

Firsthand Alternative Energy Fund

Investment Strategy

The Fund invests in alternative energy and energy technology companies, both U.S. and international. Alternative energy includes solar, hydrogen, wind, geothermal, hydroelectric, tidal, biofuel, and biomass. Because there are no market capitalization restrictions on the Fund's investments, the Fund may purchase stocks of any capitalization.

Total Returns as of 12/31/17

	Firsthand Alternative Energy Fund	WilderHill Clean Energy Index	S&P 500 Index
Since inception (9/30/99)	-3.81%	-14.09%	7.86%
10-Year	-4.69%	-15.05%	8.48%
5-Year	15.06%	5.15%	15.77%
3-Year	1.41%	-0.82%	11.40%
1-Year	27.35%	39.81%	21.82%
Q4 '17 (not annualized)	4.44%	8.94%	6.64%

The performance data quoted represent past performance. Past performance cannot guarantee future results, and current performance may be lower or higher than the performance quoted. Performance information does not reflect the impact of taxes. Both the return from and the principal value of an investment in the Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. To obtain performance as of the most recent month-end, please contact Firsthand Funds by calling 1.888.884.2675 or go to www.firsthandfunds.com.

Fund Facts as of 12/31/17

Portfolio Manager	Kevin Landis	2017 Gross Expense Ratio	2.14%
Manager Tenure	Since Inception	2017 Net Expense Ratio	1.98%
Inception	10/27/07	Sales Load	None
Ticker	ALTEX	Redemption Fee	None
Cusip	337941827	Number of Companies	34
Net Assets	\$ 5.90M	2017 Portfolio Turnover	0%

The Fund's total gross operating expenses are 2.14%. The Fund's total net operating expenses are 1.98%. Under the Investment Advisory Agreement, the Investment Adviser has agreed to reduce its fees and/or make expense reimbursements so that the Fund's total annual operating expenses (excluding independent trustees' compensation, brokerage and commission expenses, short sale expenses, litigation costs and any extraordinary and non-recurring expenses) are limited to 1.98% of the Fund's average daily net assets up to \$200 million, 1.93% of such assets from \$200 million to \$500 million, 1.88% of such assets from \$500 million to \$1 billion, and 1.83% of such assets in excess of \$1 billion. The Investment Adviser has also agreed to donate a portion of its management fees collected, amounting to 0.20% of the Fund's average daily net assets, to various non-profit organizations as elected by Fund shareholders. The current expense waiver is in effect until 8/31/18. The top 10 holdings are current as of December 31, 2017, and may not be representative of current or future investments. Portfolio assets such as cash, treasuries, options, and warrants are not presented in the top 10 list. The holdings by industry are presented to illustrate examples of the industries in which the Fund has bought securities and may not be representative of the Fund's current or future industry investments.

Holdings as of 12/31/17

Top 10

1. First Solar, Inc.	8.0%
2. Power Integrations, Inc.	7.2%
3. SolarEdge Technologies, Inc.	7.0%
4. Itron, Inc.	6.4%
5. Cree, Inc.	5.0%
6. Honeywell International, Inc.	4.1%
7. 3M Co.	4.0%
8. Koninklijke (Royal) Philips Electronics N.V.	3.7%
9. Praxair, Inc..	3.7%
10. Vestas Wind Systems A/S.	3.5%

Percentage of net assets	52.6%
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By Industry

Renewable Energy	34.3%
Energy Efficiency	11.9%
Other Electronics	10.6%
Advanced Materials	7.2%
Industrials	7.2%
Semiconductors	7.2%
Automotive	3.2%
Engineering Service	3.3%
Electrical Equipment	3.2%
Materials	3.0%
Waste & Environment Service	2.9%
Other	1.1%
Net Cash	4.9%

Portfolio Commentary for Q4 2017

Contributors

Solar panel maker First Solar (FSLR) was the largest contributor to Fund performance in the fourth quarter, with shares gaining 47.17%. Much of the gain was due to Q3 earnings that were more than double Wall Street expectations. The company also raised full-year earnings guidance. First Solar reported increased year-over-year revenues thanks primarily to its sale of two large solar projects in California.

SolarEdge Technologies (SEDG), which makes direct current (DC) inverter systems for solar photovoltaic installations, was another top contributor, with shares up 31.52% in Q4. The company reported Q3 revenue and earnings that beat analyst estimates and issued strong Q4 guidance.

Cree (CREE) was also a strong Q4 performer for the Fund. In addition to LEDs, the company makes power semiconductors. In October, Cree reported fiscal Q1 2018 earnings that beat estimates by a penny, with revenue that was less than analysts expected. Revenues were impacted by capacity constraints at Cree's Wolfspeed subsidiary, and the company announced plans to double wafer capacity at Wolfspeed by the end of 2018. Cree's stock finished the fourth quarter up 31.75%.

Detractors

TerraForm Power (TERP) was the largest detractor from Fund performance in Q4. TerraForm, a spin off of now-private SunEdison, holds a diversified portfolio of solar and wind assets. In October, Brookfield Renewable (BEP) and its partners announced the closing of its acquisition of 51% of TerraForm. Shares of the company finished Q4 down 9.53%.

Wind giant Vestas (no U.S. symbol), was another negative contributor to performance. Although the company booked 2.6 megawatts in turbine orders during Q3, Vestas nevertheless reported poor Q3 earnings and revenue and cut full-year guidance. Vestas finished the quarter down 23.40%.

Itron (ITRI) struggled with delayed shipments as the company works to enhance operational efficiency through factory consolidation and other measures. The smart metering company reported flat year-over-year earnings for the third quarter and finished Q4 down 11.94%.

Firsthand Alternative Energy Fund is subject to greater risk than more diversified funds because of its investments in fewer securities and because of its concentration of investments in the alternative energy and energy technology sectors. Specific risks associated with these investments could cause the Fund's share price to fluctuate dramatically. The Fund's investments in small-cap companies present greater risk than investments in larger companies. The Fund invests in several industries within the alternative energy and energy technology sectors and the relative weightings of these industries in the Fund's portfolio may change at any time. Equity investing involves risks, including the potential loss of the principal amount invested. Firsthand Funds are subject to greater risk than more diversified funds. The Fund's performance information assumes reinvestment of all dividends and includes all Fund expenses, but does not reflect the impact of taxes

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As of 12/31/17: As of 12/31/17: CREE (5.04% of ALTEX), FSLR (8.01% of ALTEX), ITRI (6.44% of ALTEX), SEDG (7.00% of ALTEX), VESTAS (3.52)% of ALTEX). As of 12/31/17, TERP was not held in any Firsthand Funds portfolio. A complete list of portfolio holdings for Firsthand Funds is available on www.firsthandfunds.com and is updated 45 days after the end of the every calendar quarter. The portfolio holdings discussed are subject to change. Please visit www.firsthandfunds.com for a complete list of holdings.

The Standard & Poor's 500 Index (S&P 500) represents an unmanaged, broad-based basket of stocks and is typically used as a benchmarks for overall market performance. The WilderHill Clean Energy Index is a market-weighted index of 53 companies in the cleaner fuel, energy conversion, energy storage, greener utilities, power delivery and conservation, and renewable energy harvesting sectors. The indices' performance figures assume the reinvestment of all dividends (except where noted), but do not reflect the impact of taxes. Additionally, because an investor cannot invest in an index directly, indices' performance figures do not reflect the expenses associated with the management of an actual mutual fund portfolio.

The information provided should not be considered a recommendation to purchase or sell a particular security and there is no assurance that, as of the date of publication, the securities purchased remain in a Fund's portfolio or that securities sold have not been repurchased. Also, you should note that the securities discussed, even if they have been purchased by a Fund, do not represent a Fund's entire portfolio and, in the aggregate, may represent only a small percentage of that Fund's holdings. There can be no assurance that any Firsthand Funds will buy, sell, or hold any particular security after the date referred to in the discussion.

An investor should consider investment objectives, risks, charges, and expenses of the Funds carefully before investing. To obtain a prospectus, which contains this and other information, please call 1.888.884.2675 or visit www.firsthandfunds.com. Read the prospectus carefully before investing or sending money.