

# 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 9/30/17

	Firsthand Alternative Energy Fund	WilderHill Clean Energy Index	S&P 500 Index
Since inception (9/30/99)	-4.32%	-15.15%	7.37%
5-Year	12.56%	2.94%	14.18%
3-Year	-2.27%	-9.13%	10.79%
1-Year	20.34%	22.24%	18.60%
<b>Q3 '17 (not annualized)</b>	<b>3.86%</b>	<b>8.49%</b>	<b>4.48%</b>

*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](http://www.firsthandfunds.com).*

## Fund Facts as of 9/30/17

Portfolio Manager	Kevin Landis	<b>2016 Gross Expense Ratio</b>	<b>2.14%</b>
Manager Tenure	Since Inception	2016 Net Expense Ratio	1.98%
Inception	10/27/07	Sales Load	None
Ticker	ALTEX	Redemption Fee	None
Cusip	337941827	No. of Companies	36
Net Assets	\$ 5.89M	2016 Portfolio Turnover	10%

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 September 30, 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 9/30/17

### Top 10

1. Itron, Inc.	7.3%
2. Power Integrations, Inc.	7.2%
3. First Solar, Inc.	5.5%
4. SolarEdge Technologies, Inc.	5.3%
5. Vestas Wind Systems A/S	4.6%
6. TerraForm Power, Inc.	4.5%
7. Koninklijke (Royal) Philips Electronics N.V.	4.0%
8. Cree, Inc.	3.8%
9. Honeywell International, Inc.	3.8%
10. 3M Co.	3.6%

<b>Percentage of net assets</b>	<b>65.6%</b>
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### By Industry

Renewable Energy	35.3%
Energy Efficiency	12.5%
Other Electronics	10.1%
Semiconductors	7.2%
Advanced Materials	6.6%
Industrials	6.5%
Automotive	3.5%
Engineering Service	3.2%
Electrical Equipment	2.9%
Materials	2.6%
Waste & Environment Service	2.5%
Other	1.4%
Net Cash	5.7%

## Portfolio Commentary for Q3 2017

### Contributors

Firsthand Alternative Energy Fund returned 3.86% for the third quarter, underperforming its primary benchmark, the WilderHill Clean Energy Index, which returned 8.49%. The biggest positive contributor to Fund performance for Q3 was SolarEdge Technologies (SEDG), which reported Q2 revenue and earnings that beat analysts' expectations and propelled shares up 42.75% in the third quarter. The company also forecast better-than-expected revenues for Q3.

Itron (ITRI) was up 14.32% for the quarter after reporting quarterly revenue and earnings that surpassed expectations, with increased sales in its electricity segment offsetting lower revenues in its gas and water segments. Itron raised its fiscal 2017 guidance, reflecting a generally strong business environment as well as its acquisition in May of demand response provider Comverge.

Other top contributors included solar module maker First Solar (FSLR), up 15.05% on a significant revenue and earnings beat for Q2; Ulvac (no U.S. symbol), up 30.87%; and Koninklijke Philips N.V. (PHG), up 15.02%.

### Detractors

The largest contributor to the Fund's underperformance for the third quarter was turbine maker Siemens Gamesa (no U.S. symbol) down 38.88%. The company cited a temporary downturn in the market in India as the reason for its fiscal Q3 earnings slide. Gamesa anticipates strong offshore wind growth—24% annually—through 2020.

Another significant detractor from Fund performance was Intevac (IVAC). Despite a Q2 earnings and revenue beat, the thin-film equipment manufacturer finished the third quarter down 23.87%.

Sunpower (SPWR) was another negative contributor, down 21.95%. The solar panel maker's second quarter loss was smaller than anticipated, and revenues were better than expected, but both were worse than the year-ago period. Sunpower also lowered the high end of its revenue guidance estimate for 2017.

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 9/30/17: FSLR (5.45% of ALTEX), ITRI (7.32% of ALTEX), IVAC (2.27% of ALTEX), PHG (4.04% of ALTEX), SEDG (5.33% of ALTEX), Siemens Gamesa (1.61% of ALTEX), SPWR (2.47% of ALTEX), Ulvac (2.88% of ALTEX). A complete list of portfolio holdings for Firsthand Funds is available on [www.firsthandfunds.com](http://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](http://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](http://www.firsthandfunds.com). Read the prospectus carefully before investing or sending money.**