

Mossberg's Investor Digest

Best Idea Profile:

Firsthand Tech Fund (NASDAQ:SVVC)

DESCRIPTION:

Headquartered in San Jose California; Firsthand Technology Value Fund, Inc. is a publicly traded closed-end investment fund that provides private technology and cleantech companies with development funding and working capital, primarily in the form of equity investments. SiVest Group, Inc. provides investment management services to the fund and is led by Kevin Landis who has more than 25 years of experience in technology and investment management. The Firsthand Technology fund currently has investments in 7 private companies, including Facebook, and investments in some publicly traded securities.

KEY INVESTMENT CONSIDERATIONS:

Seasoned Management Team – The fund has a senior management team of 2 investment professionals with over 40 years of experience. Founder Kevin Landis has over 25 years of investment experience and has been making venture capital investments in primary transactions since 1998. Mr. Landis has extensive experience in the technology and cleantech sectors.

Diversification – The Fund provides a diversified portfolio of investments to two dynamic sectors. The Technology sector produces some of the fastest growing companies in today's economy. Cleantech companies sell goods and services which harness renewable energy and materials thereby, eliminating emissions and waste.

Private Company Investments – Many early stage technology companies remain private while experiencing their fastest growth. The average investor has traditionally not had the funds or the vehicle for investment participation in private venture funds. The Firsthand Technology Value fund offers investors a unique vehicle to investors for venture fund exposure.

Buyers Market – For the MRQ, Firsthand reported investments in public and private securities totaling \$12.2 million while maintaining \$73.2 million in cash (\$21 per share). Recent volatility and a declining market should create some exceptional values for the funds targeted investments in thinly traded stocks and private companies.

Fund Reorganization – The Fund was created (reorganized) from an open end fund in April of 2011. The combination of a new closed end fund and a large cash balance has created a unique entry point for new investors.

Additional Investment Alternatives – Firsthand Tech Value will focus on equity investments. However, the fund has the authority to use other types of securities such as preferred stock, warrants and convertible debt. This flexibility may prove opportunistic in a volatile market.

Selective Investments – The limited size of this closed-end fund allows the managers to be selective and use market timing to the funds advantage, rather than being forced into additional purchases and sales of investments for the sake of money flows (as open-end funds must do).

VALUATION:

The recently market volatility has created an interesting entry point for investors. The Fund has an NAV of \$24.76 while trading at a price of \$14.30. That's a 42% discount to NAV and 32% discount to cash (alone) on the balance sheet. This kind of valuation is discounting cash, assets and the funds potential. The current valuation may offer investors an opportunity to get exposure to disruptive/leading technologies at discounted prices.

Firsthand Technology Value Fund (Nasdaq:SVVC)

Investment Data (as of 11/22/11)

Recent Price	\$14.30
52-Week Range	\$14.12 - \$20.24
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	3.5MM
Average Trading Volume (3 mos)	5k
Market Capitalization	\$50MM
Cash	\$73MM
Long Term Debt	NA
Enterprise Value (EV)	\$(23MM)
NAV	\$24.76
TTM Revenue	NA
P/ Revenue	NA
TTM EPS	NA
P/ EPS	NA
TTM EBITDA	NA
EV/ EBITDA	NA