### NET INVESTMENT REALIZED GAINS AND LOSSES AND UNREALIZED APPRECIATION AND DEPRECIATION

Realized gains or losses are measured 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, and includes investments charged off during the period, net of recoveries. Net change in unrealized appreciation or depreciation primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

During the year ended December 31, 2011, we recognized net realized losses of approximately \$1,256,369, primarily from the sale of publicly-traded securities.

Since commencement of operations, net unrealized depreciation on total investments increased by \$8,103,073. The net change in unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. The following table itemizes the components of the net change in net unrealized depreciation of investments for the year ended December 31, 2011.

	Year Ended December 31, 2011
Gross unrealized appreciation on portfolio investments	\$258,267
Gross unrealized depreciation on portfolio investments	\$(8,361,340 )
Net increase in unrealized depreciation on portfolio investments	\$(8,103,073 )
Federal income tax cost, investments	\$23,585,577

#### INCOME AND EXCISE TAXES

As we intend to qualify as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), the Company does not provide for income taxes. The Company recognizes interest and penalties in income tax expense.

#### NET INCREASE IN ASSETS RESULTING FROM OPERATIONS AND CHANGE IN NET ASSETS PER SHARE

For the fiscal year ended December 31, 2011, the net decrease in net assets resulting from operations totaled \$10,807,132. Basic and fully diluted net change in net assets per share for the year ended December 31, 2011 was \$(3.09).

#### PORTFOLIO INVESTMENTS

##### PRIVATE INVESTMENTS

We make investments in securities of both public and private companies. At the end of the fiscal year ended December 31, 2011, we had investments in the following private companies:

##### Facebook, Inc.

Facebook, Inc. (“Facebook”) is an online social networking service with 845 million active users worldwide. Facebook also develops technologies to facilitate information sharing and the digital mapping of social connections.

At December 31, 2011, our investment in Facebook consisted of 50,000 shares of Class B common stock with a fair value of \$1,550,000.

##### INNOViON Corporation

INNOViON Corporation (“INNOViON”), San Jose, California, provides foundry ion implant services to the microelectronics industry.

At December 31, 2011, our investments in INNOViON consisted of 324,948 shares of Series A-1 preferred stock, 168,804 shares of Series A-2 preferred stock, and one share of common stock, with a combined fair value of approximately \$173,000.

##### Movius Corporation

Movius Corporation (“Movius”), Atlanta, Georgia, provides unified communications solutions for telecommunications carriers worldwide. Its applications include converged messaging, unified conferencing, and virtual telephony.



At December 31, 2011, our investment in Movius consisted of multiple investments in IP Unity, Inc., a predecessor entity. At December 31, 2011 our investments in IP Unity consisted of 1,932,222 shares of Series C preferred stock, and 193,042 shares of Series E preferred stock, with a combined minimal fair value of \$298.

#### Silicon Genesis Corporation

Silicon Genesis Corporation (“SiGen”), San Jose, CA, provides engineered substrate process technology for the semiconductor, display, optoelectronics, and solar markets.

At December 31, 2011, our investments in SiGen consisted of 82,914 shares of Series 1-C preferred stock, 850,830 shares of Series 1-D preferred stock, 5,704,480 shares of Series 1-E preferred stock, 912,453 shares of Series 1-F preferred stock, 901,892 shares of common stock, warrants for 1,352,198 shares of Series 1-E preferred stock, warrants for 37,982 shares of common stock, a \$1.25 million par value convertible note, a separate \$500,000 par value convertible note, and warrants to purchase 5,000,000 shares of common stock. The notes each bear an annual interest at a rate of 20% and mature in February and October of 2012, respectively. At December 31, 2011 the combined fair value of our SiGen securities was approximately \$2.8 million.

#### Skyline Solar, Inc.

Skyline Solar, Inc. (“Skyline Solar”), Mountain View, CA, is a supplier of concentrated solar photovoltaic systems for utility-scale solar electricity generation projects.

At December 31, 2011, our investment in Skyline Solar consisted of 793,651 shares of Series C preferred stock, with a fair value of approximately \$868,000.

#### SoloPower, Inc.

SoloPower, Inc. (“SoloPower”), San Jose, CA, produces low-cost, high-power, flexible thin-film photovoltaic modules that offer a viable alternative to the electricity produced using traditional fossil fuels.

At December 31, 2011, our investments in SoloPower consisted of 400,000 shares of Series A preferred stock, 100,205 shares of Series B preferred stock, 100,000 shares of Series D preferred stock, 190,476 shares of Series E-1 preferred stock, and warrants to purchase 400,000 shares of common stock, with a combined fair value of approximately \$3.1 million.

#### UCT Coatings, Inc.

UCT Coatings, Inc. (“UCT”), Stuart, Florida, is a leader in the development of metal coatings that reduce friction and improve efficiency in mechanical systems.

At December 31, 2011, our investments in UCT consisted of 1,500,000 shares of common stock and warrants to purchase 172,270 shares of common stock, with a combined fair value of \$0.

#### Yelp Inc.

Yelp operates a social networking website that allows users to search for and post reviews of local businesses. The company derives revenue principally from local business advertisers.

At December 31, 2011, our investment in Yelp consisted of 500,000 shares of common stock with a fair value of \$2,925,000.

#### PUBLIC INVESTMENTS

On December 31, 2011, we had investments in the following public securities:





Intevac, Inc.

Intevac, Inc. (“Intevac”), Santa Clara, California, is a leading provider of cost-effective, advanced equipment and products to the hard disk drive, solar, semiconductor, and photonics industries. At December 31, 2011, our investment in Intevac consisted of 545,156 shares of common stock with an aggregate market value of approximately \$4.0 million.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2011, we had investments in public and private securities totaling approximately \$15.5 million. Also, at December 31, 2011, we had approximately \$68.4 million in cash and cash equivalents (including “segregated cash” in escrow pending purchases of securities). We primarily invest cash on hand in interest-bearing deposit accounts. We expect the portion of our portfolio consisting of cash and cash equivalents to decrease as we become fully invested.

As of December 31, 2011, net assets totaled approximately \$83.6 million, with a net asset value per share of \$23.92. Our primary use of funds will be investments in portfolio companies and payments of fees and other operating expenses we incur. Additionally, we expect to raise additional capital through equity offerings from time to time to support our future growth. Although we currently have a substantial amount of cash in our portfolio, we believe raising additional capital at this time will be beneficial over the long term. We expect to continue to find numerous opportunities to invest in outstanding private technology and cleantech companies. If the market for IPOs continues to be healthy, we believe our investment opportunities will increase over time. We also believe that increasing the size of our capital resources may help us achieve our investment objective more efficiently. A larger fund would enable larger investments in each company, which would make us more attractive from a private company's point of view. Specifically, in the case of purchasing private company shares in the secondary market, we believe larger initial investment amounts would make it less likely that target companies exercise their rights of first refusal (ROFR) with respect to our purchases from existing investors. We believe a larger fund would also make us more attractive in primary transactions as well, as companies look for financial partners with the ability to make larger commitments to fund their development and/or growth. In all, increasing the size of the Fund should have the result of expanding the universe of potential investments for us. A larger fund will also enable us to reduce expenses per share by spreading fixed costs over a larger number of outstanding shares. Finally, we currently believe there is a possibility of our paying out a substantial portion of our assets as we distribute gains from the sale of shares of companies with IPOs in 2012 and beyond. To the extent we determine to raise additional equity through an offering of our common stock at a price below net asset value or below prevailing market prices, existing investors will experience dilution.

From April 18, 2011, when we commenced operations through December 31, 2011, we made three new investments and two follow-on investments totaling \$6,342,500:

- On May 6, 2011, we invested \$500,000 in SoloPower, Inc. in the form of an additional equity interest;
- On October 13, 2011, we invested \$500,000 in Silicon Genesis Corporation in the form of a convertible note. The note has an annual interest rate of 20% and a maturity date of October 13, 2012, and came with a warrant to purchase 5,000,000 shares of common stock;
  - On October 13, 2011 we invested \$1,597,500 in Facebook, Inc. in the form of equity interest;
- On November 3, 2011, we invested \$1,000,000 in Skyline Solar, Inc. in the form of equity interest; and
  - On December 6, 2011, we invested \$2,745,000 in Yelp, Inc. in the form of equity interest.

## SUBSEQUENT EVENTS

On January 13, 2012, we acquired an additional 40,000 shares of Facebook at a cost of approximately \$1.2 million.

On January 30, 2012, we acquired an additional 60,000 shares of Facebook at a cost of approximately \$1.9 million.

On February 2, 2012, Yelp executed a 1-for-4 reverse stock split of its common stock.

On February 6, 2012, we invested \$1,000,000 in Silicon Genesis Corp in the form of a convertible note. The note has an annual interest rate of 20% and a maturity date of December 31, 2012, and came with a warrant to purchase 3,000,000 shares of common stock. This new note also extended to December 31, 2012, the maturity dates of two existing notes held by us with face values of \$500,000 and \$1,250,000.

On February 21, 2012, we acquired an additional 50,000 shares of Facebook at a cost of approximately \$1.6 million.

On March 1, 2012, Yelp completed the initial public offering of its common stock at a price of \$15.00 per share. The company's stock commenced trading on the New York Stock Exchange on March 2, 2012 and the closing price on that day was \$24.58.

On March 8, 2012, we acquired an additional 330,000 shares of Facebook at a cost of approximately \$10.5 million.

On March 20, 2012, we acquired an additional 70,000 shares of Facebook at a cost of approximately \$2.2 million.

On March 29, 2012, we acquired 120,000 shares of SolarCity at a cost of approximately \$2 million.

On April 9, 2012, we acquired 54,127 shares of Gilt Groupe at a cost of approximately \$1.4 million.

We have entered agreements to purchase an additional 34,714 shares of Gilt Groupe and 100,000 shares of Twitter. We believe all closing conditions for each of those two transactions have been satisfied. However, there is no assurance that the transactions will close as anticipated. The NAV of our fund as disclosed in this prospectus does not include these potential investments.

## DISTRIBUTION POLICY

Our board of directors will determine the timing and amount, if any, of our distributions. We intend to pay distributions on an annual basis out of assets legally available therefore. In order to qualify as a RIC and to avoid corporate-level tax on our income, we must distribute to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, on an annual basis. In addition, we also intend to distribute any realized net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) at least annually.

## CONTRACTUAL OBLIGATIONS

We have entered into certain contracts under which we have material future commitments. Firsthand Capital Management, Inc. has entered into an Investment Management Agreement, whereby FCM will provide investment management services to SVVC in accordance with the 1940 Act. Payments under the Investment Management Agreement in future periods will be equal to (1) a percentage of the value of our gross assets and (2) an incentive fee based on our performance. See "Management—Investment Management Agreement."

We have entered into an Administration and Accounting Services Agreement ("Administration Agreement") with BNY Mellon Investment Servicing (US) Inc. ("BNY Mellon") pursuant to which BNY Mellon will provide administrative services, as discussed below.

If any of our contractual obligations discussed above is terminated, our costs under new agreements that we may enter into may increase. In addition, we will likely incur significant time and expense in locating alternative parties to

provide the services we expect to receive under our Investment Management Agreement. Any new investment management agreement would also be subject to approval by our stockholders.

#### 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, we value public companies investments for which market quotations are readily available at such market quotations. 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.

For more information, see “Business—Investment selection—Ongoing relationships with portfolio companies--Valuation process.”

### 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.

## DISTRIBUTIONS

We intend to make annual distributions to our stockholders. The timing and amount of our annual distributions, if any, will be determined by our board of directors. Any distributions to our stockholders will be declared out of assets legally available for distribution. As of March 31, 2012, we have not made any distributions since our inception.



We intend to elect to be treated, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. To obtain RIC tax benefits, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year, (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year, and (3) any ordinary income and net capital gains for preceding years that were not distributed during such years. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. In such event, the consequences of our retention of net capital gains are as described under “Material U.S. Federal Income Tax Considerations.” We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

We intend to maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend or other distribution, then stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash distributions. See “Dividend Reinvestment Plan.”

#### CAPITALIZATION

The following table sets forth (1) our actual cash and capitalization as of December 31, 2011 and (2) our cash and capitalization as of December 31, 2011 as adjusted to reflect the effects of the sale of our common stock in this offering at an assumed public offering price of \$34.79 per share and offering expenses payable by us. You should read this table together with “Use of Proceeds” and our balance sheet included elsewhere in this prospectus.

	As of December 31, 2011	
	Actual	As Adjusted (1)
Assets:		
Cash	\$ 68,432,414	\$ 115,170,605
Total Assets	\$ 84,316,359	\$ 131,054,550
Liabilities:		
Stockholders’ equity:		
Common stock, par value \$0.001 per share; 100,000,000 common shares authorized, 3,496,480 common shares outstanding, 4,933,675 common shares outstanding, as adjusted	\$ 3,496	\$ 4,934
Capital in excess of par value	\$ 92,983,421	\$ 139,720,174
Accumulated net investment loss	\$ (1,256,369 )	\$ (1,256,369 )

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Unrealized depreciation on investments	\$ (8,103,073 )	\$ (8,103,073 )
Total stockholders' equity	\$ 83,627,475	\$ 130,365,666

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(1) Since December 31, 2011 through March 31, 2012, we have used approximately \$20 million of our available cash to acquire additional portfolio investments. This is not reflected in the "As Adjusted" column.



## DILUTION

The dilution to investors in this offering is represented by the difference between the offering price per share and the pro forma net tangible book value per share after this offering. Net tangible book value per share is determined by dividing our net tangible book value (which is our total tangible assets less total liabilities) by the number of outstanding shares.

As of December 31, 2011, our net asset value was approximately \$83.6 million, or \$23.92 per share. After giving effect to the sale of the shares to be sold in this offering, and the payment of estimated organizational expenses and estimated expenses of this offering, our pro forma net tangible book value would be approximately \$130,365,666, or \$26.42 per share.

The following table illustrates the dilution to the shares on a per share basis:

Assumed offering price per share	\$ 34.79
December 31, 2011 net asset value per share before this offering	\$ 23.92
Increase per share attributable to investors in this offering	\$ 10.87
As adjusted net asset value per share immediately after this offering	\$ 26.42
Dilution per share attributable to investors in this offering	\$ 8.37

In addition, assuming a public offering price of \$34.79 per share, the last reported sales price for our common stock on the NASDAQ Global Market on April 16, 2012, purchasers in this offering would experience immediate and substantial dilution as noted above.

For more information regarding the risks associated with dilution, see “Risk Factors—Investors in this offering will incur immediate dilution.”

## BUSINESS

Firsthand Technology Value Fund, Inc.

Firsthand Technology Value Fund, Inc. is an externally managed, closed-end, non-diversified management investment company organized as a Maryland corporation that has elected to be treated as a business development company under the 1940 Act. In addition, for tax purposes we intend to elect to be treated as a RIC under Subchapter M of the Code.

SVVC was incorporated under the Maryland General Corporation Law in April 2010 and acquired its initial portfolio of securities through the Reorganization of TVF into the Company. The Reorganization was completed on April 15, 2011 and SVVC commenced operations on April 18, 2011. Our initial portfolio consisted of eight investments with a fair market value of approximately \$19.3 million on the date of the reorganization and approximately \$69.4 million in cash. Subsequent to the reorganization we invested approximately \$28.9 million in additional investments, representing 41.6% of our investible funds as of March 31, 2012.

Our investment objective is to seek long-term growth of capital. There can be no assurance that we will achieve our investment objective. Under normal circumstances, we will invest at least 80% of our total 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 and in the “cleantech” sector. Information technology companies include, but are not limited to, those focused on computer hardware, software, social networking, 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 public companies with market capitalizations less than \$250 million. We anticipate that our portfolio will be primarily composed of equity and equity derivative securities of technology and cleantech companies (as defined above). We expect that these investments will range between \$1 million and \$10 million each, although this 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.

Our current focus is on investing in late-stage private companies, particularly those with potential for near-term realizations by way of an IPO or acquisition. As of March 31, 2012, we owned 600,000 shares of common stock of Facebook Inc. On February 2, 2012, Facebook Inc. filed a registration statement with the SEC in connection with its proposed initial public offering.

While our primary focus is to invest in illiquid private technology and cleantech companies, we may also invest in micro-cap publicly traded companies. In addition, we may invest up to 30% of the portfolio in opportunistic investments that do not constitute the private companies and small public companies described above. These other investments may include investments in securities of public companies that are actively traded. 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.

#### About Firsthand Capital Management, Inc.

Our investment activities are managed by Firsthand Capital Management, Inc. (which we refer to as “FCM” or the “Investment Adviser”). FCM was founded in 2009 under the name SiVest Group, Inc. and changed its name to Firsthand Capital Management on January 1, 2012. FCM is an investment adviser registered under the Investment Advisers Act of 1940, as amended. The owner, Chief Executive Officer and Chief Investment Officer of FCM is Kevin Landis. Mr. Landis has approximately 17 years of professional investment experience, including more than 13 years of investing in equity securities of private companies. The team has been involved in originating, structuring, negotiating, consummating, managing, and monitoring private company investments during its tenure at FCM and another investment adviser that Mr. Landis co-founded in 1994, also called Firsthand Capital Management, Inc. (“Old FCM”). During Mr. Landis’s tenure with Old FCM, he and his team invested approximately \$150 million in 26 private companies.

FCM has managed a business development company or a closed-end fund since April 2011, when it began managing us. Mr. Landis, since his tenure at Old FCM, has managed investment companies since December 1994.

The team has developed a network of financial sponsor relationships as well as relationships with management teams, investment bankers, attorneys, and accountants that we believe will provide us with access to substantial investment opportunities.

The Investment Adviser also employs a team of investment research professionals to assist Mr. Landis in originating, analyzing, and managing investments. It also has a seasoned attorney on staff to assist with deal structure and negotiation.

## INVESTMENT OPPORTUNITY

SVVC invests primarily in equity securities of private technology companies in the United States. We believe that the growth potential exhibited by private technology companies, including cleantech technologies, creates an attractive investment environment for SVVC.

The last decade has been marked by dramatic changes in the initial public offering (“IPO”) market. Since the dot-com bubble burst in 2000, emerging technology companies have been forced to stay private longer. The combination of volatile equity markets, increased regulatory requirements (such as the Sarbanes-Oxley Act of 2002), and a lack of investment research coverage has made it less attractive for companies to access the public markets through an IPO. We believe the result is an environment with more opportunities to invest in relatively mature private companies, either directly via primary investments or by purchasing shares in the growing secondary market.

At the same time we believe there are a number of powerful trends creating opportunities for innovative companies and investors alike. The dramatic growth of social networking, cloud computing, and powerful, connected mobile computing devices has enabled new ways of communicating, doing business, and accessing information anytime, anywhere. The Company was established to benefit from convergence of exciting technologies and the growth of private investment opportunities.

## COMPETITIVE ADVANTAGES

We believe that we have the following competitive advantages over other capital providers in technology and cleantech companies:

### Management expertise

Kevin Landis, our Chief Executive Officer and Chief Financial Officer, has principal management responsibility for Firsthand Capital Management, Inc. as its owner, President and Chief Investment Officer. Mr. Landis has approximately 17 years of experience in technology sector investing, and he intends to dedicate a substantial portion of his time to managing Firsthand Technology Value Fund, Inc. and Firsthand Capital Management, Inc. Kevin Landis controls FCM and is a trustee of Firsthand Funds and a director of SVVC. Mr. Landis has served as Chief Investment Officer of Old FCM, since co-founding the firm in 1994.

### Disciplined investment approach

The Investment Adviser intends to employ a disciplined approach in selecting investments. The Investment Adviser’s investment philosophy focuses on ensuring that our investments have an appropriate return profile relative to risk. When market conditions make it difficult for us to invest according to our criteria, the Investment Adviser intends to be highly selective in deploying our capital. We believe this approach will enable us to build an attractive investment portfolio that meets our return and value criteria over the long term.

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments we, through the Investment Adviser, intend to conduct a rigorous due diligence process that draws from the Investment Adviser’s investment experience, industry expertise, and network of contacts.

### Focusing on investments that can generate positive risk-adjusted returns

The Investment Adviser seeks to maximize the potential for capital appreciation. In making investment decisions the Investment Adviser seeks to pursue and invest in companies that meet several of the following criteria:

- outstanding technology,
- barriers to entry (i.e., patents and other intellectual property rights),

- experienced management team,
- established financial sponsors that have a history of creating value with portfolio companies,
- strong and competitive industry position, and
- viable exit strategy.

Assuming a potential investment meets most or all of our investment criteria, the Investment Adviser intends to be flexible in adopting transaction structures that address the needs of prospective portfolio companies and their owners. Our investment philosophy is focused on internal rates of return over the life of an investment. Given our investment criteria and due diligence process, we structure our investments so they correlate closely with the success of our portfolio companies.

Ability to source and evaluate transactions through the Investment Adviser's research capability and established network

FCM's investment management team has overseen investments in 31 private and hundreds of public companies across numerous industries while employed by FCM or Old FCM since 1994. We believe the expertise of the Investment Adviser's management team enables FCM to identify, assess, and structure investments successfully across all levels of a company's capital structure and to manage potential risk and return at all stages of the economic cycle.

We seek to identify potential investments both through active origination and through dialogue with numerous management teams, members of the financial community, and corporate partners with whom Mr. Landis has long-standing relationships. We believe that the team's broad network of contacts within the investment, commercial banking, private equity and investment management communities in combination with their strong reputation in investment management, enables us to attract well-positioned prospective portfolio companies.

Longer investment horizon with attractive publicly traded model

Unlike private equity and venture capital funds, we will not be subject to standard periodic capital return requirements. Such requirements typically stipulate that funds raised by a private equity or venture capital fund, together with any capital gains on such invested funds, must be returned to investors after a pre-agreed time period. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings, or other liquidity events more quickly than they otherwise might, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio companies. While we are required to distribute substantially all realized gains, we believe that with our dividend reinvestment plan and our flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles provide us with the opportunity to generate returns on invested capital and enable us to be a better long-term partner for our portfolio companies.

## OPERATING AND REGULATORY STRUCTURE

Our investment activities are managed by FCM and supervised by our board of directors, the majority of whom are independent of the Investment Adviser. FCM is an investment adviser that is registered with the SEC under the Investment Advisers Act of 1940, or the "Advisers Act." Under our Investment Management Agreement, we have agreed to pay FCM an annual base management fee based on our total assets as well as an incentive fee based on our investment performance. See "Management—Investment Management Agreement."

We have also entered into an Administration Agreement under which we have agreed to pay BNY Mellon certain administration fees in return for administration services. See “Management — Administration Agreement.”

As a business development company, we are required to comply with certain regulatory requirements. For example, we note that any affiliated investment vehicle currently in existence or formed in the future and managed by the Investment Adviser may, notwithstanding different stated investment objectives, have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. We will not invest in any portfolio company in which that fund has a pre-existing investment, although we may invest in new rounds of financing for such existing portfolio companies and we may co-invest with such affiliate on a concurrent basis, subject to compliance with existing regulatory guidance, applicable regulations, and our allocation procedures.

## INVESTMENTS

FCM seeks to create a diversified portfolio of equity securities by investing approximately \$1 to \$10 million of capital, on average, in the securities of micro-cap public and private companies.

Our portfolio consists primarily of equity securities of private companies and cash and we expect that our portfolio will continue to consist primarily of, equity positions in private companies and cash. These investments include holdings in several private technology and cleantech companies. Moreover, we may acquire investments in the secondary market and, in analyzing such investments, we will employ the same analytical process as we use for our primary investments. For description of our current investments, see “Portfolio Companies.”

We generally seek to invest in companies from the broad variety of industries in which the Investment Adviser has expertise. The following is a representative list of the industries in which we may elect to invest.

- Computer Hardware
- Computer Software
- Social Networking
- Computer Peripherals
- Solar Photovoltaics
- Energy Efficiency
- Solid-state Lighting
- Water Purification
- Wind-Generated Electricity
- Fuel Cells
- Biofuels
- Electronic Components
- Semiconductors
- Telecommunications



Advanced Materials

We may invest in other industries if we are presented with attractive opportunities.

We may on a very limited and incidental basis purchase or sell options on indexes or securities. Any options that are sold will be on securities that we hold in our portfolio (i.e., covered calls). A call option is a contract that gives the holder of such call option the right to buy the security underlying the call option from the writer of such call option at a specified price at any time during the term of the option. These transactions would be used only to manage risks or otherwise protect the value of the portfolio. We also may use these strategies to a very limited extent on an opportunistic basis.

## INVESTMENT SELECTION

The Investment Adviser seeks to maximize the potential for capital appreciation.

### Prospective portfolio company characteristics

We have identified several criteria that we believe are important in identifying and investing in prospective portfolio companies. These criteria provide general guidelines for our investment decisions; however, we caution you that no single portfolio company (or prospective portfolio company) will meet all of these criteria. Generally, we use our experience and access to market information generated to identify investment candidates and to structure investments quickly and effectively.

### Outstanding Technology

Our investment philosophy places a premium on identifying companies that have developed disruptive technologies, that is, technologies with the potential to dramatically alter the economics or performance of a particular type of product or service.

### Barriers to Entry

We believe having defensible barriers to entry, in the form of patents or other intellectual property rights, is critically important in technology industries, in which change happens very rapidly. We seek out companies that have secured protection of key technologies through patents, trademarks, or other means.

### Experienced management and established financial sponsor relationship

We generally require that our portfolio companies have an experienced management team. We also require the portfolio companies to have in place proper incentives to induce management to succeed and to act in concert with our interests as investors, including having significant equity interests. In addition, we focus our investments in companies backed by strong financial sponsors that have a history of creating value and with whom members of our investment adviser have an established relationship.

### Strong and defensible competitive market position in industry

We seek to invest in target companies that have developed leading market positions within their respective markets and are well positioned to capitalize on growth opportunities. We seek companies that demonstrate significant competitive advantages versus their competitors, which should help to protect their market position and profitability.

### Viable exit strategy

We seek to invest in companies that we believe will provide a steady stream of cash flow to reinvest in their respective businesses. In addition, we also seek to invest in companies whose business models and expected future cash flows

offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay our investments through an initial public offering of common stock or another capital market transaction.

We believe all the private companies currently held by SVVC have a viable exit strategy of either an initial public offering of shares or an acquisition by a strategic buyer. On February 2, 2012, Facebook Inc. filed a registration statement with the SEC in connection with its proposed initial public offering. In today's market environment, we believe that a strategic sale is more likely than an IPO for many of our portfolio companies, although IPOs cannot be ruled out. We believe that an acquisition by a strategic buyer is possible at any time for any of our companies.

#### Due diligence

We believe it is critical to conduct extensive due diligence on investment targets. In evaluating new investments, we, through the Investment Adviser, conduct a rigorous due diligence process that draws from the Investment Adviser's investment experience, industry expertise, and network of contacts. The Investment Adviser conducts extensive due diligence investigations in their investment activities. In conducting due diligence, that the Investment Adviser uses publicly available information as well as information from its relationships with former and current management teams, consultants, competitors, and investment bankers.

Our due diligence typically includes:

- review of historical and prospective financial information;
- review of technology, product, and business plan;
- on-site visits;
- interviews with management, employees, customers, and vendors of the potential portfolio company;
- background checks; and
- research relating to the company's management, industry, markets, products and services, and competitors.

Upon the completion of due diligence, the Investment Adviser's investment committee determines whether to pursue the potential investment. Additional due diligence with respect to any investment may be conducted on our behalf by attorneys and independent accountants prior to the closing of the investment, as well as other outside consultants, experts, and/or advisers, as appropriate. To the extent unaffiliated, third-party consultants, experts, and/or advisers are used, we will be responsible for those expenses.

#### Investment structure

Once we have determined that a prospective portfolio company is suitable for investment, we work with the management of that company and its other capital providers to structure an investment. We negotiate among these parties to agree on how our investment is expected to perform relative to the other capital in the portfolio company's capital structure.

#### Managerial assistance

As a business development company, we offer, and must provide upon request, managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies, and providing other organizational and financial guidance. We may receive fees for these services. FCM will provide such managerial assistance on our behalf to portfolio companies that request this assistance. For a

description of relationships between us and our portfolio companies, please see “Portfolio Companies.”

## Ongoing relationships with portfolio companies

### Monitoring

FCM monitors our portfolio companies on an ongoing basis. Specifically, FCM monitors the financial trends of each portfolio company to determine if they are meeting their respective business plans and to assess the appropriate course of action for each company.

FCM has several methods of evaluating and monitoring the performance and fair value of our investments, which may include the following:

- Assessment of success in adhering to portfolio company's technology development, business plan and compliance with covenants;
- Periodic and regular contact with portfolio company management and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements, and accomplishments;
- Comparisons to other portfolio companies in the industry, if any;
- Attendance at and participation in board meetings; and
- Review of monthly and quarterly financial statements and financial projections for portfolio companies.

### Valuation Process

The following is a description of the steps we take each quarter to determine the value of our portfolio. Investments for which market quotations are readily available are recorded in our financial statements at such market quotations. With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below under "Determination of Net Asset Value."

We expect that all of our portfolio investments will be recorded at fair value as determined under the valuation process discussed above. As a result, there will be uncertainty with respect to the value of our portfolio investments.

## COMPETITION

We compete for investments with a number of business development companies and other investment funds (including private equity funds and venture capital funds), reverse merger and special purpose acquisition company ("SPACs") sponsors, investment bankers that underwrite initial public offerings, hedge funds that invest in private investments in public equities (PIPEs), traditional financial services companies such as commercial banks, and other sources of financing. Many of these entities have greater financial and managerial resources than we do. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act will impose on us as a business development company. We believe we compete with these entities primarily on the basis of our willingness to make smaller, non-controlling investments, the experience and contacts of our investment professionals within our targeted industries, our responsive and efficient investment analysis and decision-making processes, and the investment terms that we offer. We do not seek to compete primarily on the deal terms we offer to potential portfolio companies. We use the industry information available to the Investment Adviser to assess investment risks and determine appropriate pricing for our investments in portfolio companies. In addition, we believe that the relationships of Mr. Landis, and the other senior investment professionals the Investment Adviser retains, enable us to learn about, and compete effectively for, financing opportunities with attractive companies in the industries in which we seek to invest. For

additional information concerning the competitive risks we face, see “Risk Factors—Risks relating to our business and structure—We operate in a highly competitive market for investment opportunities.”

## STAFFING

Mr. Landis, our Chief Executive Officer and Chief Financial Officer, is the Investment Adviser's owner, President and Chief Investment Officer. The Investment Adviser currently employs a staff of 12, including investment, legal, and administrative professionals.

## PROPERTIES

Our executive offices are located at 150 Almaden Boulevard, Suite 1250, San Jose, CA 95113. We believe that our office facilities are suitable and adequate for our business as it is contemplated to be conducted.

## LEGAL PROCEEDINGS

Neither the Investment Adviser nor us is currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us, or against the Investment Adviser. From time to time, we or the Investment Adviser may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies.

## PORTFOLIO COMPANIES

Our venture capital portfolio is composed of companies at varying maturities facing different types of risks. We have defined these levels of maturity as: (1) Early Stage, (2) Mid Stage, and (3) Late Stage. Early-stage companies have a high degree of technical, market and execution risk, which is typical of initial investments by venture capital firms, including us. These companies often require substantial development of their technologies before they begin introducing products/services to market. Mid-stage companies are those that have overcome most of the technical risk associated with their products/services and are now focused on addressing the market acceptance for their products. Late-stage companies are those that have determined there is a market for their products/services, and they are now focused on sales execution and scale.

The following table sets forth certain information as of December 31, 2011, for each portfolio company in which we had a debt or equity investment. Other than these investments, our only formal relationships with our portfolio companies are the managerial assistance ancillary to our investments and the board observation or participation rights we may receive.

Name of Portfolio Company	Industry	Investment	Number of Shares Held	Fair Value
Facebook, Inc.	Social Networking	Class B Common Stock	50,000	\$1,550,000
Innovion Corp.	Services	Preferred Stock – Various	493,752	\$173,396
		Common Stock	1	\$0
Intevac, Inc.	Other Electronics	Common Stock	545,156	\$4,034,154
IP Unity	Networking		2,125,264	\$298



		Preferred Stock – Various		
Silicon Genesis Corp.	Intellectual Property	Preferred Stock – Various	7,550,677	\$793,487
		Common Stock	901,892	\$180
		Preferred Stock Warrants	1,352,198	\$0

		Common Stock Warrants	5,037,982	\$4
		Convertible Notes	1,750,000	\$2,043,450
Skyline Solar, Inc.	Renewable Energy	Preferred Stock – Series C	793,651	\$868,016
SoloPower, Inc.	Renewable Energy	Preferred Stock	790,681	\$2,577,319
		Common Stock Warrants	400,000	\$517,200
UCT Coatings	Advanced Materials	Common Stock	1,500,000	\$0
		Common Stock Warrants	172,270	\$0
Yelp, Inc.	Social Networking	Common Stock	500,000	\$2,925,000

#### MANAGEMENT

Our business and affairs are managed under the direction of our board of directors. The board of directors currently consists of 4 members, 3 of whom are not “interested persons” of FCM as defined in Section 2(a)(19) of the 1940 Act. We refer to these individuals as our independent directors. Our board of directors elects our officers, who will serve at the discretion of the board of directors.

#### BOARD OF DIRECTORS

Under our charter, our directors will be divided into three classes. Each class of directors will hold office for a three-year term. However, the initial members of the three classes have (or had) initial terms of one, two and three years, respectively, and will continue to serve until their successors are duly elected and qualify. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualifies.

Our directors have been divided into two groups—an interested director and three independent directors. A director is considered an interested director if such director is an “interested person” as defined in the Section 2(a)(19) of the 1940 Act. Kevin Landis, the chairman of our board of directors, is the interested director.

Our board of directors does not currently have a designated lead independent director. Instead, all of the independent directors play an active role on the board of directors. The independent directors compose a majority of our board of directors, and are closely involved in all our material deliberations. The board of directors believes that, with these practices, each independent director has an equal stake in the board’s actions and oversight role and equal

accountability to us and our stockholders.

Directors

Information regarding the board of directors is as follows:

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Name	Age	Position	Principal Occupation(s) During Past 5 Years	Director Since	Expiration of Term	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director during Past 5 Years
Interested Directors							
Kevin Landis	50	Chairman of the Board of Directors, President and Chief Executive Officer. Director (to serve until the 2014 Annual Meeting of Stockholders), elected annually as an officer. Served since 2010.	From 2005 through August 2008, Mr. Landis also served as a trustee of Black Pearl Funds, an open-end mutual fund family advised by an affiliate of FCM. From January 2008 through December 2010, Mr. Landis served as a director of SoloPower, Inc. From January 2008 through June 2011, Mr. Landis served as a director of UCT Coatings, Inc.	2010	2014 (Class III)	3	Firsthand Funds; Silicon Genesis Corporation. From 2005 through August 2008, Mr. Landis also served as a trustee of Black Pearl Funds, an open-end mutual fund family advised by an affiliate of FCM. From January 2008 through December 2010, Mr. Landis served as a director of SoloPower, Inc. From January 2008 through June 2011, Mr. Landis served as a director of UCT Coatings, Inc.

Independent

Directors

Greg Burglin	51	Director	Tax consultant for more than 5 years.	2010	2012 (Class I)	3	Current: Firsthand Funds From 2005 through August, 2008, Mr. Burglin also served as a trustee of Black Pearl Funds, an open-end mutual fund family advised by an affiliate of FCM.
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Rodney Yee	51	Director	Chief Operating Officer, Chief Financial Officer and Treasurer of ASA Gold and Precious Metals Limited (a closed-end investment company traded on the NYSE) from 2010 to present; Chief Operating Officer and Chief Compliance Officer of CCM Partners (an investment adviser) from 2005 to 2010.	2010	2013 (Class II)	3	Current: Firsthand Funds
Kimun Lee	65	Director	Mr. Lee is a California-registered investment adviser. In addition, he has also conducted a consulting business under the name Resources Consolidated since January 1980. Since September 2009, Mr. Lee has served as a principal and director of iShares Delaware Trust Sponsor LLC, a commodity pool operator that operates iShares Diversified Alternatives Trust, a commodity pool.	2010	2014 (Class III)	1	Current: Firsthand Funds; iShares Delaware Trust Sponsor LLC

The address for each director is 150 Almaden Boulevard, Suite 1250, San Jose, California 95113.

#### Executive Officers

The Chief Executive Officer and Chief Financial Officer of SVVC is Kevin Landis, who is also a director of SVVC. The Chief Compliance Officer for SVVC is Nicholas Petredis.

Information regarding our executive officers is as follows:

Name	Age	Position
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			Principal Occupation(s) During Past 5 Years	Other Directorships Held by Officer
Kevin Landis	50	Chairman of the Board, Chief Executive Officer and Chief Financial Officer	President and Chief Investment Officer of FCM since 2009; President and Chief Executive Officer of Firsthand Funds since 1994; Manager of Firsthand Alternative Energy Fund since 2007, of Firsthand Technology Leaders Fund from 1997 to 2011, and of Firsthand Technology Opportunities Fund since 1999.	Firsthand Funds Silicon Genesis Corporation
Nicholas Petredis	60	Chief Compliance Officer	Principal of Petredis Law Offices since 1993.	

Biographical Information

Kevin Landis, 50, in addition to being President and Chief Investment Officer of FCM, is also the President and Chief Executive Officer of Firsthand Funds, which he co-founded in 1994. Mr. Landis is a well-known technology investor who serves as portfolio manager for Firsthand Alternative Energy Fund, Firsthand Technology Leaders Fund and Firsthand Technology Opportunities Fund. Born and raised in Silicon Valley, Mr. Landis has over two decades of experience in engineering, market research, product management, and investing in the technology sector. He currently serves on the board of directors at Silicon Genesis Corporation. He also serves as an observer on the boards of SoloPower, Inc. and Skyline Solar, Inc. Mr. Landis appears regularly on CNBC, CNBC Asia, and Bloomberg News, and has been featured in Forbes, Fortune, Smart Money, Time, and Money magazines. He is also a frequent guest lecturer at Santa Clara University's Leavey School of Business, sharing his advice not only on technology investments, but also on management and mentoring of technology entrepreneurs. Mr. Landis holds a bachelor's degree in electrical engineering and computer science from the University of California at Berkeley and an MBA from Santa Clara University.

Rodney Yee, 51, is Chief Operating Officer, Chief Financial Officer and Treasurer of ASA Gold and Precious Metals Limited (formerly called ASA Limited, a Bermuda based SEC registered closed-end fund traded on the NYSE) from August 2010 to present. Mr. Yee was Chief Operating Officer and Chief Compliance Officer of CCM Partners, an SEC-registered investment adviser from November 2005 to August 2010. From 2004 to 2005, Mr. Yee served as Chief Financial Officer of Matthews International Capital Management, an SEC-registered investment adviser, and Treasurer of Matthews Asian Funds. Mr. Yee has also served as Trustee to Firsthand Funds, a Delaware statutory trust, since July 2010.

Greg Burglin, 51, is a tax consultant and has been for more than 5 years. Mr. Burglin has also served as Trustee to Firsthand Funds, a Delaware statutory trust, since November 2008.

Kimun Lee, 65, is a California registered investment adviser and has conducted his business under the name Resources Consolidated since January 1980. Mr. Lee is also a director and principal of iShares Delaware Trust Sponsor LLC, a commodity pool operator registered with the U.S. Commodity Futures Trading Commission. Until January 2005, Mr. Lee also served as a member of the board of directors of Fremont Mutual Funds, Inc., a mutual fund company.

#### COMMITTEES OF THE BOARD OF DIRECTORS

##### Audit Committee

The members of the audit committee are Greg Burglin, Kimun Lee, and Rodney Yee, each of whom is independent for purposes of the Nasdaq Global Market corporate governance regulations and is not an “interested person” as defined in Section 2(a)(19) of the 1940 Act. Mr. Yee serves as chairman of the audit committee. The audit committee is responsible for approving our independent registered public accounting firm, reviewing with our independent accountants the plans and results of the audit engagement, approving professional services provided by our independent accountants, reviewing the independence of our independent accountants, and reviewing the adequacy of our internal accounting controls. From the time we began operations in April 2011 through the end of the fiscal year ended December 31, 2011, the audit committee met two times.

##### Valuation Committee

The members of the valuation committee are Greg Burglin, Kimun Lee, and Rodney Yee, , each of whom is independent for purposes of the Nasdaq Global Market corporate governance regulations and is not an “interested person” as defined in Section 2(a)(19) of the 1940 Act. Mr. Burglin serves as chairman of the valuation committee. The valuation committee is responsible for aiding our board of directors in fair value pricing debt and equity securities that are not publicly traded or for which current market values are not readily available. The board of directors and valuation committee will use the services of nationally recognized independent valuation firms to help them determine the fair value of these securities. From the time we began operations in April 2011 through the end of the fiscal year ended December 31, 2011, the valuation committee met two times.

##### Nominating and Corporate Governance Committee

The members of the nominating and corporate governance committee are Greg Burglin, Kimun Lee, and Rodney Yee, each of whom is independent for purposes of the Nasdaq Global Market corporate governance regulations and is not an “interested person” as defined in Section 2(a)(19) of the 1940 Act. Mr. Lee serves as chairman of the nominating and corporate governance committee. The nominating and corporate governance committee is responsible for selecting, researching and nominating directors for election by our stockholders, selecting nominees to fill vacancies on the Board or a committee of the Board, developing and recommending to the Board a set of corporate governance



principles, and overseeing the evaluation of the Board and our management. From the time we began operations in April 2011 through the end of the fiscal year ended December 31, 2011, the nominating and corporate governance committee did not meet.

## Compensation Committee

We do not have a compensation committee because our executive officers will not receive any direct compensation from us.

## COMPENSATION OF DIRECTORS

The independent directors each receive \$2,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each regularly-scheduled in-person board meeting, \$1,000 for each regularly scheduled telephonic board meeting, \$500 for each special board meeting, \$200 for each valuation committee meeting, \$1,000 per in-person audit committee meeting, and \$500 for each telephonic audit committee meeting. In addition, we purchase directors' and officers' liability insurance on behalf of our directors and officers, who will be covered under the same policy that covers the Investment Adviser and the mutual fund complex it advises. No compensation is expected to be paid to directors who are "interested persons."

## COMPENSATION OF CHIEF EXECUTIVE OFFICER AND OTHER EXECUTIVE OFFICERS

The Chief Executive Officer and Chief Financial Officer receive no compensation from us. The compensation of our Chief Compliance Officer will be paid by us.

## INVESTMENT MANAGEMENT AGREEMENT

### Management Services

FCM has entered into an Investment Management Agreement with us whereby FCM provides investment management services. Subject to the overall supervision of our board of directors, the Investment Adviser manages the day-to-day operations of, provide investment management services to, and serves as portfolio manager for us. Mr. Landis, FCM's President and Chief Investment Officer, has been primarily responsible for our portfolio management since our inception. Under the terms of the Investment Management Agreement, FCM will:

- determine the composition of our portfolio, the nature and timing of the changes to our portfolio, and the manner of implementing such changes;
- identify, evaluate and negotiate the structure of the investments we make (including performing due diligence on our prospective portfolio companies); and
- close and monitor the investments we make.

FCM's services under the Investment Management Agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to us are not impaired. FCM currently serves as investment manager to Firsthand Funds, a family of open-end mutual funds.

## Investment Management Fee

Pursuant to the Investment Management Agreement, we pay FCM a fee for 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 our gross assets at the end of the preceding calendar quarter; and 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. 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), and equals 20% of our 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.

Mathematically, the formula for computing the annual incentive fee can be written as:

$$\text{Incentive fee} = 20\% \times \left( \begin{array}{c} \text{Cumulative} \\ \text{realized} \\ \text{gains} \end{array} - \begin{array}{c} \text{Cumulative} \\ \text{realized} \\ \text{losses} \end{array} - \begin{array}{c} \text{Unrealized} \\ \text{depreciation} \end{array} \right) - \begin{array}{c} \text{Previously} \\ \text{paid incentive} \\ \text{fees} \end{array}$$

For the purposes of calculating realized capital gains, the cost basis of each security acquired in the Reorganization shall be equal to the greater of the original purchase price of that security by Firsthand Funds or the fair market value of the security at the time of the Reorganization. This incentive fee would be estimated and accrued based on unrealized capital appreciation for purposes of calculating operating expenses and the Fund's net asset value.

### Example Incentive Fee Calculation

Example: Incentive Fee on Capital Gains:

#### Assumptions

Year 1 = no net realized capital gains or losses

Year 2 = \$50,000 realized capital gains and \$20,000 realized capital losses and unrealized capital depreciation. Capital gain incentive fee = 20% x (realized capital gains for year computed net of all realized capital losses and unrealized capital depreciation at year end)

#### Calculation of Incentive Fee

Year 1 incentive fee = 20% x (0)

= 0

= no incentive fee

Year 2 incentive fee = 20% x (\$50,000 - \$20,000)

$$= 20\% \times \$30,000$$

$$= \$6,000$$

## Payment of Our Expenses

All investment professionals of the Investment Adviser and their respective staffs when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, will be provided and paid for by FCM. We will bear all other costs and expenses of our operations and transactions, including (without limitation):

- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting sales and purchases of shares of our common stock and other securities such as through our dividend reinvestment plan or secondary offerings of additional shares;
- fees payable to third parties relating to, or associated with, making investments, including fees and expenses associated with performing due diligence reviews of prospective investments, outside legal counsel expenses in structuring the investments, and investment advisory fees;
- administration, accounting, stock transfer agent, and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees;
- federal, state and local taxes;
- independent directors' fees and expenses;
- brokerage commissions;
- fidelity bond, directors and officers/errors and omissions liability insurance, and other insurance premiums;
- direct costs such as printing, mailing, long distance telephone, and staff;
- fees and expenses associated with independent audits and outside legal costs; and
- costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws, including the costs of our Chief Compliance Officer.

## Duration and Termination

The Investment Management Agreement was approved by our board of directors, including a majority of our directors who are not interested persons of FCM, on September 10, 2010 and was approved by our initial stockholder on April 1, 2011. Unless terminated earlier as described below, the Investment Management Agreement will continue in effect for a period of two years from its effective date. It will remain in effect from year to year thereafter if approved annually by our board of directors, or by the affirmative vote of the holders of a majority of our outstanding voting securities (as defined in the 1940 Act), including, in either case, approval by a majority of our directors who are not interested persons. The Investment Management Agreement will automatically terminate in the event of its assignment. The Investment Management Agreement may be terminated by either party without penalty upon not more than 60 days' written notice to the other. See "Risk factors—Risks relating to our business and structure—We are dependent upon FCM's key personnel for our future success."

## Indemnification

The Investment Management Agreement provides that, absent willful misfeasance, bad faith, or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, FCM and the partners, managers, members, officers, employees and consultants of FCM and its managers and members are entitled to indemnification from us for any losses, liabilities, claims, damages or expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of FCM's services under each respective agreement or otherwise as an investment adviser of SVVC.

### Organization of the Investment Adviser

FCM is a California corporation that is registered as an investment adviser under the Advisers Act. The principal executive offices of FCM are located at 150 Almaden Boulevard, Suite 1250, San Jose, CA 95113.

### Board Approval of the Investment Management Agreement

Our board of directors determined at a meeting held on September 10, 2010, to approve the Investment Management Agreement. In its consideration of the Investment Management Agreement, the board of directors focused on information it had received relating to, among other things:

- the nature, quality and extent of the advisory and other services to be provided to us by the Investment Adviser;
- comparative data with respect to advisory fees or similar expenses paid by other business development companies with similar investment objectives;
- our projected operating expenses and expense ratio compared to business development companies with similar investment objectives;
- any existing and potential sources of indirect income to the Investment Adviser their relationships with us and the profitability of those relationships;
- information about the services to be performed and the personnel performing such services under the Investment Management Agreement;
- potential economies of scale, if any, to be enjoyed by the Investment Adviser when managing a business development company together with a family of open-end mutual funds;
- the organizational capability and financial condition of the Investment Adviser and its affiliates;
- the Investment Adviser's practices regarding the selection and compensation of brokers that may execute our portfolio transactions and the brokers' provision of brokerage and research services to the Investment Adviser; and
- the possibility of obtaining similar services from other third party service providers or through an internally managed structure.

Based on the information reviewed and further discussions, the board of directors, including a majority of the non-interested directors, concluded that the investment advisory fee rates were reasonable in relation to the services to be provided.

### Portfolio Manager

The following section discusses the accounts managed by our portfolio manager, the structure and method of our portfolio manager's compensation, and his ownership of our securities. This information is current as of December 31, 2011. We and Firsthand Funds are the investment companies managed by Kevin Landis, the individual at FCM who manages our portfolio. Pursuant to the investment management agreement, we will pay FCM an investment management fee for investment management services consisting of two components, a base management fee and an incentive fee.





## Other Accounts Managed by Portfolio Manager

The following table reflects information regarding other accounts for which the portfolio manager has day-to-day management responsibilities (other than us). Accounts are grouped into three categories: (i) registered investment companies; (ii) other pooled investment accounts; and (iii) other accounts. To the extent that any of these accounts pay advisory fees that are based on account performance, this information will be reflected in a separate table below. Information is shown as of December 31, 2011. Asset amounts are approximate and have been rounded.

Portfolio Manager	Registered Investment Companies (excluding us)		Other Pooled Investment Vehicles		Other Accounts	
	Number of Accounts	Total Assets in the Accounts (\$ in millions)	Number of Accounts	Total Assets in the Accounts (\$ in millions)	Number of Accounts	Total Assets in the Accounts (\$ in millions)
Kevin Landis	3	\$113	0	0	0	0

## Accounts That Pay Performance-Based Advisory Fees Managed by Portfolio Managers

The following table reflects information regarding other accounts for which the portfolio manager has day-to-day management responsibilities (other than us) and with respect to which the advisory fee is based on account performance. Information is shown as of December 31, 2011. Asset amounts are approximate and have been rounded.

Portfolio Manager	Registered Investment Companies (excluding us)		Other Pooled Investment Vehicles		Other Accounts	
	Number of Accounts	Total Assets in the Accounts (\$ in millions)	Number of Accounts	Total Assets in the Accounts (\$ in millions)	Number of Accounts	Total Assets in the Accounts (\$ in millions)
Kevin Landis	0	0	0	0	0	0

Mr. Landis is compensated by FCM. FCM's compensation to its portfolio managers includes both fixed and variable components. The fixed component consists of a competitive salary and benefits. The variable component consists of periodic bonuses, which are based on the portfolio manager's or team member's investment performance (both individually and as part of a team), and qualitative elements such as teamwork, compliance, effort, and quality of research. The annual bonus pool for portfolio managers and other investment professionals is determined by FCM and is based on the overall performance of its managed portfolios, the overall performance of FCM, and assets under management. Some of the other accounts managed by Mr. Landis, including those of Firsthand Funds, have investment strategies that are similar to our strategy.

## ADMINISTRATION AGREEMENT

We have entered into an Administration Agreement with BNY Mellon Asset Servicing (US) Inc. (the “Administrator”) pursuant to which the Administrator provides certain administrative and accounting services for us, including but not limited to preparing and maintaining books, records, and tax and financial reports, and monitoring compliance with regulatory requirements.

#### Indemnification

The Administration Agreement provides that, absent intentional misconduct, bad faith or gross negligence with respect to its duties, we shall indemnify the Administrator and its affiliates and their respective directors, trustees, officers, agents and employees from all claims, suits, actions, damages, losses, liabilities, obligations, costs and reasonable expenses (including attorneys’ fees and court costs, travel costs and other reasonable out-of-pocket costs related to dispute resolution) arising directly or indirectly from either any action or omission to act by any of our prior service providers or any action taken or omitted to be taken by the Administrator in connection with the provision of services to us.

## CERTAIN RELATIONSHIPS

We have entered into the Investment Management Agreement with FCM, in which Mr. Landis, our Chief Executive Officer and Chief Financial Officer, has ownership and financial interests. The other investment professionals of the Investment Adviser may also serve as principals of other investment managers affiliated with FCM that may currently and also in the future manage investment funds with investment objectives similar to ours. In addition, our current executive officers and directors and the chief financial officer, chief compliance officer and the other senior investment professionals whom the Investment Adviser currently retains, serve or may serve as officers, directors, or principals of entities that operate or may operate in the same or related line of business as we do or of investment funds managed by our affiliates. Accordingly, we may not be given the opportunity to participate in certain investments made by investment funds managed by advisers affiliated with FCM. However, the Investment Adviser intends to allocate investment opportunities in a fair and equitable manner consistent with our investment objectives and strategies so that we are not disadvantaged in relation to any other client of the Investment Adviser. See “Risk Factors—Risks relating to our business and structure—There are significant potential conflicts of interest that could impact our investment returns.”

## CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS

Immediately prior to the completion of this offering, there will be 3,496,480 shares of common stock outstanding. At that time, we will have no other shares of capital stock outstanding. The following table sets forth as of March 31, 2012 certain ownership information with respect to our common stock for those persons who directly or indirectly own, control or hold with the power to vote, 5% or more of our outstanding common stock and all officers and directors, as a group.

Name	Type of ownership	Percentage of common stock outstanding Immediately prior to this offering	
		Shares owned	Percentage
Kevin M. Landis (1)	Direct	64,182	1.84%

(1) Mr. Landis is our chief executive officer and chief financial officer, as well as the president and chief investment officer of the Investment Adviser.

The following table sets forth as of March 31, 2012 the dollar range of our equity securities beneficially owned by each of our directors. We are part of a “family of investment companies,” as that term is defined in the 1940 Act.

Name of Director	Dollar Range of Equity Securities in SVVC(1)	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies overseen by director in family of investment companies (1)
Independent Directors		
Greg Burglin (2)	None	None
Rodney Yee (2)	None	None
Kimun Lee	None	None
Interested Directors		